BUSINESS (STANDARD LEVEL)

Paper 8928/5162
Effective Business Communication

Key Messages

- There should be more attention to letter writing both in terms of business layout and in content. It is important to stress the importance of both stating the key message and then making sure that the letter provides adequate information for the recipients

General comments

The paper was fair and unambiguous. The standard of responses to the tasks has improved this year. There were very few poor scripts with unanswered tasks. It is evident that most Centres are teaching to the syllabus. However, more attention should be given to letter writing both in terms of business layout and in content. It is important to stress the importance of stating the key message and making sure that the letter provides adequate information for the recipients.

Comments on specific tasks

Task 1

(a) This task required the candidate to consider the stakeholders of an organisation and the information they would require. Many candidates struggled with this task. Responses were vague, often saying the same thing in different ways. Candidates need to think more about what is in the syllabus.

(b) Candidates were asked to suggest methods of communication and this task was answered well.

(c) The task asked for forms of verbal and non-verbal communication. Candidates were able to identify examples

Task 2

(a) Many candidates fail to compose a business letter, both in terms of layout and content. Candidates need far more guided practice here and to use some time reading others' letters in order to understand the key features of an effective communication.

(b) The email was a little better but again many candidates failed to provide all the details of the meeting.

Task 3

(a) Most candidates understood the characteristics of an effective meeting.

(b) Marks were lost on this task as candidates were able to list the factors of group effectiveness but did not expand their answers.

(c) No problems with this task.

Task 4

Many candidates struggled with parts (a) **and** (b) **Comments on specific tasks**
of this task. Some candidates did not focus on a recruitment interview, so responses were often vague or wrong. Also part **(b)** refers to a recruitment guideline, but candidates failed to identify the key characteristics that could be put into a guideline.

(c) Overall most candidates answered this section well, although there were some candidates who did not know what a grievance interview was.

Task 5

(a) Most candidates did reasonably well with this task, although responses were often vague. Some candidates chose to draw the diagrams rather than actually answer the task which was to explain why the aids would help the presentation.

(b) This task was often vague with candidates failing to actually name technological packages.

(c) The task did caused problems for many candidates who did not know what a Gantt chart was.

BUSINESS (STANDARD LEVEL)

Paper 8928/5163
Business Finance

Key Messages

- Candidates need to be reminded of the need to answer the task that has been set rather than the task that they hoped to see. A failure to provide a relevant answer will result in lower marks and Centres are urged to provide their candidates with more instruction in answering the particular task.

General comments

Overall the responses from the candidates to the tasks set were rather disappointing. It was clear that there were significant gaps in the knowledge of the candidates. Candidates need to be reminded that there is a need to show their workings when answering numerical tasks. If candidates provide such information they will be increasing their chances of obtaining marks, even if they do not provide the correct answer. Also, candidates need to be reminded that if the task asks for examples, then they must be provided. A failure to provide a relevant example will result in a lower mark award.

Comments on specific tasks

Task 1

Overall the answers to this task were good with many candidates scoring high marks.

The answers to part **(a)** were very good with most candidates able to distinguish between a merger and a take-over.

The answers to part **(b)** were not quite as strong with many candidates able to explain what trademark is but they were unable to explain how it is treated within the accounts. It is important that candidates answer both parts of such a task as not doing so will result in losing marks.

The answers to part **(c)** were patchy with many candidates clearly knowing the relationship between sales revenue and profits but fewer candidates being able to explain why there were different percentage increases in the sales and the profits. Again candidates need to be reminded that they should answer the task set and not the task that they want to answer.

The answers to parts **(d) (i)** and **(d) (ii)** were very good with the vast majority of candidates receiving full or near full marks.

Again the answers to part **(e)** were very strong and it is clear that most candidates are fully aware of how computers can be used in the business world.

Task 2

The answers to part **(a)** were satisfactory with most candidates able to provide an explanation of double-entry bookkeeping. However, the examples to illustrate the double-entry process tended to be vague or incorrect. Centres are urged to address this problem in the interests of future candidates.

The answers to part **(b)** were quite good with a sizeable majority of candidates scoring high marks. This was surprising given the relatively poor performance in part **(a)** of the task but it is pleasing to see that the candidates have a good knowledge of the double-entry process.

The answers to part **(c)** were patchy with either totally correct answers or irrelevant responses. Centres should ensure that future candidates are aware of this important equation.

Task 3

The answers to parts **(a) (i), (ii) and (iii)** were good with many candidates scoring high marks. Centres are to be congratulated as they are clearly ensuring that candidates are made aware of the different types of costs.

The answers to part **(b)** were again good which clearly indicates that Centres have given this element of the syllabus a great deal of attention.

Task 4

The answers to part **(a)** were generally sound with candidates aware of the differences between internal and external stakeholders.

The answers to part **(b) (i) and (ii)** were again sound but candidates could help themselves if they gave more detail as to how the stakeholders would use the information within the accounts. The answers provided to part **(b) (ii)** were often a little vague as to how they use information.

The answers to part **(c)** were very good with the majority of candidates able to explain the role of the auditor in the accounting process.

Task 5

The answers to part **(a)** were rather disappointing with only a minority of the responses making a clear distinction between accounting principles and accounting standards. This issue should be addressed by Centres as this is an important part of the syllabus which is frequently the focus for tasks.

The answers to part **(b)** were again rather patchy with few candidates able to explain how their three chosen principles would affect the accounting process. Again Centres are urged to ensure that future candidates are able to undertake a task that requires knowledge of how principles are used within the accounting model.

BUSINESS (STANDARD LEVEL)

Paper 8928/5164
Marketing

Key Messages

- Sometimes candidates do not read the task correctly. Teachers/tutors can help candidates develop these skills by discussing past paper tasks during teaching sessions.

General comments

It is very pleasing to report that most Centres achieved very good marks for this paper this session. Good candidates know the syllabus well, and are able to identify the relevant concepts required by each task. They also apply these concepts to the material in the Case Study. In addition, it is pleasing once again to see far fewer cases of poor time management this session, with the vast majority of candidates completing all five tasks.

The specifics of each task for this paper are detailed in the section that follows.

Comments on specific tasks

Task 1

(a) This first part of this task looked for candidates to define the term marketing. Generally, candidates were able to do so for the five marks that were available for this part of the task. Examiners were flexible in the way they awarded marks for the main points that included:

- Relationship between buyer and seller
- Meets and anticipates the needs of the customer
- Facilitates exchanges between organisations and their customers
- Customer is important to all organisations
- All employees in an organisation focus on the customer

(b) The second part of this task was also generally done well by many candidates. Those who did well were not only able to explain the marketing activities mentioned, but also were able to link them to the Case Study in terms of how they would help Ferdinand's Fashions meet their objectives.

Task 2

This task explored the role of marketing research.

(a) This part of the task was generally done well. It required a definition of marketing research and most candidates were able to do this.

(b) This part of the question required three reasons why the company in the Case Study might do marketing research. Some candidates did this very well, making relevant suggestions linked to a small fashion retailer. Lower marks were awarded for three generic reasons for marketing research being done. Good answers made recommendations such as research to find out where to promote for the two different segments targeted, research to investigate the competition locally, and research to find out what prices the market would stand for fashion items locally.

(c) This final part of the task was, once again, done well by many candidates. However, some candidates could have more fully identified the type of information available from government publications (such as economic information, spending patterns, disposable income, demographic trends), rather than just identifying the fact that it was secondary data.

Task 3

This task explored segmentation in some detail for the company in the Case Study.

(a) It was good to see that some candidates were able to identify good reasons why segmentation is important. However, this is one area where Teachers/tutors can assist candidates in identifying the level of depth that is required when eight marks are available for two parts of a task. Candidates who simply stated that segmentation enables effective targeting and saves money were unlikely to gain more than two or three marks from the eight available. For example, to gain the full four marks for 'effective targeting' candidates needed to expand by briefly explaining what segmentation is and then going on to explain that this allows a marketing mix to be designed for a defined group of customers so that the risk of failure is minimised.

(b) The second part of this task linked directly to the Case Study, and asked for descriptions of the two segments being targeted. Many candidates were able to do this, although not all identified the fact that demographic segmentation was used.

Task 4

This task focused on three specific areas of the marketing planning process. Most candidates generally did well.

(a) Many candidates were able to identify the PEST factor that included the there was a global recession as 'economic'.

(b) This part of the task specified a SMART objective, and then awarded marks for candidates identifying the parts of the objective that made it Specific, Measurable, Achievable, Relevant and Timed. It was pleasing to see that many candidates were able to do this correctly. However, this may be an area for Teachers/tutors to focus on in more depth, as some were only able to describe each letter in general terms.

(c) The control, measurement or monitoring part of the plan remains an area for further revision by candidates, as few were able to explain why it is important to check the effectiveness of marketing activities. Teachers/tutors can help candidates to understand this part of a plan by using examples of SMART objectives and asking candidates to explain how they can be measured and why this is important.

Task 5

This final task assesses the candidates' understanding of the competence relating to the importance and impact of each element of the extended marketing mix. On this occasion, the task linked to the Case Study, part **a** asking about one target segment and part **(b)** asking about the other of the two segments.

(a) This part of the task allocated three marks to the identification and generic descriptions of each of the 7 Ps of the marketing mix. A further seven marks were available for a specific description of each element for the candidate/low-earner segment. It was good to see that many candidates could describe these specifically, and particularly pleasing for recognition of the customer expectations regarding service and processes involved, as well as a difference in the people who deal with each segment in the retail store.

(b) This part of the task also allocated three marks to the identification and generic descriptions of each of the 7 Ps of the marketing mix. A further seven marks were available for a specific description of each element for the older/high-earner segment. It was once again good to see that many candidates could describe these specifically, and particularly pleasing for recognition of the customer expectations regarding service and processes involved, as well as a difference in the people who deal with each segment in the retail store.

BUSINESS (STANDARD LEVEL)

Paper 5165/01

Human Resource Management

Key Messages

- Candidates may use bullet points in their answers as detailed essay-type answers are not always necessary. However if they do use bullet points then they must ensure that they include enough detail to demonstrate that they have fulfilled the requirements of the task.

- Some candidates did provide very lengthy answers to **tasks 1** and **2** but very short answers for **task 5** which suggests that these candidates had not managed to allocate or plan their time appropriately,

General comments

Some good results demonstrating that most candidates were able to show evidence that they had a good understanding of all areas in the syllabus. The majority of candidates' demonstrated good knowledge and many were also able to expand their answers by making appropriate reference to the information contained in the case study. Whilst some candidates still need to improve their examination technique, overall there was an improvement in general ability to apply knowledge to specific situations. Apart from a very few instances of candidates clearly being unprepared, almost all of the candidates were able to access this paper.

Better prepared candidates followed the instructions in tasks and therefore provided answers appropriate to the amount of marks on offer. This usually meant providing short answers to tasks that asked for a 'List' and more lengthy explanations to those tasks asking for explanations or definitions. More able candidates recognise that lengthy and focused answers are only relevant to those tasks that offer more than six marks. Most candidates did take account of the marks available in each part of the task when determining the depth and scope of their answer.

Those candidates that had clearly taken the time to carefully read both the case study and the accompanying tasks provided the most appropriate answers. Well answered tasks would often refer to specific sections from the case study in the interpretation and analysis of the tasks. Distinction level candidates were able to apply their knowledge to the case study thus showing they understand the importance of context.

Overall candidates did manage their time well and only a very small number of less able candidates were unable to complete all the tasks within the allotted time.

Comments on specific tasks

Task 1

(a) Most candidates were capable of define the meaning purpose of HRM as requested. Most candidates gained four marks for stating "***A process for*** *creating* ***and*** *maintaining* ***relationships between*** *people who work for and with them,* ***and between*** *organisations."*

(b) This was quite an open task intended to give candidates an opportunity to show how well they understood the activities in the case study. Basic level candidates would explain centralised and decentralised management of HRM. Some candidates showed greater awareness by explaining how centralisation was necessary at ENY Bank due to the nature of the work and the need to safeguard funds.

(c) Candidates needed explain the different HRM purposes; **control the cost of wages; control the cost of salaries; control the cost of admin; control the social costs; having the right mix of staff; the ability to react to change.** At the top of this band candidates also provided clear explanations with some examples or illustration. The most able candidates produced a good answer but also gave examples to illustrate how each purpose is relevant to the banking industry.

Task 2

(a) Most candidates were able to list four features of the employment market that ENY Bank was recruiting from such as **young, male and female, well-qualified (skilled), full-time, permanent contracts.**

(b) The candidates usually made general points about how technology is changing. Pass level candidates frequently mentioned the **need for new skills, implications for career development, career changes, training and lifelong learning.** Higher level candidates would also explain that technology is constantly changing and hence new skills are required. A few top level candidates also recognised that these changes make constant training necessary for the business to keep up with its competitors.

(c) The basic level candidate often simply listed areas of legislation with no explanation or reference to female staff such as; **health and safety; equal opportunities; employment protection; maternity leave; working hours and wages**. Some candidates correctly identified the issues of concern to female staff from the case study and credit was given for relevant quotes from the case study. Answers at the top level made reference to the relevant legislation for each issue whilst appreciating the problems each issue might cause ENY Bank.

Task 3

(a) Almost all candidates were able to list four types of contract; **Permanent; full time; part time; fixed term; job specific contracts**. A number of candidates also provided explanations for each type but these were unnecessary and no further marks were available.

(b) At the bottom level most candidates explained **day work; shift work and flexitime**. Candidates who linked their answer to the case study would also explain how each pattern operates with reference to ENY Bank - ***more flexible hours to suit mothers with young children; young male employees prefer day work*** and credit was given for relevant quotes from the case study. The very best answers would accurately explain how each pattern satisfies the needs of each group such as: flexitime – mothers have more time with family; young males do not like working weekends/nights

(c) Most candidates could list the methods of ending contracts; resignation; redundancy, dismissal, mutual agreement, end of contract. Merit candidate would explain in detail the ways in which employment can end ***– some employees will leave of their accord, some of the jobs will no longer exist; some employees will not be competent in using the new systems; some are on fixed term contracts;*** credit was given for relevant quotes from the case study. Higher marks were awarded where the candidate related each method to the quote from the case and expanded upon the methods.

Task 4

(a) Only the best prepared candidates were able to list four systems that could be used to improve communications; **Worker directors; Health and Safety committee; Consultation committee; Social committee; Works Council.** A large number of candidates confused communications with systems for resolving problems.

(b) At a basic Pass level candidates would explain **discipline and grievance procedures**. Some candidates were unable, or neglected, to explain both procedures. Good answers also made reference to the case study– ***employees claim that the treatment of complaints from or about staff is not consistent and that different branch manager's deal with complaints however they want.*** The top level candidate would also comment on how procedures ensure consistency and fairness.

(c) Most candidates were able to list or explain some of the components for measuring performance such as **standards, targets, key competencies; appraisal systems.** The more able candidate would also clearly explain the components of each of these items. Good answers also made reference to the case study and credit was given for relevant quotes. The highest marks were awarded where candidates provided examples of standards (e.g. complying with customer service procedure); targets (e.g. completing work within deadlines); and key competencies (e.g. Level of Numerate/IT skills) relevant to ENY Bank.

Task 5

(a) All candidates were able to list some or all of the 'fringe benefits' used by ENY Bank: **cheap loans, discounts on holidays, free healthcare, discounts on bank products**. Some candidates wasted time and effort by explaining each benefit even though this was not asked for and no extra marks available.

(b) Many candidates could explain how the nature of work at ENY Bank contributes to employee motivation by referring **to job satisfaction, working relationships, levels of responsibility**. Weak candidates often simply provided lists only. Good answers referred to the case study and credit was given for relevant quotes. At the highest level candidates would also relate their answer to motivational theory.

(c) The Pass level candidate listed all the various methods of payment; salaries/wages, piece-work, payment by results, bonuses and profit sharing schemes. Most candidates were able to identify at least some of these methods. The Merit candidate would also explain how ENY Bank used the methods – ***higher salaries are paid to more capable staff and all staff will receive extra payments if monthly targets are met. An annual bonus is given to enable employees to benefit if the Bank has made a good profit for the year.*** The Distinction candidates also explained how each method motivated staff and recognised that payments alone are unlikely to motivate staff in the long term

BUSINESS (STANDARD LEVEL)

Paper 8928/5169
Business Organisation and Environment

Key messages

- The paper consists of a case study and a series of tasks which should be answered based upon the knowledge acquired in studying the syllabus, and applied wherever possible to the case study.

General comments

Tutors are strongly advised to address the subject of **examination technique** when preparing their candidates for the examinations.

The following bullet points **summarise** the advice tutors and invigilators should give to their candidates:

(a) **They should:**

- **read and make sure that the Examiner's instructions are clearly understood;**
- focus on the essentials of each task or task;
- **relate the length of the reply to the number of marks available for that task, we have seen too many candidates write long answers to early tasks on the paper and then run out of time before the end of the paper;**

(b) They should NOT:

- **copy out the tasks or tasks; this seems to have become more common and leads to candidates running out of time**
- wrongly number the tasks or part-tasks;
- include irrelevancies i.e. demonstrating knowledge that is not called for. This problem will be minimised if the **candidates read the task carefully**

Other points to bear in mind include:

(i) **An expectation of the case study is that candidates will respond in the appropriate context**. This means that, unless the task calls for the rehearsal of general business knowledge, answers should be clearly related to the case study. Too many responses are generic and so ***marks are often lost because the context is disregarded.*** It is not enough to display knowledge and tutors should ensure that their candidates understand the importance of context.

(ii) Candidates must appreciate that **a *short and focused answer*** is preferable to one that is lengthy and offers little substance. At no point in the examination paper are candidates required to submit detailed essay-type answers, but they must write enough to demonstrate to the Examiner that they understand the tasks.

(iii) Candidates are mostly asked to describe or explain, and a typical failing is an insufficiency of description or explanation. Bullet points will usually **not** earn good marks because they tend to be lists with no description or explanation.

(iv) The majority of candidates sit the examination in a second language and incorrect spelling and grammatical errors do **not** result in the deduction of marks. The demonstration of business knowledge is much more important than the quality of written language. The Examiner must be able to understand the answers and cannot be expected to guess the candidate's meaning and intention.

(v) Unclear or untidy scripts can present Examiners with unnecessary difficulties. No marks are deducted from scripts where candidates ignored advice about, for example, leaving margins clear, or starting each task on a separate sheet of paper, *but tutors* and candidates must acknowledge that these instructions have a purpose.

Comments on specific tasks

The case concerned Eastern Copper Mine Ltd, a mine that produced and sold copper ore and that also had a small operation producing copper objects for the retail market.

Task 1

(a) The task asked for a list of two factors of production and most candidates obtained full marks. However many candidates went on to give full descriptions of the factors, in many instances describing all four factors, Land, Labour, Capital and Enterprise (Entrepreneurship). Descriptions in this instance did not gain any extra marks, since a list of two factors was all that was asked for.

(b) Objectives such as increased profitability, discovery of more ore and becoming environmentally friendly were seen and scored good marks. Some candidates suggested more general objectives that were not specific and did not apply to the needs of the shareholders.

(c) Most candidates defined venture capital correctly as capital introduced to a business when it starts. They did not always explain that local businessmen would have local knowledge that would give them confidence in the success of the venture. They might also know the principal of the business, Guntur Alatas, and believe that he has the ability to make the venture a success.

(d) Most candidates knew what a break-even analysis was and gave an acceptable definition. There was less certainty on how the analysis could be used in ECM's planning. The analysis would enable ECM to see how changes in revenue or costs would affect the break-even point. They could also be used to see if the development of new ore reserves would be viable.

Task 2

(a) Many candidates gave detailed accounts of the hierarchical structure of ECM which gained some marks. However many then needed to link the structure to the channels of communication. The structure would show people who were their Supervisors. In turn the Supervisors would know who reported to them and who they reported to. This would make two way communications easier by making formal lines of communication clear.

(b) Most candidates knew four stakeholders although some candidates described them in full rather than just listing them. The Examiners allowed owners or shareholders, but not both, and similarly allowed managers and employees, but not both. NB: Managers are usually employees.

(c) The majority of candidates knew that non-executive directors were not employees of ECM but sat on the Board of Directors. They have an overall view of the business and often bring specialised knowledge to the Board. Many candidates realised some of the advantages of having non-executive directors.

(d) Candidates usually realised the advantage of ECM diversifying. This might mean a more profitable operation since the cost of the raw material would be low as they produced their own copper. Similarly they could ignore fluctuations in the world price of copper and could respond quickly to changes in market demand.

Task 3

(a) Too many candidates explained at length the advantages of part-time versus full-time staff without ever mentioning the advantages of working from home on piece rate. Higher marks were awarded to candidates who realised that working from home saved ECM the costs of providing a place to work, and that paying piece rate meant that ECM were only paying for the copper products actually made.

(b) This was a well answered task with most candidates realising the advantages of having loyal staff who would need little extra training. The experienced staff would usually be more flexible in that they could do many different jobs.

(c) Many candidates realised that the costs would be reduced if local people were employed as there would be no costs in moving them or housing them. They could also probably pay them less than a trained person from outside but would still have the cost of training them. However the training could largely be on the job, and would be specifically geared to the needs of ECM.

(d) This was often not answered well as many candidates thought that the same person would have to work on both shifts making them work a 16 hour day. The problems that would arise from having employees working one 8 hour shift per day in a two-shift system would be in coordinating and scheduling the work. There would also be a site security problem during the daily 8 hour shutdown.

Task 4

(a) This task asked why the Indonesian Government might financially support ECM. Unfortunately many candidates answered a different task of **how** they might be supported. It must again be emphasised that the task must always be read carefully. Reasons why included the need to support businesses which export, supporting businesses employing local labour and supporting businesses which make environmental improvements.

(b) The location of the mine posed transportation problems, environmental problems and staffing problems due to the mine's remoteness. Most candidates concentrated on environmental problems or gave generic location answers that were not applicable to the mine.

(c) This was generally well answered with most candidates realising that the Government has made laws imposing environmental obligations. Public opinion has also made firms more concerned for the environment.

(d) Many candidates seemed to think that the firms needed to obtain copper at a set price, despite both the case study and the task stating that prices would fluctuate. Better answers realised that the manufacturers needed to be certain of obtaining supplies and that prices could go down as well as up.

Task 5

(a) Generally well answered with candidates realising that the new market should prove to be more profitable. This diversification also would reduce the overall risk to ECM, as they would not now be relying solely on the sale of copper ore.

(b) Most candidates recognised that some form of market research would be needed, although not all forms suggested were feasible. The easiest way would be to approach the shops selling directly to the tourists, and find out what was selling. With ECM's cost advantages they should be able to produce the same products at a lower price.

(c) Many candidates realised that the price of copper would fluctuate as the world economy went from expansion to recession. They did not always get the probable rise or fall in the correct order of a rise in an expansion era and a fall in a recession era.

(d) Those candidates who compared product quality with the other aspects of the marketing mix were generally well rewarded as the price is fixed on world markets for all producers. Distribution (Place) is usually by bulk carrier by sea, making most producers equal, and promotion will probably be limited to advice on quality. Therefore product quality is the only variable where ECM could have an advantage on its competitors.