STANDARDS BOOKLET FOR CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS

AT STANDARD LEVEL, TIMETABLED QUESTION PAPERS

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INTRODUCTION

The Cambridge International Diploma in Business Studies is based on the assessment objectives as described in the syllabus.

This Standards Booklet is designed to provide support to teachers of the subject in the following ways:

- Giving examples of candidates' responses at all achievement levels
- Outlining in detail the criteria used within the mark scheme
- Illustrating the most common errors made by candidates
- Explaining how the mark scheme is applied to different answers.

The examples of candidates' answers that follow are not put forward as perfect, specimen answers.
They could probably all be improved upon by outstanding students given a much longer time allocation than that afforded to examination candidates.
The answers do demonstrate a variety of strengths and weaknesses and it is hoped that teachers and their students will benefit from analysing both the responses and the examiners' comments in detail.
Candidates are strongly advised, in their search for high grades, to build up not only a really sound understanding of the syllabus content but an appreciation of what these "higher order" assessment skills are and how they can be demonstrated.

Note: The Cambridge International Diploma in Business aims to test the understanding and application of business knowledge. The examples given in the standards booklet are from actual candidate scripts and the level of English may vary between each of the responses given.

5169 Business Organisation and Environment

Task 1

Define the following terms which are used in the case study:

(a) niche market (lines 7/8) **[3]**
(b) shareholders (line 12) **[3]**
(c) ploughed-back profit (line 24) **[3]**
(d) job share (line 41) **[3]**
(e) break-even point (line 51) **[3]**

General Comment

(a)–(e) The object of this exercise is to encourage the candidates to demonstrate their knowledge and understanding of business terms. The terms are all employed in an appropriate context in the case study and line referenced in the examination paper (as above). Candidates are expected to offer well-constructed explanations but they need not be lengthy. The key here is to identify the essence of the term and to explain it appropriately and, if possible, in context.

Individual Candidate Responses

Candidate A

(a) A niche market is a smaller section/segment of a particular market. It is a market that focuses more specifically on a particular area of a large market (e.g. in the market of tours in India, they focus on wealthy people who like luxury and sophisticated trips).

(b) Shareholders: owners of the business, who contribute to the capital of the business by different amounts of money, given certain certificates called shares which represent the amount, 'percentage', of money they have contributed in the business. Shareholders also have rights such as the right to attend the annual general meeting, the right to receive dividends at the end of each fiscal year, the right to vote on new directors, the right to vote i.e. confidence in the chairman, the right to receive the annual report. In public limited companies, shareholders may own different types of shares such as preference shares and ordinary shares. Usually the shareholder is used to describe the owners of private limited companies and public limited companies.

(c) Ploughed back profit: 'Retained profit'. The profit after tax minus dividends. This retained profit goes back to the business to meet any future needs of the company like paying creditors, buying new machinery or buying stocks, etc.

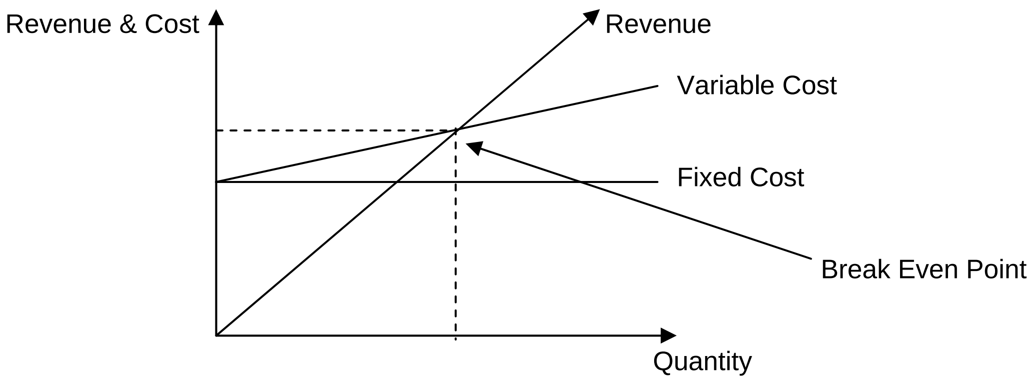
Ploughed back profit is considered one of the best ways of internal financing that the business might depend on. It is considered as an indicator for the wealth of the business. It also reduces the number of business loans but it has a disadvantage especially in small companies where it might lead, in the long term, to overtrading.

(d) Job share: Two employees share the working week instead of only one. It means that two minds will work on one job which will give them more concentration on the work. It also increases the efficiency in their work and leads to better performance. Owners or managers can make sure that there will always be someone to handle the work in case one of them is absent and this also means that the work progress does not stop. Employees can also benefit from their time and distribute in a better way especially if they have young children or old people to take care of at home.

(e) The point where the business through its production and sales of products or services reaches the point of ‘No loss, no profit’. The break even point can be calculated through this formula:

$$\text{Break even} = \frac{\text{Fixed Cost}}{\text{Contribution Margin}}$$

$$= \frac{\text{Fixed Cost}}{(P - VC)}$$



It can also be calculated through the break even chart.

Candidate B

(a) An organisation that provides to all its businesses to set up the business (registration) – namely, specialist or individually, ownership, type of business.

(b) A person or an organisation who own shares in a company. These shares can be issued by limited companies that allows the holders to receive dividends or benefits in relation to the number of shares held.

(c) To reinvest the profit made in one year back into the business without taking any of it out.

(d) A job that is shared with two persons in the business and the wages paid as the task (work) is completed.

(e) The point where the business is making neither a profit nor a loss but where the revenue/income received is actually equal to the amount being paid out in costs or expenses.

Examiner Comment

Candidate A

All the responses earned full marks i.e. 3/3. 1 (a) is succinct and also makes reference to the case study. 1 (b) to (e) are excellent definitions, but it could be argued they are probably too detailed. However, the candidate has demonstrated a clear understanding of the terms. In 1 (b) the candidate is incorrect in saying that a shareholder has a '*right* to receive dividends at the end of each fiscal year', unless cumulative preference shares are held. The company may not make a profit, and in any case the Board may recommend all profits be ploughed back into the business. The response to 1 (e) also offers a diagram of a break-even chart which, although not called for, helps in clarifying the definition.

Marks awarded = 3 out of 3, 3 out of 3, 3 out of 3, 3 out of 3, 3 out of 3

Candidate B

This candidate earned a total of 8 marks out of the possible 15. 1 (a) is awarded 0/3 because the answer has nothing to do with the task. Why the candidate should write about business registration rather than an aspect of marketing is beyond comprehension. The responses to 1 (b) to (e) each earn 2 marks because they indicate a degree of knowledge and application; they have the basics right.

Marks awarded = 0 out of 3, 2 out of 3, 2 out of 3, 2 out of 3, 2 out of 3

Task 2 (a)

Prithvi is soon to give another lecture to business students and his theme is the objectives of a business organisation.

List **three** objectives of a business organisation *other than profit*. **[5]**

General Comment

It is important to note that candidates are asked to **list** three objectives although narrative will not be penalised if the required points can be readily identified. Profit is the prime objective of any commercial enterprise and candidates are asked to identify the supporting or subsidiary objectives such as, gaining a satisfactory market share or increasing sales revenue. The task does **not** require profit as one of the answers. Candidates may feel more secure offering detail when they know it. Three items for 5 marks seems rather easy, but the term **list** does not necessarily imply one-word answers. The objectives need to be clear and appropriate.

Individual Candidate Responses

Candidate A

Objectives may be:

1 Increasing sales revenue by determining the maximum production that may be produced and setting a marketing plan for advertising and attracting new customers and retaining the existing ones, by making good offers that may encourage them to repeat dealing with the firm and create customer loyalty.

2 Providing high quality and distinguished service or goods by trying to always improve the quality of service being provided and by meeting the changeable needs of the customers. Always behaving as customers expect, giving information needed, financial and credit facilities, advice, after sales service. Making the customer loyal to that service and the firm providing it.

3 Share the market and expand to other international markets by creating a good reputation and image of the firm and service provided. Promotional campaigns that target certain customers that the firm need to sell their product by creating a brand name and service that all customers look forward to having. Creating the demand and sales by giving information about the product or service you market.

Candidate B

1 type/nature of business

2 ownership of business

3 type of employment

Examiner Comment

Candidate A

This response offers discussion and three good objectives. The candidate clearly has knowledge, but it is worth suggesting that had the response been limited to a good explanatory sentence per objective, the full 5 marks would still have been awarded. The examiner correctly interpreted the meaning of objective 3 to be ‘increasing market share’.

Marks awarded = 5 out of 5

Candidate B

This candidate clearly does not know about objectives and has offered three irrelevant and unrelated points. This response earns 0/5.

Marks awarded = 0 out of 5

Task 2 (b)

Raj Tours is a private limited company. Prithvi has suggested the company converts to a public limited company [Plc] but Sunil is not keen to change.

Identify and explain **one advantage** and **one disadvantage** to Raj Tours of becoming a Plc. **[5]**

General Comment

This task specifically calls for one advantage and one disadvantage and it is important to emphasise that point as candidates so often offer more than is required. Here candidates are asked to rehearse their knowledge of the public limited company. The responses need to be generally related to the case study e.g. the Plc may attract directors with appropriate experience in tourism. Context will always improve the chances of full marks. Partial knowledge or weak points will not earn more than 2 marks, but a clear expression of knowledge will enable higher marks to be awarded.

Individual Candidate Responses

Candidate A

An advantage would be that they would be able to issue shares and raise a greater capital. This capital can be used for either expansion or as a venture capital. The money raised from the issued shares can simply be used to increase the capital of Raj Tours.

A disadvantage would be that the shares might be bought out by a certain individual or organisation which, in turn, might loosen the control that Prithvi and Sunil have over their company.

Candidate B

The disadvantage if Raj Tours turns into a Plc is that they could lose control of their own company because if one gets a bigger amount of shares he or they can take control of the company. The advantage of being a Plc is that you can get money fast and without interest on it.

Examiner Comment

Candidate A

This response is about the right length and content. It identifies probably the two most obvious points which are germane to the case study – the prospect of more capital on the one hand and the concern of losing control on the other.

Marks awarded = 5 out of 5

Candidate B

This candidate offers a strong disadvantage regarding potential loss of control. The advantage is very weak although it suggests an interesting point, namely, that the additional capital can be raised without interest charges. The issue needs extending and clarifying.

Marks awarded = 3 out of 5

Task 2 (c)

Raj Tours began with $250 000 of share capital. Some of this capital became working capital and some was used to purchase fixed assets.

Explain what working capital is and what it is used for. **[5]**

General Comment

Candidates need to offer a definition of working capital, but also identify what it can be used for. Working capital may have several uses and candidates are not being asked for an essay here, but rather a good definition with a sufficient demonstration of knowledge and awareness.

Individual Candidate Responses

Candidate A

Working capital is the capital that is used to run the day to day operations of the business. It can be calculated through the figures available in the balance sheet like this:

Working capital = current assets – current liabilities

Working capital can be used to buy raw material, pay for power 'electricity and water', advertisements, etc.

Candidate B

Working capital:

- Amount of money that the owners invested into the business.
- It is used to pay for fixed costs and variable costs.

Examiner Comment

Candidate A

A good response. The uses of working capital are identified and strengthened by the inclusion of the formula.

Marks awarded = 5 out of 5

Candidate B

This response is only partially correct. Working capital is not the amount of money invested in the business, but it may be the case that some of that investment becomes working capital. Equally, the reference to variable cost is right although some examples would be helpful.

Marks awarded = 2 out of 5

Task 3 (a)

Sunil and Prithvi like to be in complete control of the business. Raj Tours is a very centralised operation.

Select and discuss **two** points in **favour** AND **two against** centralisation in a business like Raj Tours. **[10]**

General Comment

Candidates should recognise that as this is a 10 mark task, more detail and discussion are required. The topic is centralisation and four points in all are expected to be rehearsed i.e. two in favour and two against. It is not unusual for some candidates to offer more than is specified, but such action does not improve the chances of higher marks since the examiner will adhere to the marking scheme. The task requires general points, but it needs to be put in the context of Raj Tours.

Individual Candidate Responses

Candidate A

A centralised operation is when all decisions are made in one head office. This is good because economies of scale can arise and no doubling up of effort is caused, like it can happen in decentralised operations. The disadvantages are that the communication lines are too long, and in order for the workers to make a decision, they need to contact Prithvi and Sunil no matter where they are, which makes decision making very slow. For tourism, decisions must be made quickly, so that the customer is very satisfied. The other disadvantage is that they are not able to respond quickly to market changes so if tourists' likes change it would take a long time for the firm to react and provide what it needs to provide.

Candidate B

Advantages:	They make decisions among themselves, the company under take by them.
Disadvantages:	Sometimes the decisions made are not really accurate. The other managers would not be satisfied (or the staff would be).

Examiner Comment

Candidate A

Essentially this is a good answer, but its weakness lies in the advantages. The two disadvantages are well written and in context. Had the advantages (which are correct) been better described, the whole response would have been level 4 and earned 9 or 10 marks. It is, however, given examination conditions, a creditable effort.

Marks awarded = 7 out of 10

Candidate B

Generally this task offers little problem for candidates, but this response is awarded 3/10 as it only demonstrates some limited understanding.

Marks awarded = 3 out of 10

Task 3 (b)

Sunil argues that since he knows what everybody does in the firm, an organisation chart is of little use to him.

List **three** reasons for having an organisation chart. **[5]**

General Comment

Candidates are required to demonstrate their general appreciation of the organisational chart. They are not required to offer a diagrammatical response, but rather to select points which clearly indicate their awareness of the reasons for such a chart. They are required to list the reasons and not offer lengthy discussion.

Individual Candidate Responses

Candidate A

Reasons for having organisational charts:

1 They show span of control in clear and simple way, which is the number of employees under the authority of one manager or supervisor.
2 They show chain of command.
3 They show channels of communication, between upper management, middle management and staff in two ways upwards and downwards.
4 They show different departments and functions within the business.
5 They show the distribution of responsibilities and authorities.
6 They show how much the organisation in organised.

Candidate B

For most businesses it is always important to have an Organisational Chart so the company is more organised, so that the staff and everyone else is always aware of what is going on and so the workers can have flexitime in their work and it becomes a little easier for everyone in the company.

Examiner Comment

Candidate A

This candidate offered 5 reasons not 3 as directed. Only three can count in the assessment. All points are, however, relevant. (An examiner would be acting correctly by recognising only the first three reasons, but in general it is the practice to choose the best three.)

Marks awarded = 5 out of 5

Candidate B

There is an indication of partial knowledge in the middle of the answer i.e. '… so the staff and everyone else is always aware of what is going on …'. That is not very clear, but there is the suggestion of communication.

Marks awarded = 1 out of 5

Task 3 (c)

Prithvi is the Chief Executive Officer (CEO) of Raj Tours.

Explain briefly what Prithvi's role is in Raj Tours. **[5]**

General Comment

Candidates need to demonstrate knowledge of the role of Chief Executive Officer in a business organisation. Some reference to Prithvi will help in clarifying the task and putting the response into context.

Individual Candidate Responses

Candidate A

Prithvi, as Chief Executive Officer is responsible for approving any change in the workings of the business, for recruiting and selecting the employees, for approving the prices and promotional campaigns, and for controlling any changes and taking part in any serious decision that might be made.

Candidate B

The role of the Chief Executive Officer is supervising the performance of the company, making decisions that managers can not make and revision of the financial documents of the business to know where the business stands.

Examiner Comment

Candidate A

Overall this task was not well answered by candidates who indicated a general lack of awareness of leadership roles in business. This particular candidate's answer is worthy of 5/5, although it might have been stronger, but the essentials are present and that is what is required.

Marks awarded = 5 out of 5

Candidate B

Essentially this is not a strong response, but it says enough to earn 3/5. The candidate identifies the CEO's responsibility and his need to know about the company.

Marks awarded = 3 out of 5

Task 4 (a)

Raj Tours employs over 300 staff.

Select and explain **three** expectations that the staff might reasonably have of their employers.**[10]**

General Comment

Candidates should be able to choose and discuss three relevant employee expectations. This is a 10 mark task so each expectation will need to be given appropriate treatment. Full marks can only be awarded if all three expectations are offered; two expectations will meet a ceiling of 6 marks. The task calls for a rehearsal of elementary employment issues.

Individual Candidate Responses

Candidate A

Employees' expectations:

1 To be paid at a determined period i.e. annually, weekly or monthly and have fair payment and be treated without any type of discrimination on sexual, disability, religion, race or any other discriminatory basis.

2 They have the right to work in a suitable environment that suits their type of job, comfortable offices, air conditioned, clean, healthy environment. Also they have the right to guarantee all these rights in their contract. They also expect to work and operate only safe and not dangerous equipment or machines and be supported with all guarded needs to ensure their safety and health.

3 They have the right not to do any job that is against ethical or legal standards, and also have the right to have contracts that ensure the security in their jobs and hours of working and type of contract – permanent or temporary. They have to be trained and motivated and improve their skills, qualifications and experience to meet any improvements in knowledge or technology that the firm might have. If they work more hours than that expected of them they have the right to have bonuses, benefits such as overtime, holidays and be protected by the trade union that can represent them in any problem they might have with their employers.

Candidate B

The expectations that the staff might reasonably have of their employers are:

- Expected to be well paid when the company growth is big

- Expected to be promoted to higher positions

- Expected to be good employers, know how to treat employees and attend to the needs of them.

Examiner Comment

Candidate A

It is an excellent example to follow and well worth its 9/10. Its only fault, really, is that it is rather full of other possible and likely expectations. However, the main point is that the candidate has clearly demonstrated knowledge of employment issues.

Marks awarded = 9 out of 10

Candidate B

This is not an encouraging response as the candidate has tended to list the expectations rather than explain them. However, the points have been selected (which is part of the task) and they indicate a limited appreciation of staff expectations.

Marks awarded = 4 out of 10

Task 4 (b)

Most of the tour guides are self-employed.

Explain what being self-employed means and suggest what advantage it might offer a tour guide.

[5]

General Comment

Candidates need to define self-employment, but the weight of this task lies in the apparent advantage it gives the tour guides e.g. negotiating fees, tax deductible expenses.

Individual Candidate Responses

Candidate A

Self employed means the person works on his own, in other words, being a sole trader. This means being the only owner of the business who has the same entity of the business, therefore held responsible 'liable to' any debt the business might incur 'unlimited liability'.

Advantages of being self employed:

- Few legal requirements needed from the government authorities to be registered as a sole trader.
- Freedom to spend the profits in whatever way he likes.
- Freedom of distributing his time for the work, because it is all his decision, when to come to work and when to leave.
- He can also employ people to help him in his work.
- Full control over the business always within his hands.

Candidate B

Self employed is employment we do by ourselves and not with other people or shared with other people.

Examiner Comment

Candidate A

Responses to this task were, overall, rather weak mostly because the key point was overlooked i.e. the advantage it might offer a tour guide and this omission implies an issue of context.

Marks awarded = 4 out of 5

Candidate B

This is quite a contrast to candidate A's response. It is basic and only just warrants the Examiner's attention. 1/5 is awarded as it at least suggests a meaning a self-employment.

Marks awarded = 1 out of 5

Task 5 (a)

An influence on Raj Tours is the profit motive.

Briefly explain the profit motive and say why it is important in business. **[5]**

General Comment

Profit is the basic business motivation and candidates need not only to refine the definition, but identify its importance. It is that latter element which will indicate the level of knowledge and application.

Individual Candidate Responses

Candidate A

The aim of any private business is to make profit in order to be able to survive and maintain in the market and continue. Profit will make shareholders satisfied of what they have reached and encourage them to expand and make other successful businesses. That will help in developing the economy by paying the taxes and providing employment and providing high quality service and try to improve and develop their services that attract new tourists and customers and provide new services that meet the tourists' wants and needs. Profit means making sales of services or goods more than costs of the business so that profit can remain after paying all costs and deductions and the more profit the more the motivation will be to create, develop, expand, improve in the service that Raj Tours provide.

Candidate B

The profit motive is the money left from expenditure and taxes. If we don't have profit it means that the business is not going very well. So it is very important that every business needs profit to operate.

Examiner Comment

Candidate A

Perhaps more of an answer than a 5 mark task usually requires, but the candidate has rehearsed a clear understanding of the profit motive and there is some context. A lot of points are identified, but it is a good effort resulting in 5/5.

Marks awarded = 5 out of 5

Candidate B

This is a rather disjointed response which, like many weak answers, has been given the benefit of the doubt. Its 2/5 marks recognise a basic understanding of profit.

Marks awarded = 2 out of 5

Task 5 (b)

Prithvi believes in business ethics and fair trading.

Explain what fair trading means. **[5]**

General Comment

This issue is covered by the influences on business organisations and specifically by aspects of competition. As with other tasks in the examination paper, clues are available in the case study text.

Individual Candidate Responses

Candidate A

Fair trading means ensuring that there is anti-competitive practices that ensure that there are no monopolies and consider take over bids that might occur in the market and ensure that no restrictive practices occur. This is to protect the customers and public interest. These are the responsibility of the office for fair trading.

Candidate B

Fair trading is to provide a good quality product/service and to sell it for a reasonable price in return.

Examiner Comment

Candidate A

This is a succinct definition offering firm points. The response highlights anti-competitive policies and suggests the need to operate in the public interest. It focuses on the key points.

Marks awarded = 5 out of 5

Candidate B

The candidate is awarded 2/5 in recognition of the basics i.e. a good product in exchange for a reasonable price. There is no rehearsal, for example, of unfair competition or price fixing.

Marks awarded = 2 out of 5

Task 5 (c)

All businesses are affected to some degree by those external influences that determine the business climate.

Describe how Raj Tours might be affected by:

(i) the distribution of income

(ii) the business cycle **[10]**

General comment

This is a 10 mark task which is assessed overall, that is the two descriptions are seen as part of one answer rather than as two discrete answers. Candidates should recognise the terms as PEST issues and whilst a detailed economic and political knowledge is not required there must be a clear demonstration of knowledge and awareness.

(i) Candidates may know that the distribution of income is to do with the spread of income earned by different groups, but they must acknowledge that the term has to apply to Raj Tours e.g. the company focuses on the wealthy clients but high taxation rates could seriously affect surplus income and thus the ability of Raj Tours to keep its market.

(ii) The Business (or Trade) Cycle will affect Raj Tours. If the market is nervous because of a downturn, for example, then clients may be unwilling to buy luxury holidays. Equally, a period of economic growth could see Raj Tours selling many more holidays. The cycle, which normally runs for about 5 years, is not to be confused with ‘boom or bust’ which has a much longer cycle.

Individual Candidate Responses

Candidate A

(i) The distribution of income will affect the levels of pay, the amount of disposable income, the willingness of employees to buy personal accessories.

(ii) The business cycle will have an affect over the impact on investment and if business is in a recessive or expansion period, what special strategies to be made to reach the market objectives and extension strategies to lengthen the life cycle of a service or product.

Candidate B

(i) Raj Tours might be affected by the distribution of income, because if the company gets less income it means income is not enough to pay the costs (fixed and variable) so that the company will make a loss.

(ii) Raj Tours might be affected by the business cycle because the business cycle might be increasing or declining. If it is increasing, the company would be expanding and developing to become a bigger company that holds the most market share. But if it is declining, the company would be in a very dangerous position, because it might go bankrupt.

So the company must be very careful in making each decision and every step.

Examiner Comment

The responses were largely disappointing and the impact of PEST issues was not well appreciated.

Candidate A

This candidate offers an excellent description of how the distribution of income might affect the company, but the business cycle does not appear to be understood very well. The candidate needs to take into account some of the points made under general comment (c) (ii).

Marks awarded = 6 out of 10

Candidate B

(c) (i) earns no marks at all since it does not address the issue. Clearly distribution of income is not understood. On the other hand, (c) (ii) indicates a grasp of what the business cycle is about.

Marks awarded = 5 out of 10

Task 6 (a)

Sunil and Prithvi are concerned about their marketing mix.

Explain the meaning of **marketing mix** with reference to Raj Tours. **[10]**

General Comment

Candidates are expected to rehearse the 4Ps i.e. price, product, promotion and place. Some sources now identify 7Ps and if candidates offer more than the standard or familiar 4Ps then they will be taken into consideration. The marks awarded will be determined by the overall quality of the response. Fewer than 4Ps will not enable a candidate to earn more than 5 or 6 marks.

Individual Candidate Responses

Candidate A

Marketing mix is the relation between different variables that influence the marketing plan and cycle of the company's product and they are:

- Product: service that Raj Tours provides to their customers, how it is distinguished and differentiated from other services that will attract tourists with its high quality serviceand benefits.

- Promotion: targeting my customer group through promotions that provide good information and image about the service and group of people that can afford it and that they will help in launching and expanding the service area that it can capture.

- Place: providing information about the Raj Tours location, business style and type, organisation size and service they provide and how customers can reach the organisation and contact with it to have the service they like.

- Price: prices must be known by customers so that they know if they can afford this type of service Raj Tours provide or not and price must be also suitable in order to penetrate the market and have higher percentage share in the market.

- People: customers that the Raj Tour target to sell their service to and the process of selling services, customer care and after sales service. The environment in which the company work through to provide a good image about the company to their customer to make them satisfied at the end.

Candidate B

Marketing mix is when a firm tries to put the four P’s (Product, Price, Promotion, Place) in the right place. For example there is no point in having a product/service which is perfect when nobody knows about it as they did no promotion. That is why it needs a good amount of promotion, in a good place in order to be successful.

Examiner Comment

This task attracted a number of level 4 (i.e. 9 or 10 mark) answers.

Candidate A

The candidate offers five elements of the marketing mix and they are cogently discussed in the context of Raj Tours.

Marks awarded = 9 out of 10

Candidate B

It recognises the standard 4Ps and has attempted to introduce some discussion. It is not a strong answer and needs a lot more detail before it can be considered for higher marks.

Marks awarded = 4 out of 10

Task 6 (b)

The success of Raj Tours rests exclusively on achieving customer satisfaction.

Explain what achieving customer satisfaction means in relation to Raj Tours. **[5]**

General comment

Candidates should appreciate that customer satisfaction ought to be the aim of every business, but in the case of Raj Tours, clients pay a lot of money in exchange for both the promise and delivery of excellent and luxurious service. There are several possible points to make here, but candidates, having been given an open task, need to produce an acceptable and reasonable statement showing clear understanding of customer satisfaction.

Candidate Responses

Candidate A

Customer satisfaction is making sure that the services provided by the business is what customers really want, and making sure that it meets their needs and wants. Satisfied customers come back, leading to repeat purchase or demand on a specific service leading to positive feedback on the business resulting in enhancing the reputation and the image of the company. So the company would make more profit which enables it to survive and face another crisis. Raj Tours achieves customer satisfaction by providing the customers with services that satisfy their needs with a high quality personal service and high quality of the services provided. Making sure that any special demands are taken into consideration, any complaint is directly responded to and providing the customers with all the information that they might need regarding their trips or pricing terms, in order to achieve their satisfaction. This will lead to positive feedback regarding the reputation of the company, which would lead to repeat business and an increase in profit.

Candidate B

Achieving customer satisfaction in relation to Raj Tours actually means that it is very important to know and make sure that you are pleasuring the customer in a way, making sure that he/she got what they wanted. You have to satisfy the customer and this is also very important for the company's reputation.

Examiner Comment

Candidate A

The candidate has offered a full response and emphasises the issue of repeat business. It is a lengthy response but it is a firm demonstration of knowledge.

Marks awarded = 5 out of 5

Candidate B

A fair response which only just earns 3/5. Its strength lies in the acknowledgement that the customer is important and so, too, is the company's reputation.

Marks awarded = 3 out of 5

Core Module 5169 – Overall Comments on Candidate Performance

Had the responses used within these examples been produced by two real candidates (rather than being a composite of responses from a sample of 15 actual candidates), Candidate A would have earned a very strong distinction with 90/100. Candidate B would have scored 41/100 which would have just been a marginal pass.

These examples have been used to demonstrate the range of ability encountered across individual tasks and the assessment that such responses attracted. It is hoped that these will provide typical illustrations of good practice and help prepare candidates better for future examination in this Core Module.

Effective Business Communication 5162

5162 Effective Business Communication

Task 1 (a)

You have just joined the Bangkok Post as a junior administrative assistant. You have been asked to give your opinion about the way the editorial team is working with the Bangkok Post Student Weekly (BPSW).

Explain why it is important that internal communications are effective. **[8]**

General Comment

This part of the first task focuses on the important role of internal communications, and the impact that effective communications can have. A variety of answers are acceptable, and credit is given to either an extensive list of reasons or a shorter list, with all points expanded in the context of the Case Study.

Individual Candidate Responses

Candidate A

It is important that Internal Communications are effective because:

- Communicating effectively helps to make the employees work as a team
- Staff are more committed and work output is increased
- Prevents any break down in communication, e.g. barriers like lack of interest, grapevine and lack of knowledge pertaining to the business
- Staff are more motivated to do their work
- Information is obtained more freely (feedback)
- More ideas are generated
- This also helps the business operations to run more smoothly, avoiding any communication mishaps

Candidate B

Internal communications are important because it gives a sense of group work in the company. If you were to ever have a problem you could go to one of your colleagues or managers for help. It could also help to speed up decision making. With good communication employees are more comfortable at work and happier so it will help them to work harder and better which leads to better results. More ideas are brought up as well. If there is good communication workers feel useful and that their ideas are wanted. They can help find answers to problems or have ideas on how to make the company better.

Examiner Comment

Candidate A

This candidate clearly identifies seven different reasons why effective internal communication is essential, and is rewarded with marks for each reason.

Marks awarded = 7 out of 8

Candidate B

This candidate gives four clear reasons – group work, problem solving and decision making, motivation and new ideas. Additional marks are available for linking each of these to the scenario in the Case Study.

Marks awarded = 4 out of 8

Task 1 (b)

Suggest the best method of communications for the following situations. Give a reason to support each answer.

i) A large potential advertiser emails an enquiry about the advertisement costs for a 6 month contract with the BPSW. **[4]**

ii) The editor of the BPSW needs to find out why one member of staff has had an unusually high number of personal telephone calls in work during the last month. **[4]**

iii) You need to obtain more information about the employees' suggestion scheme. **[4]**

General Comment

In this task, candidates are asked to differentiate between various scenarios by recommending suitable communication methods for each. Various methods are acceptable as long as they are justified.

In the first there is a need to be professional and build a relationship, in the second there is a sensitive issue to be dealt with, and the final situation involves 'information seeking'.

Individual Candidate Responses

Candidate A

i) PowerPoint and email. The management of BPSW could use PowerPoint to show the details of the advertisement costs for a 6 month contract using tables and charts.
This type of communication could clearly show the benefits of taking a six-month contract and how it works. Again this type of visual aid is more interesting as it allows animation and multimedia.
On completion, the management can save the document and then forward it to the advertiser via email.

ii) Interview. To obtain accurate and relevant information the editor of the BPSW can design an interview for personnel.
An interview would enable the editor to evaluate the problem of the staff member and make sure the high volume of telephone calls during work hours were for sales calls.
If the reason is regarding a personal problem then at the interview the editor can show their concern and help them with the problem.

iii) Meeting or conference. To gather good suggestions and opinions from staff/employees for decision making. The management can organise a meeting with supervisors from each department.
The staff from every department could give their suggestions and feedback to their head of department as well as how to improve operations. The supervisor can represent the subordinate views at the meeting for further discussion.

Candidate B

i) A letter would be more professional. It would provide a better image and it would be on paper which means that it would be classed into other paper. Most important the costs would be presented on paper in a graph which would make it easier to understand.

ii) An effective way to solve this matter would be by having a face to face meeting – the editor with the employee – so that a private discussion between the two can happen.

iii) I would send a formal letter asking for it. It is very formal and presents a good image and isn't costly.

Examiner Comment

Candidate A

This is a very good answer, missing only one mark as e-mail is not quite formal enough for a 'potential' contract.

Marks awarded = 3 out of 4, 4 out of 4, 4 out of 4

Candidate B

This candidate gives little detail, and in part (i) misses the requirement for relationship building, in part (ii) does not give the reason, and in the last part chooses an unsuitable method.

Marks awarded = 2 out of 4, 2 out of 4, 1 out of 4

Task 2 (a)

You have been asked to write to the local schools to explain the details of the BPSW student competition.

Write a letter to schools explaining the competition and try to persuade them to enter teams of students. (You may create any information to help). **[10]**

General Comment

This task gives candidates an opportunity to demonstrate their knowledge of the elements that combine into a formal letter. They are asked to apply this knowledge and write a letter to a specific audience (schools) and on a specific topic (to encourage entry to a competition).

Individual Candidate Responses

Candidate A

13th May 2003

The Principals
All Schools
(Secondary, Tertiary, University, College)

Dear Sirs,

BPSW Student Competition

Every year the Bangkok Post Student Weekly (BPSW) hosts its story writing contest and attracts students from all over Thailand and its regions.

This contest seeks to expose the story writing skills of students to the world. Lots of prizes are awarded to contestants such as study trips to England for the Student of the Year and regional winners are awarded a trip each to Singapore.

Also, another highly popular activity introduced in 2000 is the 'meet and greet' competition where Student Weekly club members get to meet a visiting foreign celebrity and are interviewed by Student Weekly reporters.

Students who have entered as a team will have a plaque awarded to their schools in appreciation of their participation in this event. Also, students will be given the opportunity to attend an upcoming seminar according to their group/team participation.

For more information you can email us at BPSW@hotmail.com or telephone Jules Menalic at (278) 418 7480.

Yours faithfully,

Alicia Graham (Mrs)
Corporate Communications Manager

Candidate B

Dear Students,

The Bangkok Post Student Weekly (BPSW) is organising a new competition – ‘Our Bangkok’.

The rules are easy. All you have to do is get together with your classmates and create Bangkok City from your point of view. You may use any way of doing so, from drawing to music.

The most imaginative class will receive the prize of one week in Disney Land, Japan!

Get started and send us your work. The competition will last six months. If you have any questions, please contact the BPSW office.

Yours faithfully,

Bangkok Post Student Weekly

Examiner Comment

Candidate A

This candidate writes a very good letter, addressed to the correct audience, and presenting the benefits of entering teams to the competition. To achieve full marks the candidate should have included details of how to enter, as well as recognising that a logo or letterhead is usually included on such a letter.

Marks awarded = 7 out of 10

Candidate B

This candidate is awarded only three marks as they not only miss many of the elements of a formal letter; they also address it directly to the students, and not to the schools as requested in the task.

Marks awarded = 3 out of 10

Task 2 (b)

Explain what you would do if you did not receive replies to your letter. **[4]**

General Comment

This part of the task allocates four marks to candidates who recognise that a follow up letter, e-mail or phone call would be an appropriate reminder.

Individual Candidate Response

Candidate A

If there was no response to my letter I would:
Plan another means of advertising this competition like organising a campaign presentation at schools, community centres etc.
Produce an advertisement in the newspaper and create flyers and posters to be distributed across the island.

Candidate B

If I did not receive any replies to my letter I would follow it up by using technological equipment for further enquiries. The equipment would be:
E-mail – Email is a fast technology. The message can be sent immediately. It is also easy to access and retrieve.
Telephone – I would also call them to confirm that they have received the letter and ask for their response.

Examiner Comment

Candidate A

Marks awarded = 2 out of 4

Candidate B

Marks awarded = 3 out of 4

Task 2 (c)

Explain the **three** main elements of the report. **[6]**

General Comment

This final section of Task 2 gives candidates the opportunity to demonstrate knowledge of the three main elements of a report, as well as their understanding of what each element should contain.

Individual Candidate Responses

Candidate A

Three main elements of the report:

Introduction, which includes:
Reason for the report
Titles of the report
Terms of reference
Procedures

Body, which would include:
Findings

Conclusion, which would include:
What you have concluded through analysis of the findings
Any basic recommendations

Candidate B

Three elements of a report:

Know the purpose:
We need to know why the report form is used, for example to pass an important document or announcement.
Who is our reader?
Need to consider who will receive the report
Is the reader the primary or secondary receiver?

Title and subject should be clear:
The report must have a subject and the subject needs to interlink with the content of the report. This could attract the attention of the reader in order to encourage reading.

Examiner Comment

Candidate A

This is an excellent answer. It identifies each main element, and then explains what should be contained at each stage.

Marks awarded = 6 out of 6

Candidate B

This candidate does not identify the three main sections of a report. However, two marks are allocated for the recognition that a title and appropriate content should be included.

Marks awarded = 2 out of 6

Task 3 (a)

The chief editor of BPSW has decided to introduce weekly team meetings for all staff within his team.

Draw up the agenda for the first meeting, giving all information which will be required. **[10]**

General Comment

This part of the task gives candidates the opportunity to demonstrate their knowledge of what should be included in an Agenda for a meeting, and apply this knowledge to a specific situation. The situation given is a first team meeting.

Individual Candidate Responses

Candidate A

AGENDA
Weekly Team Meeting for All Staff

Meetings will be held at the BPSW office
Time – 1.45pm
Date – 16th May 2003

The following points will be discussed –

Minutes of last meeting (if there was a preceding meeting)
Changes in circulation levels for the BPSW – There has been rise in the levels so increased motivation within the business
Various competitors that have taken place in the last few years and their results
Areas within the business that need improvement
Results from holding Student Weekly seminar
Ways of increasing the use of good communication methods internally and externally
Editors Comments
AOB

Next meeting will be held on the 23rd May 2003 at 1.45pm.

Candidate B

The points should the chief editor of BPSW should point out on their agenda include –

i) letter of memo
ii) time and person to attend
iii) subject/topic to discuss
iv) recommendation
v) conclusion

Example of agenda for the first meeting as follows –

Date of meeting – 13th May 2003

Person who should attend – a) Lee Chin Sang – Manager
b) Angela Chua – Supervisor
c) Song Kun Yaw – Lecturer

Subject – Discussion about activity effectiveness and strategy improvement

Content/body – 1)
2)

Recommendation/Conclusion

Prepared by -

Examiner Comment

Candidate A

This is a very good answer, with a heading, appropriate content items, ‘any other business’, and ‘date of next meeting’ included. It could have been improved by adding ‘apologies for absence’, and the objectives of the meeting.

Marks awarded = 8 out of 10

Candidate B

This candidate uses an inappropriate structure for an Agenda, but gains some marks by the inclusion of some appropriate topics for discussion, and a meeting date.

Marks awarded = 4 out of 10

Task 3 (b)

Explain the roles of formal and informal communications within the organisation and how this may influence the effectiveness of the workforce.

General Comment

This part of task 3 requires candidates to show knowledge of the different roles of formal and informal communication, as well as the impact each has on the workforce.

Individual Candidate Response

Candidate A

Informal communication is the implementation of systems which are used in the office such as internal letters, memos, in-house newsletters etc.

This influences the effectiveness of the workforce by giving staff morale, especially when it comes to respect and dignity. It also portrays an image of professionalism.

Formal communications are meetings and other group activities which are implemented within the business. This helps to –
Bring staff closer together
Obtain more ideas and information
Create a relationship
Cuts down communication barriers

Candidate B

The formal communications are very important within the organisation. There should be a line between the manager and the employee. It is the respect that is important. It gives everyone a clear job role and employees work more effectively because they know their suggestions and responsibilities. The formal communications should be used in big companies with a hierarchy system.

The informal communications are always easier, but not always as effective for the workforce as the formal communications. The informal communications are more free and relaxed with employees and as a result of this the workers don't take their responsibilities as serious as they really should. The informal communications are usually used in 'flat' and 'matrix' organisations.

Examiner Comment

Candidate A

This candidate confuses formal and informal. Some marks are awarded for recognition that letters, reports, etc (formal communication) can communicate respect and professionalism. And that less formal communication such as group activities can break down barriers.

Marks awarded = 4 out of 10

Candidate B

This candidate considers formal and informal communications and identifies some of their effects. For example, the fact that communications in large hierarchical organisations are more often formal, and that informal communications are more free and relaxed.

Marks awarded = 4 out of 10

Task 4 General Comment

The whole of this task concerns recruitment interviews. Parts (a) and (b) give the candidate the opportunity to demonstrate their knowledge and understanding of the purpose of recruitment interviews and how they should be planned. The final part looks for candidates to apply their knowledge of verbal and non-verbal communication to an interview situation.

Task 4 (a)

It has been decided that two new journalists are required to work on the BPSW.

Define **two** purposes of a recruitment interview. **[4]**

Individual Candidate Response

Candidate A

Recruitment interview is an interview planned to obtain new employees for the company and also to disseminate information which was received from an interviewee to make a final decision as to whether to hire that person or not.

Candidate B

To get the suitable candidate to handle the job and tasks in the organisation.
To clarify the characteristics and attitude of the candidate.

Examiner Comment

Candidate A

This candidate achieves almost full parts for this part of the task. The answer 'blurs' one reason into the other.

Marks awarded = 3 out of 4

Candidate B

This candidate correctly identifies the need to assess the characteristics and attitude of the candidate, and therefore is awarded half marks. The first reason given is more appropriate to a training session than a recruitment interview.

Marks awarded = 2 out of 4

Task 4 (b)

Write a set of guidelines to plan for the interviews for the two new journalists. **[10]**

Individual Candidate Response

Candidate A

Guidelines to plan for the interviews. You should find out:
What kind of skills are we looking for?
How long will the interview last?
Create an agenda for the interview, e.g.-
An opening where the interviewees are greeted
Ask interviewee questions about themselves
Establish a rapport
Give the interviewee a chance to ask questions
Clear up any misunderstandings and give more knowledge about what we are looking for
Give final comments
Thank the interviewee

Brush up on any skills you might be lacking in when you are interviewing
What type of atmosphere is needed?
Prepare yourself fully for the interview

Candidate B

Objectives – They must know the objectives and tasks for their job.
Responsibility – Always responsible in their job as journalists play a very important part in the company. E.g. complete the job before the deadline.
Knowledge – Must have good knowledge and always develop themselves. Reading and travelling can help to provide this knowledge.
Outlook – Have a tidy appearance – this can create a good impression with other people.
Ability – Always have a good and fast response when they are faced with an urgent case.
Communication Skills – Have good communication with staff and always smile, look friendly and pleasant.

Examiner Comment

Candidate A

This is a very good answer, giving clear guidelines as to the main considerations when planning a recruitment interview. Full marks required the candidate to mention the importance of listening and making notes, and to follow up with appropriate letters.

Marks awarded = 9 out of 10

Candidate B

This candidate has given characteristics of the journalist to be recruited rather than guidelines to plan the interviews. Some marks have been awarded for the need to recognise these characteristics, and also the reference to communications skills needed.

Marks awarded = 4 out of 10

Task 4 (c)

Explain the role of verbal and non-verbal communication during interviews. **[6]**

Individual Candidate Response

Candidate A

Verbal communication is vital during interviews so that questions can be asked and answers given. Verbal communications need to be planned which can take time. The audience (in this case the journalists) need to be able to understand the questions otherwise they will not be effective.

Non-verbal communication is also needed, especially in the form of visual aids as 75% of all information taken in is visual. The interviewer must note the appearance of the journalists, their reactions and whether they look able for the job.

Candidate B

Verbal is to explain the message that is trying to be put across. There are questions and answers that must be spoken.
Non-verbal is to emphasise and make the information more enjoyable. It is to help understand the information as well. Some people are better at understanding visual aids rather than verbal communication. Verbal can help explain the visual aids and vice versa.

Examiner Comment

Candidate A

This candidate distinguishes between verbal and non-verbal, and recognises the need to ask questions in language that is easily understood. Non-verbal communication such as eye-contact and hand gestures is not described, and so full marks are not achieved.

Marks awarded = 5 out of 6

Candidate B

This candidate recognises that essential verbal communication includes answering questions, but confuses non-verbal communication with the use of visual aids.

Marks awarded = 2 out of 6

Task 5 General Comment

This task assesses candidates understanding of appropriate presentation of data. The first part of the task asks candidates to apply this knowledge by drawing a Bar Chart, and the second part asks for two alternative types of chart to be explained.

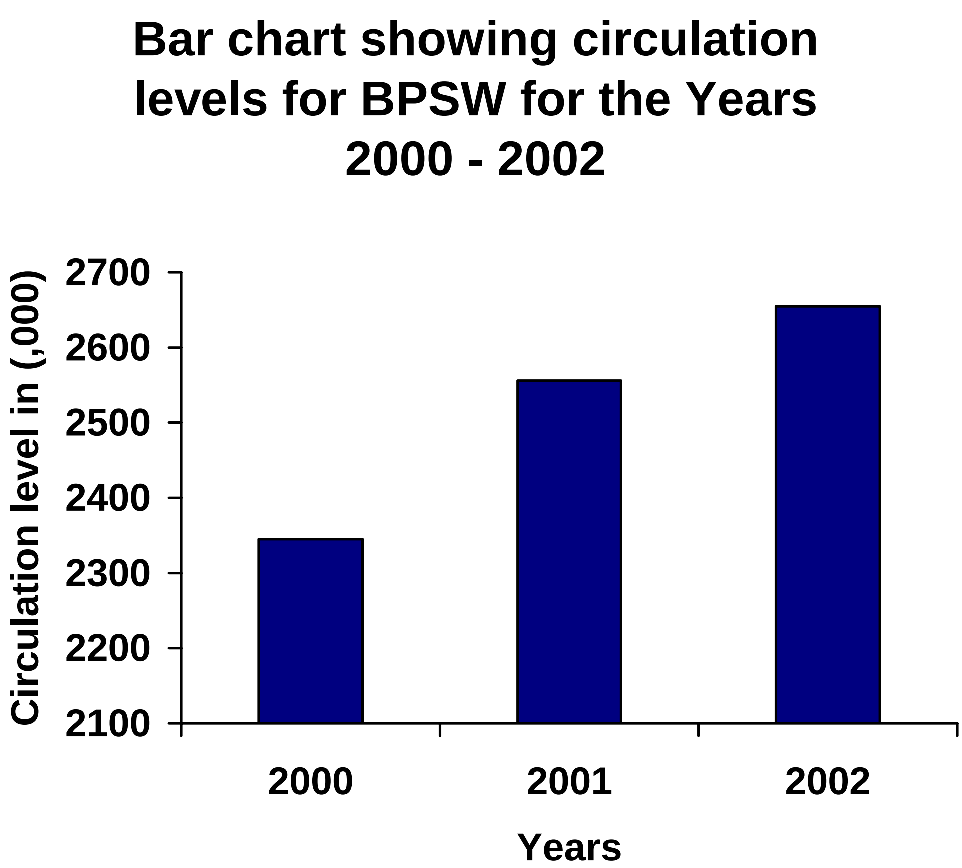
Task 5 (a)

You have been asked to prepare a report on the newspaper's increase in circulation.

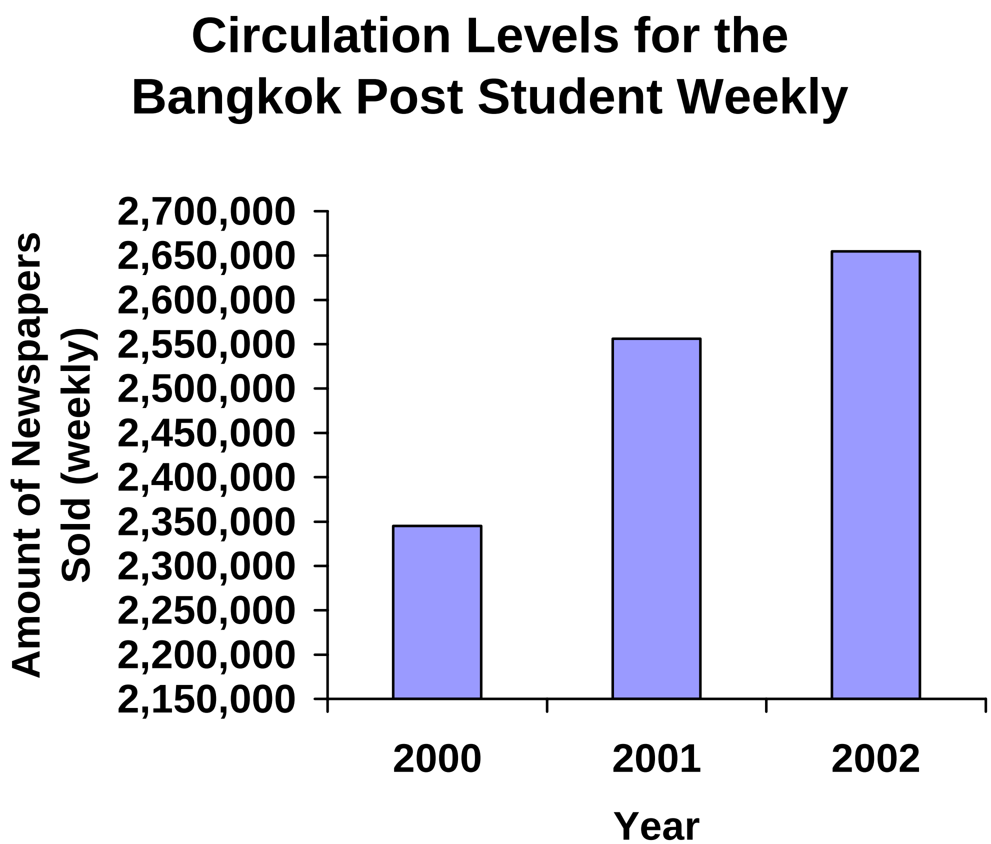
Using the data in table 1, draw a bar chart for the BPSW **only** to be included in the report.

Individual Candidate Response

Candidate A



Candidate B



Examiner Comment

Candidate A

This candidate has prepared an appropriate graph (bar chart) showing the correct values very clearly, and with correct labelling of the axes. It could only have been improved by a key illustrating the shaded areas.

Marks awarded = 8 out of 10

Candidate B

This candidate has also prepared an appropriate graph (bar chart) showing the correct values very clearly, and with correct labelling of the axes. It could only have been improved by a key illustrating the shaded areas.

Marks awarded = 8 out of 10

Task 5 (b)

Explain the following types of visual aids which you could use to present the data,

i) pie chart
ii) line graph

Individual Candidate Response

Candidate A

i) A pie chart is a circular aid which resembles a pie. It has different sections which add up to 360 degrees.

Advantages:
It helps present information clearly
It helps you to analyse information more clearly
It is easy to understand

ii) A line graph is a graph where information is presented in lines of different colours.

Advantages:
It presents information clearly
It is best used to present trends analysis

Candidate B

i) Pie chart – you can use to show the different amounts or percentage of a certain product. For example it can easily show what colour of a product is more popular and sells more and which sells least.

ii) A line graph can show changes in something either by year or month etc.

Examiner Comment

Candidate A

This is a very good answer, which only fails to identify the unsuitability of a pie chart for very complex data.

Marks awarded = 8 out of 10

Candidate B

This candidate shows a limited knowledge of these types of chart.

Marks awarded = 4 out of 10

Core Module 5162 - Overall comments on Candidate Performance

The examples of candidate performance shown above have been taken from the work of several candidates to demonstrate contrasts in performance. Had all the higher marked examples been from one candidate, then the mark would have warranted a distinction.

All candidates show strengths and weaknesses across questions in a paper. However, the examples above aim to show the way marks can be built up by candidates demonstrating a build up of knowledge, understanding and application to the Case Study scenario.

Business Finance 5163

5163 Business Finance

Task 1 (a)

Explain what is meant by the following terms as used in the case study.

'copyright' (line 5) **[3]**

General Comment

Candidates are expected to provide an accurate definition of the term and to develop their definition to produce an explanation of the financial implications of holding copyright.

Individual Candidate Response

Candidate A

Copyright is when a person or business obtains the right of a brand, logo etc. Such as Coca Cola who have a copyright, therefore no one can take the logo or name to illegally reproduce the product. In Hassan's case, due to the lack of copyright laws he is able to reproduce designer labels. Companies will have copyrights on logos, names etc. To prevent actual reinventions of the actual product, a patent must be issued which protects the reinventing of a product for a certain amount of years, and after it runs out it becomes public property. Some companies have logos, names etc. which are worth who knows how much, therefore a copyright is issued so that no one else can use the same name, logo etc. and turn it into a profitable business, people will think it is associated with the real company. Therefore, copyright is a legal statement in order to keep names, logos etc. from being reproduced by others.

Candidate B

Copyright: - Government legal right given to individuals or organiser to publish, print or conferring a title or name exclusively for that organisation or person so that no one can use this name or logo and if used certain legal punishments will occur.

Examiner Comment

Candidate A

The candidate provides an extensive definition of the term and develops the definition to include the possible effects on future profitability.

Marks awarded = 3 out of 3

Candidate B

The candidate provides an explanation that concentrates on the legal aspects of copyright ownership, but does not explicitly refer to the financial consequences of holding copyright.

Marks awarded = 2 out of 3

Task 1 (b)

'multinational company' (line16) **[3]**

General Comment

Candidates are required to produce a definition that is accurate in several respects (see Mark Scheme). A complete definition will clearly distinguish the multinational company from large companies and/or international companies.

Individual Candidate Response

Candidate A

A multinational company is a company which operates in more than one country. They have shops and production plants in more than one country, and are relatively powerful. They are large in size, and have a wide variety of sources of finance.

Candidate B

A company with its business spread across several other countries.

Examiner Comment

Candidate A

The candidate has provided a sound definition with most aspects of the answer being covered. The issue of the employment of the local population at senior levels within the organisation has not been addressed.

Marks awarded = 2 out of 3

Candidate B

The candidate has produced a weak and brief answer that addresses only one aspect of the multinational company.

Marks awarded = 1 out of 3

Task 1 c

'obsolete' (line 23) **[3]**

General Comment

The candidates are required to demonstrate knowledge of the process of both product and process obsolescence and to link these concepts to the possible financial consequences for the business.

Individual Candidate Response

Candidate A

Obsolete is when the value of fixed assets such as machines lose their value in the market because they have been used for a long period, they are not efficient in production and new technology is present in the market at a competitive price.

Candidate B

Obsolete means that a certain item is becoming old or out of fashion and may not be functioning properly. For example, the machinery was becoming obsolete in Hassan's factory.

Examiner Comment

Candidate A

The candidate provides an accurate and full explanation of process obsolescence associated with out of date machinery, but does not refer to obsolete products and the need to develop new/replacement products.

Marks awarded = 2 out of 3

Candidate B

The candidate has provided an answer that demonstrates some understanding of process obsolescence and also hints at product i.e. out of fashion-obsolescence, but this aspect has not been developed.

Marks awarded = 2 out of 3

Task 1 d

'depreciation' (line 24) **[3]**

General Comment

Candidates are expected to provide an accurate definition of the term and to develop their definition to produce an explanation of the financial implications of not depreciating fixed assets.

Individual Candidate Response

Candidate A

Depreciation is the reduction of value of an asset over a period of time. This loss of value should be calculated every month/year as a cost to the business, so that when the machinery (for example) has to be replaced, the amount of money needed has already been taken into account.

Candidate B

The item has deteriorated in its physical form and lost its value due to wear and tear, better technology and other factors over the age of time.

Examiner Comment

Candidate A

The candidate has provided a reasonable definition of the motives for depreciating fixed assets, but the requirement to present a ‘true and fair view’ could also have been introduced. Despite this an award of 3 marks was justified.

Marks awarded = 3 out of 3

Candidate B

The candidate has provided a brief but largely accurate explanation of the processes needed to depreciate assets, but there is no link to the need for the business to ensure that it will be capable of replacing its assets in the future.

Marks awarded = 2 out of 3

Task 1 e

'licensing agreement' (line 25) **[3]**

General Comment

Candidates are expected to provide an accurate definition of the term and to develop their definition to produce an explanation of the financial implications of the licensing agreement.

Individual Candidate Response

Candidate A

A licensing agreement is where a manufacturing company will permit somebody to sell their products as long as they comply to certain elements which may involve factors such as price or the quantity they sell.

Candidate B

A licence obtained through an agreement to produce and sell under a particular name.

Examiner Comment

Candidate A

The candidate has provided an answer that includes both the legal and the financial consequences of entering into such an agreement and as such it is worthy of full marks.

Marks awarded = 3 out of 3

Candidate B

The candidate has demonstrated some knowledge of the legal process involved, but does not link this to the possible financial consequences for the business.

Marks awarded = 1 out of 3

Task 2 (a)

Identify **three** of the external (PEST) factors referred to in the case study. **[3]**

General Comment

The candidates are required to select appropriate factors from the case.

Individual Candidate Response

Candidate A

Economic factor: - revaluation of the national currency.
Political factor: - introducing tighter copyright legislation.
Social: - growth in the income of the domestic population leading to a better lifestyle of individuals.

Candidate B

Three of the external (PEST) factors referred to in the case study:

1. Political - government policies (funding).
2. Economic - government introduce more complex accounting procedure.
3. Social - the copyright of laws.
4. Technology - machinery, revaluation of.

Examiner Comment

Candidate A

The candidate has identified and correctly classified the required factors from the case study.

Marks awarded = 3 out of 3

Candidate B

The candidate has extracted two relevant factors from the case study, but they have not classified them correctly. Despite this an award of 2 marks was considered appropriate.

Marks awarded = 2 out of 3

Task 2 (b)

Explain how **each** of the chosen factors could affect the future profitability of the business. **[12]**

General Comment

The candidates are required to explain how the changes in the external factors are likely to have an impact on the business and they should develop their arguments in terms of the financial implications associated with these changes.

Individual Candidate Response

Candidate A

If the government introduces tighter copyright legislation, Hassan will no longer be able to produce copies of designer label clothing. He used to export these, so he would have to find a way either to get a licence, or export a different type of product (clothing).

If there is a growth in real income of the population, this means that people will have much more money to spend, and therefore demand for Hassan's products will increase. The incomes of people will focus less heavily on needs, and more on wants (nice clothing that he produces).

If the national currency is revaluated, this means that its value will be changed. If it increases in value, then Hassan's exports will be affected, because his products will become more expensive to foreigners. They will need to give more of their currency to get less of the national currency they need in order to buy Hassan's products. On the other hand, his exports could become cheaper if the value of the national currency falls, because they would need to give less of their currency to get more of the national currency (as it is cheaper). This would cause demand for his product to increase.

Candidate B

i) Copyrights: if the business was trading illegally and was held accountable, it will probably have to pay a fine (certain fee) which will be paid from the business. Moreover, it might cost the business a large sum of money to buy the copyrights and the amount required is not in the budget of the business.

ii) The more income there is the more likely that people will have disposable income to spend.

iii) The introduction of a more complex accounting procedure will be likely to include computer software which produces accurate efficient financial statements. The infrastructure of a network and computer plus the copyrights to use certain computer softwares will cost the business. And there is the possibility that the business has to train their employees on how to operate these softwares, this will add on to the operational costs of the business.

Examiner Comment

Candidate A

The candidate has provided a sound explanation of how the changes are likely to affect the business and has attempted to develop their arguments in the context of the possible effects on sales/revenue.

Marks awarded = 8 out of 12

Candidate B

The candidate has attempted to explain how the changes in the external factors would have an impact on the business, but the explanations are not explicitly translated into the relevant revenue/cost implications in the majority of cases.

Marks awarded = 5 out of 12

Task 3 (a)

Compare and contrast a partnership with a limited company (line 19). **[6]**

General Comment

The candidates are required to identify significant features of the named business organisations and to use these to make an effective comparison of these structures.

Individual Candidate Response

Candidate A

Partnership:- organisation that started up with 2 partners or more but less than 20, it has a deed of partnership that shows how much each contributes in capital and how much profit each will have on his percentage. They share responsibility and profit and management of the company, it has minimum legal requirements so that they don't publish their accounting records or have external auditor to check and analyse. The partners have unlimited liability so that if the company isn't able to pay it's debts they risk their personal belongings and percentage they share in capital and if one is not able to pay the others' hold the responsibility. The company doesn't have its entity that is separated from owners. Financial records and statement are recorded and kept but with minimum legal requirements to tax authority.

Limited Company:-
1. has separate business entity than owners
2. limited liability of owners
3. memorandum of association and articles of associations
4. registered at the company registrar
5. certificate shares that represent the percentage each owner contribute in the capital
6. accounts must be published for investor
7. external auditor must check and analyse
8. prepare accounts according to financial standards and concepts.

Candidate B

A partnership is a type of business organisation between two and twenty people, who own and control a business, and each possess a deed of agreement (legal document stating each worker's rights and duties). This group of people share the risk of the business and have unlimited liability, unless they have a dormant/sleeping partner who decides to carry the unlimited liability. They work together and make decisions together. A private limited company is a larger type of business, where they sell shares privately and the owners have limited liability. The directors, which are elected, are professional and an AGM (Annual General Meeting) is held every year where shareholders are allowed to vote.

Examiner Comment

Candidate A

The candidate has identified several relevant features of the selected business organisations and has used these features well in making an effective comparison of the structures.

Marks awarded = 6 out of 6

Candidate B

The candidate has produced a limited range of features, but does implicitly attempt a narrower comparison of the business structures.

Marks awarded = 3 out of 6

Task 3 (b)

List **two** advantages of **either** a partnership **or** a limited company compared to a sole trader. **[4]**

General Comment

Candidates are required to demonstrate understanding of the advantages of these business structures by implicit reference to the difficulties that would be faced when operating as a sole trader.

Individual Candidate Response

Candidate A

Two advantages of a limited company compared to a sole trader are:

- a limited company has limited liability which means the business is its own entity. If the business was to collapse, then it is the business which will suffer and not its owners, mangers etc. A sole trader has unlimited liability which means the persons car, house etc. can be in danger if problems arise in the business.
- A limited company is also able to find capital easier. It can raise finance through shares and banks are more likely to loan money to bigger companies as they are not as risky as a sole trader.

Candidate B

By entering into a partnership, the company will have more assets to better the operation of the production.

With a partner, all the expenses are shared by both parties, and it will have better prospects for the company, as better ideas are injected into it.

Examiner Comment

Candidate A

The candidate has identified 2 relevant advantages and has made effective justification of their selection by making a sensible comparison with the shortcomings of the sole trader.

Marks awarded = 4 out of 4

Candidate B

The candidate identifies relevant advantages, but does not make the explicit comparison with the sole trader as required.

Marks awarded = 2 out of 4

Task 4 (a)

Using all of the available information, produce a **graph** to show the break-even point associated with the proposal to purchase new machinery. **[8]**

General Comment

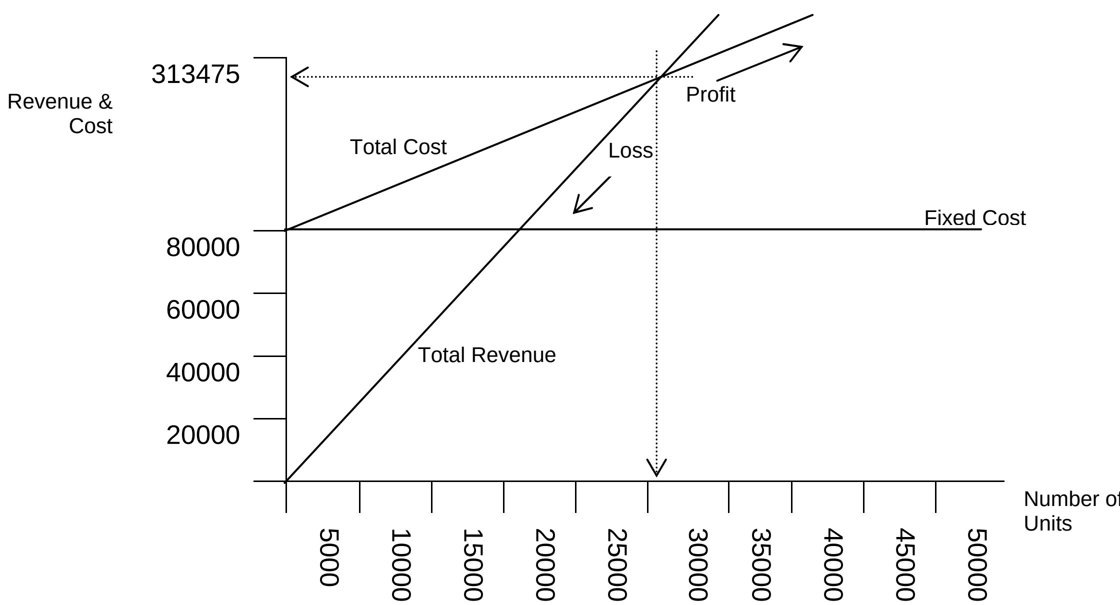
Candidates are required to demonstrate that they understand the processes involved in calculating break-even output. They also have to be able to extract the relevant information from the case study and should be capable of processing this data to produce a correct solution in the graphical format required.

Individual Candidate Response

Candidate A

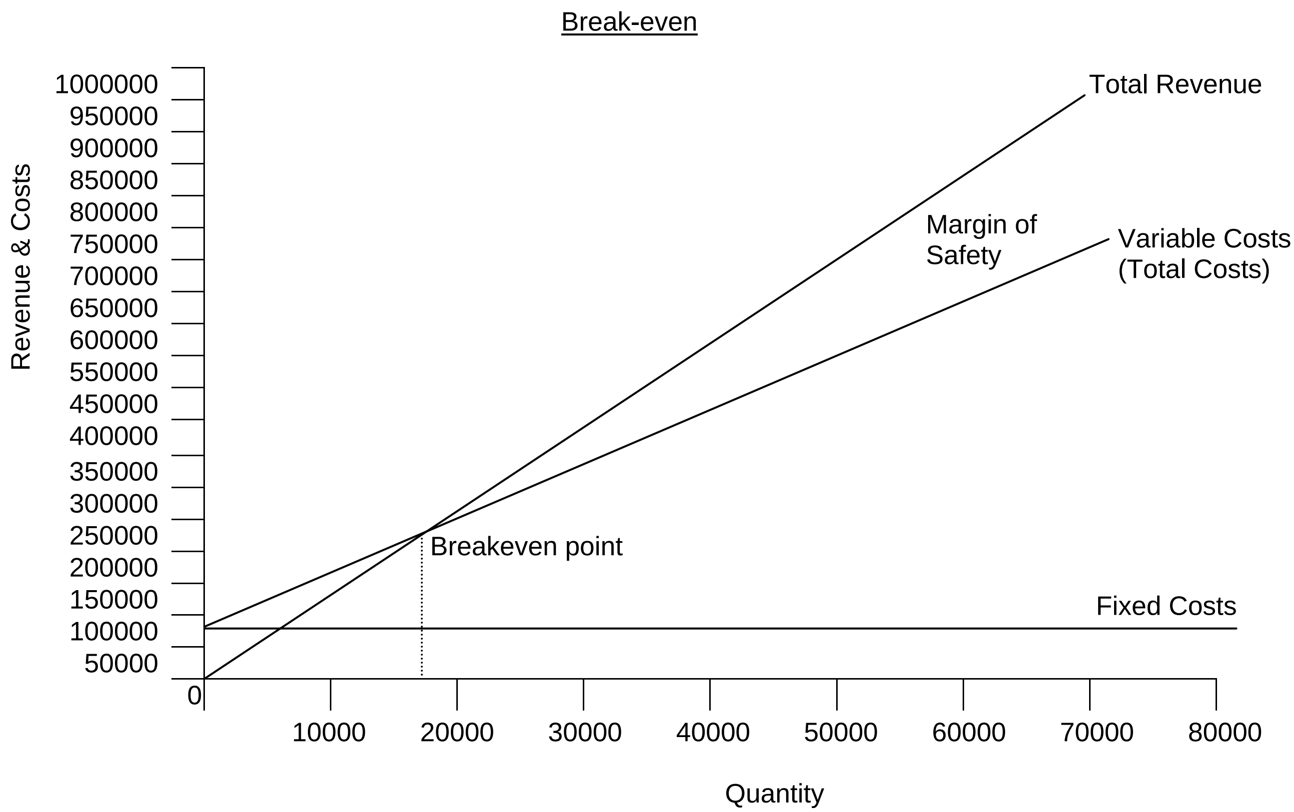
Fixed cost = 80 000 \$
Max output = 80 000 unit
Price = 12.5 \$ 1 unit
V.C = 9.31 \$ 1 unit

$$BE = \frac{\text{Fixed cost}}{\text{P - V}} = \frac{80\,000}{12.5 - 9.31} = \frac{80\,000}{3.19} = 25\,078 \text{ unit}$$



Breakeven point = 25078 units

Candidate B



Fixed costs = 80 000
Total revenue = 1 000 000
Variable Costs = 744 800

Examiner Comment

Candidate A

The candidate has provided evidence of understanding the process required to undertake the necessary calculations and has as a result produced accurate figures and an appropriate graph with all of the required elements included.

Marks awarded = 8 out of 8

Candidate B

The candidate has produced some evidence showing that they understand the process required, but the calculations and data entry have not been accurately translated into the graph presented.

Marks awarded = 6 out of 8

Task 4 (b)

Calculate the margin of safety associated with the estimated level of output. **[4]**

General Comment

The candidates are required to produce evidence of the process that is necessary to complete the calculation and they need to apply this process to the data from the case study.

Individual Candidate Response

Candidate A

Margin of safety =

Actual output - B. E output

= 80 000 - 25 078 = 54 922

Candidate B

Margin of safety =	<u>fixed costs</u>	=	<u>80 000</u>
	price - costs	=	? - ?
		=	70 000 +

Anything above break-even point is the margin of safety as this ensures cover of costs and profit. In Hassan's case if he produces more than 20 000 he will cover his costs of production and make profit.

Examiner Comment

Candidate A

The candidate has shown that they understand the process that is required to complete the calculation, but they have incorrectly used the maximum capacity output figure in their calculation rather than the estimated output figure.

Marks awarded = 3 out of 4

Candidate B

The candidate has provided an incorrect solution to the task as a result of some confusion as to the process that should be employed. However, there is a statement as to the nature of the margin of safety which was considered to be worth some credit.

Marks awarded = 1 out of 4

Task 5

Having identified the mistakes made by Hassan Khan and using all available information, produce a revised balance sheet, in appropriate format, for Khan's Kasuals as at 30 April 2002. **[18]**

General Comment

Candidates are required to use their knowledge of the nature and structure of balance sheets to be able to identify the errors in the case study data. They are then required to correct the errors and to produce an accurate revised balance sheet in an appropriate format.

Individual Candidate Response

Candidate A

Balance Sheet for Kahn's Kasuals
business as at 30th April 2002

Assets		$	$
Fixed Assets	Premises	90 000	
	Vehicles	20 000	
	Equipment	30 000	
Total Fixed Assets			140 000
Current Assets	Cash	6 000	
	Stock	15 000	
	Debtors	30 000	
Total Current Assets			51 000
Total Assets			191 000
Liabilities and Owners Equity			
Liabilities (Current)	Creditors	23 000	
	Overdraft	2 000	
	Loan	11 000	
Total Current Liabilities			36 000
Long Term Liabilities	Mortgage	35 000	
Total Long Term Liabilities			35 000
Total Liabilities			71 000
Financed by			
	Owners Capital	80 000	
	Retained Profit	40 000	
			191 000

Owners Capital = Assets - Liability
= 191 000 - (71 000 + 40 000)
= 80 000

Candidate B

Balance Sheet as at 30 April 2002

Assets		Liabilities	
Current Assets		Current Liabilities	
Stock	15 000	Creditors	23 000
Cash	6 000	Overdraft	2 000
Debtors	30 000		25 000
	51 000		
		Long term Liabilities	
		Loan	11 000
		Mortgage	35 000
		Total Liabilities = 71 000	46 000
Fixed Assets		Owners Equity	
Premises	90 000	Capital	100 000
Vehicles	20 000	Retained Profit	20 000
Equipment	30 000		120 000
	140 000		
Total Assets	191 000	Liabilities + OE	191 000

Total Assets	=	Liabilities + Owner's Equity
191 000	=	71 000 + 120 000
191 000	=	191 000

Examiner Comment

Candidate A

The candidate has identified the errors contained in the original document and has implemented the changes necessary to produce an accurate balance sheet in an appropriate format. The answer is complete and contains accurate sub totals.

Marks awarded = 18 out of 18

Candidate B

The candidate has identified most of the errors from the original balance sheet and has made a reasonable effort to include the necessary amendments in their revised balance sheet. The format of the balance sheet is, however, not totally complete.

Marks awarded = 13 out of 18

Task 6

Identify and explain, using your own examples, the significance of **four** 'standard accounting concepts' as mentioned in the case study (line 20/21). **[16]**

General Comment

The candidates are required to identify and explain a number of standard accounting concepts. In addition, they are required to comment on the significance of these concepts within the accounting process by employing their own examples.

Individual Candidate Response

Candidate A

Standard accounting concepts

1. Business Entity: means that accounts are being prepared for the business distinct from its owners i.e. a business is a person who makes deals, sells, buys, signs contracts, separate from the deals made by the owners. When recording the financial accounts, we don't take into consideration the owner of the business, but just the business.

2. Prudence: means if the accountant has the choice to which figure he might use, he should choose the figure that understate and overstate the profit, so as to prevent the overstatement of profit, declaration of dividends or pay out for refunds that is presented in the assets. We should record any loss, but not record the profit. For example, if at the end of the year, the storeman found extra stock in the store that he didn't notice or see, so there's an expected loss and this should be recorded.

3. Matching concept: In Accounts we match cost of goods sold or expenses with revenues and we don't match receipts and payment. If a cost incurs that is not related to this period it is carried forward and if a cost related to this period is not recorded it should be estimated. For example, if the financial year ends at 31 Dec 2003, and a rent have been paid at June 2003 for a whole year till July 2004, so this is a matching concept.

4. Realisation concept (Realising): This concept defines the point at which the profit on a transaction is recognised. Profit is regarded as realised once the goods or services are passed to the company and we incur a liability on it. Sales is made if the stock is shipped and goods are invoiced, we don't have to wait till we receive the cash to realise the profit, but if the order is sent and the items are not shipped then we don't recognise the profit.

Candidate B

a) Matching concept: is concerned with matching the cost of goods sold (expenses) against Revenue, rather than matching cash payments with cash receipts. Accounts or transaction which does not match the current period are carried forward. And the expenses which were not recorded are estimated.

b) Prudence: If an accountant had to choose figures he would choose those facts which would understate rather than overstate profit. We cannot record estimated profit (because it would affect the profit figures produced at the end of the financial year) but we should record all possible losses.

c) Going concern: accounts based or produced on the assumption that the business will continue for a foreseeable future, and it's the management's intention to do so.

d) Realisation: it's the point when we actually record the profit made on a transaction. Realisation only takes place when goods are sent to the customer, who will be held liable for them.

e) Fairness: recording accounts in a fair and true way.

Examiner Comment

Candidate A

The candidate has identified 4 concepts as required and provided clear explanations of what is meant by each concept. The significance of the concepts is addressed well in two cases (prudence and matching), but less well for the other two concepts. However, this represents a sound answer to the task and a mark of 14 was justified.

Marks awarded = 14 out of 16

Candidate B

The candidate has identified 4 concepts and provides clear explanations of their meanings. The significance of each concept has been addressed in part only and the lack of clear examples limits the possible award of credit.

Marks awarded = 12 out of 16

Task 7

Using all available information, calculate the percentage change in the level of gross profit that would result from adopting the licensing proposal. **[14]**

General Comment

Candidates are required to demonstrate an understanding of the nature of profit and the processes that need to be employed to calculate profit figures. Candidates are required to be able to extract the necessary information from the case study to complete the calculation.

Individual Candidate Response

Candidate A

No proposal =

$$\frac{\text{Gross Profit}}{\text{Sales}} \times 100 = \text{Gross Profit Margin}$$

$$\frac{\text{Gross Profit}}{600\ 000} \times 100 = 20\ \%$$

$$\frac{\text{Gross P}}{600\ 000} = 0.2$$

Gross P = 120 000

With Proposal =

Sales - Cost of Sales = Gross Profit
(900 000) - (180 000+ 90 000) = 630 000

90 000 - 100%
x - 20%
x = 180 000

Percentage change = 120 000 - 100%
630 000 - x%

$$x = \frac{630\ 000 \times 100}{120\ 000}$$

x = 525% increase

Candidate B

Current gross profit margin = $\frac{\text{Gross profit}}{\text{sales}}$ = 20%

Annual turnover = 600 000$ = sales
Gross profits = 600 000 x $\frac{20}{100}$ = 120 000$

Sales Licensing = 900 000
Cost = 20% of sales
Cost = $\frac{20}{100}$ x 900 000 = 180 000$

Sales	900 000
Cost of goods sold	180 000
Gross profit	720 000

Percentage of change in level of gross profit = $\frac{720\,000 - 120\,000}{720\,000}$ x 100 = 83.3%

Examiner Comment

Candidate A

The candidate has shown that they understand something of the process required to complete the task, but the process is incomplete. There is sufficient evidence to warrant the award of a level 2 mark.

Marks awarded = 6 out of 14

Candidate B

The candidate has shown that they understand something of the process required to complete the task, but the process is incomplete. There is sufficient evidence to warrant the award of a level 2 mark.

Marks awarded = 6 out of 14

Marketing 5164

5164 Marketing

Task 1

Suki is curious about a conversation she had with her bank manager, who spoke to her about the advantages that a marketing approach might offer her business. This seems to be a formal approach to business that she had not previously considered.

Explain **five** benefits that Suki might gain from adopting a marketing approach, linking your answer to the information in the case study. **[5x4=20]**

General Comment

Candidates are asked to demonstrate their knowledge of the benefits of adopting a marketing approach to the specific situation posed in the Case Study scenario. Five benefits are asked for, and candidates should ensure that five separate significant benefits are put forward, avoiding duplication.

Individual Candidate Responses

Candidate A

Nearly all businesses now-days have developed what is called a ‘marketing culture’. Marketing in itself is finding what the wants of the consumers are to create a profitable and wanted product that will meet the customer’s needs. Marketing holds many advantages that could be beneficial to Suki. Within marketing there is market research and market segmentation. Through marketing, Suki could see which segment of the population (whether it be age, gender or socio-economic status) prefer and buy her goods. Through this she could develop an understanding and see who to produce for so that her sales would rise within these segments. Also, through the use of market research, she could see which of the goods sell well and which don’t. This would help her concentrate on the profitable goods and not build up a stock of unwanted products. Marketing would also enable her to see the needs and wants of the people, giving her the opportunity to develop new goods. This would help her to take over a bigger market and help new people or market segments to become interested in her products.

Marketing involves the ‘4 P’s’, which includes: Product, Price, Promotion and Place. Through marketing she would know what products to sell and at what price. Marketing would not only help her to see new openings but would make her aware of her competitors. She will also be able to see if she can compete with them or not and if it is worthwhile. Marketing also develops when the products have been chosen with, for example, promotions. She could advertise cheaply on the radio and on her web site. This would help to increase awareness of her products and make them more desirable and also provide information such as her location. Overall marketing brings knowledge, recognition, creation and profit and would be extremely beneficial for her.

Candidate B

1) Increase the number of customers as she will create a website for her shop. Through word of mouth Suki may not gain or attract a lot of customers, she should advertise.
2) She will understand what is popular and unpopular with customers as soon as she develops her market research.
3) She would understand how to price goods according to the situation (for example promotional pricing, loss leader, critical point etc.)
4) Using SWOT analysis Suki will see her strengths and weaknesses both internally and externally. She would know what to change and understand problems.
5) She could use market segmentation to define the age of the customers who buy her products, which would help when advertising.

Examiner Comment

Candidate A

This candidate has identified five separate benefits –
Understanding customer needs and developing an appropriate culture
Research to aid segmentation
Research to check real needs are understood
Competitor information
An appropriate mix
They have explained each and linked them to the case scenario very well.

Marks awarded = 19 out of 20

Candidate B

This candidate has identified four separate benefits –
An appropriate mix (points 1 and 3)
Market research
SWOT analysis
Segmentation
However, the explanation and links to scenario are limited and marks are therefore limited.

Marks awarded = 9 out of 20

Task 2 (a)

Suki has identified two areas in which she would like more information. She has recognised that she needs to rationalise her current product lines, and is unsure whether to expand the range of children's toys.

Advise Suki on **two** different methods of research which could be used to identify the needs of the market for children under 12 years old, before deciding whether to expand her stock in this area. **[10]**

General Comment

The first part of this task requires candidates to suggest and describe two suitable methods for the purpose given. These could be:

- Survey – face to face
- Unstructured interview
- Focus group
- Observation of children with an assortment of toys
- Secondary research – published reports

For full marks, candidates should recognise the difficulties in carrying out research with children.

Individual Candidate Responses

Candidate A

1 Personal interview though focus groups in the schools of the children. This can be useful because Suki can get feedback and real opinions.

2 Questionnaire to the parents of the under 12's market segment. It is cheap, flexible and convenient.

Candidate B

Two different methods of research which could be used to identify the needs of the market for children under 12 years old are:

1 Suki could go round and ask her customers what toys they like. This would be primary research. She could ask the children what types of toys they prefer to play with (Barbie, wooden toys etc.) and what toys they like to take on holiday.
Suki could ask parents what their children like and what they are willing to buy for their children. This gives Suki first-hand information of what the children, and the parents, are looking for or interested in.

2 Suki could also visit stores to see which ones they sell and which are the most popular. She could also go to the nearest large town to see what they have. She may also discover that they are not selling a certain toy that could potentially do well in her shop.

Examiner Comment

Candidate A

This candidate has identified two suitable types of research – focus groups and questionnaires – and linked these to the scenario. While they recognise the two different audiences for the research, they did not give a full explanation of the methods identified.

Marks awarded = 6 out of 10

Candidate B

This candidate also suggests two suitable methods, though these are not defined in appropriate terms. They are suggesting a survey and observation as methods. They do not distinguish between children and their parents in the first method, and do not consider the practicalities of the second method.

Marks awarded = 5 out of 10

Task 2 (b)

List **five** types of information that Suki may already have available to her in making decisions about rationalising her existing product stocks. **[10]**

General Comment

This part of the question required five types of secondary information to be identified that are already available to the shopkeeper. Various sources were acceptable, including the following:

- Sales records – by number sold of each product
- Sales records – by value sold of each product
- Published reports on craft market
- Customer enquiry records
- Customer complaints
- Stock records – length of time between stocking and selling

A list was all that was asked for.

Individual Candidate Responses

Candidate A

Five pieces of information that Suki may already have when making decisions –
Available space that she could convert into a gallery.
Three top selling ranges for the first year (identified).
She understands that top selling products are popular with products.
Craft workshop is willing to supply on a sale or return basis. This could benefit Suki as she could reduce costs related to stockholding.
She has identified the profit or loss of the products she has in stock.

Candidate B

Suki, having a shop and wanting to meet her customers' needs, has some information available to her about existing products. This could help her to rationalise her stock. She already knows at what price her goods sell at and the prices in other shops, such as the pharmacy, which has helped her to create a good competing position. She also has a vague idea of the wants of the customers in relation to the products she already stocks, what they buy and what isn't very popular. This lets her know what to keep in stock and what to stop ordering or making. Also, in relation to competitors, she knows what goods not to stock as other stores sell them at a better price. This makes Suki aware of the competition around her. She also has knowledge of what goods are wanted in the different seasons. When there are tourists, they demand different goods. The local people also have different needs and wants which Suki is aware of and can meet. This gives her an idea about what to stock and how much. Finally, Suki is also aware of the dispositions she has around her. For example, she has the opportunity to ask craftsmen to help her make more products so she doesn't have to look elsewhere. She knows who is able to help her, where they are located and she already has good ideas for the future. She knows she has space at the rear of the shop into which she can expand and turn into a gallery but is also aware of the problems she may face. All of the knowledge helps to strengthen her future marketing solutions.

Examiner Comment

Candidate A

Some flexibility was given in awarding marks to this part of the task, and this candidate was awarded marks for points 3 and 5 as they linked to relevant information.

Marks awarded = 3 out of 10

Candidate B

Although this candidate produced more than a list, there are three key sources mentioned, and each of these is linked clearly to the Case Study.

Marks awarded = 6 out of 10

Task 3

Suki has accepted your recommendation to carry out marketing research into the children's toy market. Explain the **five** stage planning process for the collection of information, linking your answer to Suki's specific requirements. **[5x4=20]**

General Comment

This task required the five stages of the market research process to be identified and explained. There are four marks available for each stage – two for the correct stage with an explanation, and a further two for a link to the Case Study.

Individual Candidate Response

Candidate A

1 First of all she needs to define the problem – what it is that she wants to know. In this case, she wants to know ‘which toys are children under 12 years old most attracted to’ or ‘what toys would parents like to give as a present to a child who is under 12 years of age?’.
2 Next she needs to decide how she will collect the data, and how she will analyse it. She could use any of the two methods previously suggested (product tests or projective techniques) but other options are interviews, e-mail surveys, omnibus studies etc.
3 The third step would be to decide on a sampling method (random, cluster or stratified?) and to decide upon a time frame and a budget. She would also need to decide how she will analyse the data that she has collected (what software, accuracy etc.).
4 The fourth step would be to collect the data and analyse it.
5 The last step would be to check for any errors that may have been made with the data collected and to write the final report.

Candidate B

The five stages of planning for the collection of information are -

1 The first stage is to figure out who the product is aimed at. In Suki’s case we are looking at a range of toys for the under 12’s.
2 The second stage is to figure out how much is to be spent on this research and how it will be done. In Suki’s case the amount spent on researching will be minimal as she is doing it herself. Asking around town, asking customers and potential customers and going to nearby competitors does not cost a lot, especially as she only has a small gift shop and will therefore not need to hire a market researcher.
3 The third stage is to carry out the research. This will be quite simple for Suki, identifying questions that she needs to know the answers to and keeping records of her findings.
4 The fourth stage is the analysis of the data – what she has found out from the research. Is there potential to expand her toy range and if so what toys did she find had potential?.
5 The final stage is the product of the report. Will she be expanding, what toys will she bring into her range and what will the prices be?

Examiner Comment

Candidate A

This candidate clearly identifies each stage of the process and links each to the Case Study. Further marks could have been earned by a clearer explanation of the stage, or a more detailed link at each step. For example, the first stage would involve setting clear objectives, and the other stages needed more of a link to the Case Study.

Marks awarded = 15 out of 20

Candidate B

This candidate correctly identifies stages 3 – 5 of the process, and is confused about what happens at each stage. However, some relevant links are made to the scenario.

Marks awarded = 7 out of 20

Task 4

Marketing is very new to Suki. Explain the following terms to her, giving an example of each that is relevant to her business.

Marketing plan **[4]**

Political factors (in the external environment) **[2]**

Economic factors (in the external environment) **[2]**

Societal factors (in the external environment) **[2]**

Technological factors (in the external environment) **[2]**

SWOT analysis **[2]**

Marketing objectives **[4]**

[Total: 20]

General Comment

This section of the syllabus looks at the marketing planning process, and this task looks for brief explanations of some key terms, together with examples from the Case Study. The marks for each part of the task indicate the level of detail required in each case.

Individual Candidate Responses

Candidate A

a) Marketing plan – stages, concerning marketing, market research
b) Political factors – makes up part of PEST analysis, taxation, how does the government influence the business?
c) Economic factors – makes up part of PEST analysis, decrease of salary (income)
d) Societal factors – makes up part of PEST analysis, how do general factors influence business?
e) Technological factors – makes up part of PEST analysis, how does the technology influence the business, internet has become very popular – shopping – increase in sales
f) SWOT analysis – very useful in business – defines external and internal problems (advantages and disadvantages)

	Small – ability to change quickly	Bad sales
internal →	Strength	Weakness
external →	Opportunities	Threats
	Little competition	Not a lot of interest

g) Marketing objectives – an aim or purpose of marketing – get a product onto a market, have reasonable pricing, good advertising, etc.

Candidate B

a) Marketing plan – A marketing plan is a plan made up to show whom the products are targeted at and where there could be potential in a certain market. The way a product is priced, placed (in the shop) and promoted all has to do with the marketing plan. The targeted group must be considered at all times when bringing out a product. In Suki's case she is marketing her products towards two group's tourists and children. She may consider price skimming as she is a gift shop in a town that attracts tourists.

b) Political factors – Political factors are external factors that could interfere with any business, for example laws, political issues etc. In Suki's case, a current political factor that may interfere with her business is the ongoing war in Iraq and the war against terrorism. The numbers of those travelling is decreasing therefore her target group is decreasing as there are not as many tourists visiting.

c) Economic factors – Economic factors are external factors which could interfere with any business, for example taxation, recession, etc. I believe that Suki is a sole trader therefore Schedule D could affect her business as it is the taxation schedule for sole traders.

d) Social factors – Social factors are external factors that could affect a business, for example social trends, change in tastes and recurring trends. A factor that could affect Suki is a change in social trends. This could be tourists going for more souvenirs than just candles and pottery or it could be a change in destination. Being a small town, people would be more likely to stay locally for a holiday than travelling abroad in light of the current worldwide situation.

e) Technological factors – Technological factors are external factors that can affect a business, for example an increase in technological gadgets. This is an issue that I feel could affect Suki's business. More and more people can buy on the internet and would rather buy computers or mobiles than wooden sculptures. Children are becoming more and more interested in electronic games rather than wooden toys.

f) SWOT analysis – SWOT stands for strengths, weaknesses, opportunities and threats. Strengths and weaknesses are internal and opportunities and threats are external factors. These have to be taken into consideration with a product – what are its strengths, what are its weaknesses, what are its opportunities amongst other competitors and what are the threats that could be faced. For Suki one strength could be the selling of the craftsmen's goods. This is a great opportunity as there are no competitors and it would mean a new range of products. A weakness would be not enough demand for the product. An opportunity would be no competitors or a new product that could bring in new customers or the return deal with the suppliers. A threat could be a shop already selling wooden goods nearby or no demand.

g) Marketing objectives – Marketing objectives are objectives that are kept to see how products are measuring up to the objectives made during the market research. In Suki's case her objectives are to rationalise the product and expand in toys and sell the four craftsmen's goods.

Examiner Comment

Candidate A

This answer is very brief, and, in the case of marketing plan and societal factors, makes no relevant explanation. The answer is very limited.

Marks awarded = 7 out of 20

Candidate B

This candidate demonstrates a clear understanding of each term and uses relevant examples to illustrate this understanding. It would have been good to see a SMART objective given as an example in the final part of the question.

Marks awarded = 16 out of 20

Task 5 (a)

Describe an appropriate marketing mix for the planned Craft Gallery within Suki's shop. Use the following headings to explain each element.

Product **[5]**

General Comment

This question is heavily focused on application of knowledge of the marketing mix, and the candidate is required to put forward recommendations for a suitable mix for the Craft Gallery mentioned in the Case Study. The question is broken down into the four elements (Ps) of the marketing mix, with marks for suitable recommendations for the business.

Individual Candidate Responses

Candidate A

Products sold at the Craft Gallery would be candles, toys, ceramic figures and craftsmen's goods. This is targeted towards tourists, especially as the products are locally made.

Candidate B

To achieve a successful marketing strategy Suki needs to decide upon what product she wants to market. This part of the marketing mix is usually used upon launching or renewal of a product. If Suki decides to launch her toys and she decides where they will be, what specific use it has and what will differentiate them from other toys sold in the region, i.e. because it is handmade etc.

Examiner Comment

Both candidates identify the type of products that might be marketed from the information given in the Case Study. Full marks required reference to the product portfolio analysis being undertaken, the outcome of the research, and the resulting strategies decided upon.

Candidate B attracts an extra mark by recognising the need to differentiate products from those of competitors.

Candidate A – Marks awarded = 2 out of 5

Candidate B – Marks awarded = 3 out of 5

Task 5 b

Price **[5]**

Individual Candidate Response

Candidate A

If I were Suki I would use the skimming price as it is mainly tourists who are willing to pay more during holidays. Also she has the only gift shop selling these products, they are unique, therefore she can afford to charge higher than expected.

Candidate B

The price will depend on what she wants her product to be consumed as. Will Suki set the price in relation to competition and the economical status of her clients to make exclusive, good quality, luxury goods? Or will she make them cheaper so that they are accessible to everyone and priced competitively in relation to the pharmacy? If she gives the toys a middle price they should continue to be competitive but still show their worth and quality.

Examiner Comment

Candidates were required to recognise the relevance of the need to identify the best pricing strategies for the situation, consider each product line differently and to consider reduction in prices for non-selling items to shift stock.

Candidate A

This candidate recommends a specific pricing strategy which is relevant to the Case Study. However, the answer is limited and does not recognise the need to differentiate between different types of products.

Marks awarded = 2 out of 5

Candidate B

This candidate recognises some key issues about pricing, but makes no clear recommendation for a mix for the Gallery.

Marks awarded = 3 out of 5

Task 5 c

Promotion **[5]**

Individual Candidate Response

Candidate A

At the moment her only form of promotion has been by word of mouth. I would suggest that she has a brochure at the local tourism office and also in the next largest town. She should also have a sign in front of her shop to show that there is a craft gallery.

Candidate B

Promotion is usually the process of getting the products sales to increase through different methods such as advertising or specific offers. Promotion can go from a page in the newspaper, to strategic pricing or discounts on goods, special offers or competitions. It usually attracts clients and helps to create desire and brand loyalty. In Suki's case she could launch the product with a small advertisement in the newspaper and including it on her website. She could also create special games for the children or offer them a free toy when two are bought.

Examiner Comment

Full marks relied on the candidate recognising all five elements of the promotional mix and making recommendations for each linked to the scenario.

Candidate A

This candidate recognises that word-of-mouth promotion is already used, and suggests only a brochure and a sign. No mention is made of public relations, sales promotion, direct marketing, advertising or personal selling.

Marks awarded = 3 out of 5

Candidate B

This candidate makes more detailed recommendations about the use of advertising and sales promotion to promote the business. Recommendations recognise the limited budget that this size of business is likely to have, which shows a good understanding of the scenario.

Marks awarded = 4 out of 5

Task 5 (d)

Place **[5]**

Individual Candidate Response

Candidate A

The location of the craft gallery is to be at the rear of her store, located in the small town.

Candidate B

The place where the product is sold is one of the most important things for the recognition of a product. If a product should be accessible to everyone then consideration is needed as to where it will be sold (popular shops, franchises). If it is to be more exclusive there will be less places where the product can be purchased. The look of the shop is also important as it will attract customers, enticing them in. Consideration is also needed as to the placement of the goods on the shelves in the store. A lower shelf position is less prominent than one at eye-level.

Examiner Comment

The relevant issues about the place element of the marketing mix are that they already have established premises, and that they could in the future consider Internet marketing or selling via a catalogue/mail order.

Candidate A

This candidate shows limited understanding of the place element of the mix.

Marks awarded = 2 out of 5

Candidate B

This candidate again recognises some key aspects relating to the place element of the mix, but the answer does not demonstrate a full understanding of the key considerations.

Marks awarded = 3 out of 5

Optional Module - 5164 - Overall Comments on Candidate Performance

The examples of candidate performance shown above have been taken from the work of several candidates to demonstrate contrasts in performance. Had all the higher marked examples been from one candidate, then the mark would have warranted a distinction.

All candidates show strengths and weaknesses across questions in a paper. However, the examples above aim to show the way marks can be built up by candidates demonstrating a build up of knowledge, understanding and application to the Case Study scenario.

Human Resource Management 5165

5165 Human Resource Management

Task 1 (a)

Describe how the Human Resources department in The Manufacturing Co can help to provide an appropriate mix of skills to achieve its business objectives. **[5]**

General Comment

This question is designed to test a candidates understanding of the purpose of HRM and then relate this to the case study in question. Theory alone is not sufficient; the skill to apply the knowledge is required to obtain full marks.

Individual Candidate Response

Candidate A

Human Resources can achieve the right mix of skills by conducting a 'skills audit' of its employees. From the audit it would become clear where there is a shortfall or where there is an over compensation. The department in conjunction with management can be updated in the necessary skills that would be needed for the company to make it productive. Therefore if there is a deficit in skills recruitment can commence and persons who have these skills would be attracted using the appropriate means. If there is a situation where there is a shortfall, training programmes can be established and persons cross trained to perform other duties. In this situation the HR department becomes the training facilitator to ensure that the staff compliment is balanced.

The major objective is to ensure that the company employs the right amount of people with the skills so that they can be productive and reach all the targets that have been set out or bench marked.

Candidate B

The Manufacturing Co may help to provide an appropriate mix to achieve its business objectives such as:

- former staff have to be trained in a number of different tasks using a wide range of machinery and processes
- encourage staff to do the best they can
- even though some staff are on short-term contracts but most will be permanent
- treat them equally and also job security

Examiner Comment

Candidate A

The candidate provides an excellent answer that recognises that it is important to assess the skills via a skills audit and match these with the skills required by the company, and that where those skills required are missing this can be remedied with training or recruitment.

Marks awarded = 5 out of 5

Candidate B

This candidate is clearly confused about the mix of skills. Whilst part of the answer is relevant, the discussion on contracts, job security and equality is irrelevant as an answer.

Marks awarded = 2 out of 5

Task 1 (b)

control staffing costs **[5]**

Individual Candidate Response

Candidate A

The HR department can control staffing costs by retraining staff or multiskilling them to be able to fit into any area of the business. In today's world most companies need people who are multi-skilled where by they can fit into any areas or short falls that may occur. This means that there are no increased costs for the company as there are no costs incurred by recruiting an additional person. This contributes to good employee relations as staff remain motivated and the company is seen as a progressive one.

Staff cost can also be impacted by redeployment where by an employee can be transferred to another department where the need arises. This saves on redundancy cost or dismissal. Therefore the company operates on the same budget that would have been forecasted. HR impacts on the 'bottom line' and therefore the department ensures that they maintain cost efficient and effective ways of using staff so there is no disruption to productivity.

Candidate B

On the other hand on controlling staff costs, the Manufacturing Co may also help as:

- staff is working with functional flexibility across different product line
- staff are expected to work shifts to maximise the output
- the Manufacturing Co is providing a system of payment by results (PBR) to motivate staff supplement by factory bonus
- introduce new technologies as essential

Examiner Comment

Candidate A

The answer does not stick strictly to the markscheme, but there are some good ideas about redeployment, working with a budget and more efficient use of staff hence redundancy costs per unit of output. Mention of working hours or pay levels was really required to gain the highest mark.

Marks awarded = 4 out of 5

Candidate B

The candidate has produced little more than a list. Any list scores a minimum of 2 marks out of a maximum of 5. Whilst many of these points are relevant they are not explained. Greater explanation could have produced higher marks in this case.

Marks awarded = 2 out of 5

Task 2

Discuss the impact of new technology on the Human Resource Management of The Manufacturing Co. **[10]**

General Comment

This question was aimed at competence criteria 2.3 and was designed to test candidates understanding of how new technology is affecting HRM, especially on the company used in the case study.

Individual Candidate Response

Candidate A

Technology is expensive. Therefore initial investment in technology would be an impact that should be addressed correctly. As technology improves, different machines, tools and units need to be brought in. This will increase the capital investment and with introduction of technology machines will take up work done by human labour. This will leave some staff redundant. There should be a good redundancy procedure to avoid redundancy costs, litigation and to avoid pressure from unions.

Technological developments need staff to be trained. This will require more skill and knowledge. This will be a continuous process. Training and development is costly as technology advances very fast. To keep staff on track with latest technology training is essential.

Changes in work pattern, style and norms can disrupt the working conditions. This can develop low moral and motivation. As humans are resistant to change it will be difficult to change the working pattern as technology advances.

Candidate B

The impact of new technology on the Human Resource Management of the Manufacturing Co:

- With new technology, HR will do more training for the staff who will use the new technology
- HR has to improve the staff's knowledge and skill before the staff use the new machine or new technology
- HR has to do the recruitment for certain people who have the ability to run the new technology
- HR has to train someone to maintain the new technology
- With new technology, company could produce more without having to recruit for new employees

Examiner Comment

Candidate A

This candidate fails to gain marks in the top band due to the quality of the answer rather than the content. The need for new skills is correctly identified, as is the need for training as a continuous process. More detail on the training and the naming of continuous training as 'lifelong learning' would have improved this mark further still.

Marks awarded = 6 out of 10

Candidate B

This candidate has produced a list. The majority of the points are relevant, but without further discussion and detail, higher marks are impossible. This candidate has ignored the question and failed to "discuss" as requested. This will always limit the maximum marks a candidate can obtain.

Marks awarded = 4 out of 10

Task 3 (a)

Describe the following types of employment contracts that The Manufacturing Co may use.

(i) full-time **[2]**

(ii) part-time **[2]**

General Comment

Both parts of this question relate to criteria 3.1 and require knowledge of the different types of employment contract. These questions are purely knowledge based and should allow even the weaker candidates to obtain full marks.

Individual Candidate Response

Candidate A

(i) Full-time employment refers to employment that is with the required conditions and terms of work. This means the contract is for service that will be looked after by the employer by providing necessary work environment, training and development, working condition, salary and wages, motivation, development of relationship with an attachment and with opportunities of career development. Full-time job states specific working hours, ways of communication, reporting relationships. Full-time employment could be applied to all levels of staff.

(ii) Part-time employment refers to a situation where the employment contract is made for providing a service that is met by few aspects of an employer-employee relationship. Payment is usually determined according to result or number of hours worked. Training and development is very minimal as businesses cannot find prospect of worker commitment working hours are usually odd hours. This kind of employment is normally used to fill the gap of working hours to keep operational, replacing a staff on leave or training, to meet a customer specific demand, to gain peak demand etc. In fact attachment to business and management is very limited. Part-time contract could be offered for piecemeal work and usually to lower level staff.

Candidate B

Employment contracts that the Manufacturing Co may use:

(i) A full time contract is when someone is an employee within a company or someone to do a particular job in a specified time for a wage or salary.

(ii) A part-time contract is when someone is an employee within a company/organisation or someone on a temporary basis.

Examiner Comment

Candidate A

This candidate has produced a very full answer to both parts (i) and (ii). There is a good deal of irrelevant material here, but the main points are made. A more succinct one paragraph answer could have achieved the same objective.

Marks awarded = 4 out of 4

Candidate B

This candidate clearly does not know what the answer is to part (ii) and confused a temporary contract with a part time one. Part (i) is only a littler better with a vague stab at the answer.

Marks awarded = 1 out of 4

Task 3 (b)

Explain the benefits of using the two contracts. **[6]**

General Comment

This part of question 3 requires the candidates to use their skill and apply their knowledge of the contracts to an employer, resulting in a judgement of the benefits. This part of the question is designed to stretch the more able candidate and move beyond the repetition of knowledge.

Individual Candidate Response

Candidate A

Both contracts are useful in that:

They allow companies to foster work according to the availability of persons so that jobs that require full time presence can be accommodated and those that require part-time presence can also be accommodated.
They reduce the burden of large severance payments incurred by employers when they have to restructure the company since the part-time worker in most cases does not benefit from the packages and it minimises cost in having to pay persons for being idle on site especially during down time in production.
They provide a pool of available skills for the employer so if need be part-time employees can be hired full-time and this reduces time and money spent in the recruitment and selection process.

Candidate B

Using the two contracts will save the cost of company with not a lot of permanent staff. The permanent staff will be provided with all the benefits like annual leave, medical certificates or bonus. The part-time staff will not have all these benefits. The part-time staff will have the chance to be promoted if they have good performance; the company will not need to recruit the employee again from outside. Normally the part-time staff will have experience and knowledge of their products. It is also time saving. It is also the image of company with labour stable. The employer will be more secure with their net labour turnover all the time happen in an organisation.

Examiner Comment

Candidate A

This answer is not ideal, but the candidate does recognise the fact that these contracts provide a stable employment base with certain skills and the ability to have labour as required, or hire the skills required, when required. The full benefits have not been considered and so the mark is below the maximum.

Marks awarded = 4 out of 6

Candidate B

This candidate concentrates mainly on part-time staff. Many of the comments made can apply equally to part-time or full-time staff and so do not specifically answer the question set.

Marks awarded = 2 out of 6

Task 4 (a)

Explain the difference between recruitment and selection. **[10]**

General Comment

This question is linked to criteria 3.2 and requires the candidates to understand that recruitment and selection are two different parts of the same process. In addition, part (b) requires a more detailed knowledge of one part of the selection process. In total this question thoroughly tests the candidates' knowledge of this very important part of the criteria. It provides a different approach as it moves from a general to a very detailed account.

Individual Candidate Response

Candidate A

Recruitment is the initial stage where the need to fill a vacancy stems from the human resource plan. The process entails identification of the job, analysis of the job to see if the job will be one which is fulfilling and productive. This then enables the HR practitioner to produce a job description and from the job description a person specification.
This enables the HR Practitioner to choose a method of advertising the vacancy be it in a professional journal or in the local or national newspaper and now increasingly on the Internet. The job is advertised in a specific way to attract the right candidate and illicit a response from those persons.

Selection is the process where the prospective candidates are assessed and short listed using the person specification, qualifications and experience wanted. Those candidates who are shortlisted are invited for interview. They are told about the job and a further list is done for those persons who are sent for psychometric testing. According to the job candidates will be given an aptitude, personality or proficiency test. The results are analysed and a decision made. The successful candidate is offered employment and a contract is signed. The unsuccessful ones are communicated in a timely and professional manner.

Candidate B

The recruitment is when a company needs new employees to fill in the vacancies of certain positions. For recruitment, HR will do some advertisements in newspapers to announce to the public that our company needs new employees or HR could recruit new employees from ministry of labour.

When HR has selected new employees they will do a selection to those new employees to see if they have the necessary skills. HR will do the recruitment first and then HR will do the selection to the new employees.

Examiner Comment

Candidate A

The candidate clearly understands the Recruitment and Selection process and describes the whole process in detail. By implication the answer highlights the differences, but because these differences are not explicitly explained, the highest marks cannot be gained.

Marks awarded = 7 out of 10

Candidate B

This is a short answer that highlights the main parts of each stage in the process. Much of the detail is missing and the differences are not explicitly explained.

Marks awarded = 4 out of 10

Task 4 (b)

The Manufacturing Co has decided to use practical tests as part of their selection process to see whether each applicant has the necessary skills. Discuss the benefits of this method of selection.

[10]

Individual Candidate Response

Candidate A

The benefits of practical testing can first be seen because of the type of business that The Manufacturing Co is in. This business dictates the use of equipment and knowledge of specific techniques and this would enable the company to know who is competent or not.

This testing can also be used to highlight if there are any skill gaps and if the employee needs further training in techniques or methods. It is useful for prospective candidates to see if they are trainable and can be brought up to the acceptable productivity levels in the shortest time possible. This testing will also reveal those persons who are ‘exceptional’ and those who will be able to multitask as there are persons who are technically inclined and so can be trained to work in numerous areas because of their natural ability.

Lastly testing can also reveal the quality of work an individual can produce. Because of the line of work they need to have persons who are producing but also that the quality of work is of a high standard and that output would not be affected because of defects or sloppy techniques employed. This enables the worker to see the level that they are expected to operate on and there from the onset they know what is expected of them on the job.

Candidate B

to test their psychometric
to know their own skills
to have a clear idea for the person
to explain about their working condition
to explain about their welfare
to give them knowledge about our company

Examiner Comment

Candidate A

This answer shows a clear understanding of the use of practical tests in the context of the case. However, there are parts that do not relate directly to the selection process as requested and tend to be general.

Marks awarded = 6 out of 10

Candidate B

This is a very short answer that is nothing more than a list. Some of the points are relevant and others are not. In this case more than three marks would be impossible.

Marks awarded = 3 out of 10

Task 5

The Manufacturing Co is setting up appropriate measures for negotiating and resolving collective conflicts (line 26). Explain **three** other methods the company might use to resolve conflict in the workplace. **[3 x 5 = 15]**

General Comment

An important part of this question is the word ‘three’. Candidates must attempt to explain three methods of conflict resolution to have any chance of full marks. It is clearly stated that the marks are 3 x 5 marks = 15 marks. Conflict resolution tests criteria 4.3. The question itself, tests this criteria in the context of the case.

Individual Candidate Response

Candidate A

The Manufacturing Co can use the following means to resolve conflict in the workplace:

Arbitration	where the problem is widescale an independent person can be invited to sit with an appointed member of the employees (employee representative) and a member of management with a view to settle the dispute. Sometimes the decision suggested by the arbitrator is not accepted by one of the parties.
One-on-One Meetings	this is where disputes can be discussed with the employees involved and management with a view to solve the matter before it escalates. This however is time consuming especially where there are a large number of employees.
Large Meetings	this is appropriate especially where there will be changes or measures introduced. This allows for employees to air their concerns and for management to address their fears. This in turn creates cohesion where it appears that management have the employees interests at heart. In such cases sometimes management will take the initiative to send mail regarding the issues beforehand to employees to alert them of the agenda for the meeting with a view of reducing hostility in breaking the news and eliminating any negativity by rumours which are circulated.

Candidate B

Three different ways in which The Manufacturing Co might reduce conflict in the workplace are:

Staff meeting	A staff meeting will help the employees to air their views, let the employer know what's bothering them, they will be able to let the employer know what can be done to improve the situation and also hear what the employee has to say about any changes in the company.
Re-interview`	A re-interview can also be used as a form of meeting, the employer can call staff members individually and ask each staff member to let him/her know what is the problem, they can ask questions about the job and other matters that concern them.
Group session	Group sessions can help staff to interact in discussions, hear about other problems, give suggestions; it will also help the employer to investigate the problem more and try to solve the conflicts.

Examiner Comment

Candidate A

The candidate clearly produces three methods of conflict resolution and hence there is a potential 15 marks. The quality of the three answers is not exceptional and the case study is not mentioned, hence full marks are not achieved.

Marks awarded = 8 out of 15

Candidate B

This candidate is clearly struggling to find three methods. One method is repeated with a different title, whilst one method is not an acceptable method as described by the criteria. Repetition does not receive marks but credit can be gained even when a point is made that is not generally acceptable. Often a relevant comment can be found within such a point.

Marks awarded = 4 out of 15

Task 6

Identify and explain **two** different ways in which The Manufacturing Co might organise staff working patterns. **[2 x 5 = 10]**

General Comment

This question is designed to test the candidates' knowledge of criteria 4.1 and ensure that candidates do not confuse employment contracts with ways of organising work. Once again a number of methods, in this case two, are required.

Individual Candidate Response

Candidate A

Shifts system	the work is undertaken in 3 shifts. Usually 3 x 8 hours. The company could do the production 24 hour and will increase the production.
Working at home	the employee workbase is home rather than office or factory: work may be simple table-top assembly or organised electronically via a modem, also known as teleworking.

Candidate B

Two ways in which staff working patterns can be reorganised are as follows:

The persons who have short term contracts should be hired in conjunction with the just-in-time periods of production. Therefore care should be taken in selecting persons whose skills can only be utilised effectively at this time. In addition to this the contracts could be altered so that the hours are rostered properly by doing so the manpower will be maximised. So although the contracts are short term it would not benefit the company to have the employee idle during this time - instead the contract could stipulate the amount of hours required during the peak periods for a particular length of time e.g. 6 months – 1 year.

As evidenced in the case studies staff have multi-tasked capabilities. Therefore it would be advisable not to over work staff during peak period but have a core of specialised persons to work shifts on the production line and redeploy persons with skills in other areas so that persons working machinery would have a shift for that aspect. This would reduce accidents because after working the manual process for a lengthy period of time a switch to operations coupled with fatigue could result in negligence in handling the equipment. This can alternate perhaps on a weekly basis.

Examiner Comment

Candidate A

This is a short answer which accurately identifies two working methods. The explanations are both accurate, but due to the brevity and failure to link to the case, the maximum marks are not possible.

Marks awarded = 6 out of 10

Candidate B

This candidate has clearly confused contracts with working patterns and so the majority of this answer is irrelevant to the question set. One of the methods explained is correct, identifying shift work, but contains too much irrelevant material such as the reduction of accidents. The irrelevance dilutes the answer and so maximum marks for one working pattern is not obtainable.

Marks awarded = 3 out of 10

Task 7

The Manufacturing Co currently monitors staff performance through appraisals (line 19). Explain two other methods of monitoring staff performance. **[2 x 5 = 10]**

General Comment

Measuring and monitoring of people's performance at work covers criteria 4.2, but in this case the question is asking for parts of the criteria that are commonly missed or misunderstood by candidates. The question is challenging the view that appraisals are the only method of monitoring or measuring performance. Importantly this question will test the candidates' ability to understand and answer the question.

Individual Candidate Response

Candidate A

Two other methods of monitoring staff performance is the setting of task and targets for staff. This would enable management to monitor the progress of staff by analysing the progress or attainment of these targets. Targets should be set that are job specific therefore they should be clearly understood and realistic to the employee. The setting of targets would emphasise the need for production and for the employee to contribute fully to this job. In this system supervisors and line managers would act as mentors and facilitators to line staff so that they are kept motivated and focused on their jobs. This process can also highlight areas or shortfalls and enable the line manager to investigate the problem for the shortfall if there is any present.

Another method of monitoring would be instituting a 'Work Measured Scheme' whereby productivity can be encouraged and this would motivate employees to be more productive. Again this process should be introduced in a positive way ensuring staff about the minimum requirements that they are expected to produce. This would motivate them to be more productive and also encourage good competition on the job. Minimums would be established and therefore employees who fall within this range automatically know that their work is in an acceptable range or level.

Candidate B

Two other ways of monitoring staff performance are:

Targets	set and give staff member a job to do in a specified time, monitor the staff by calling them in at then end of the time limit and see how well they have done.
Job Appraisals	monitor how well a staff member is doing a job, let you know if he/she has learnt anything new since joining the organisation.

Examiner Comment

Candidate A
This candidate has produced a very good answer. Two alternatives to appraisal have been correctly identified and explained. Only an example or more reference to the case study could have improved the marks.

Marks awarded = 8 out of 10

Candidate B

This candidate has not read the question. The second method is appraisals and the question asked for other methods. In this situation the maximum marks are already reduced by half. The first part of the answer is correct but lacks detail, examples and reference to the case and therefore falls short of the maximum.

Marks awarded = 3 out of 10

Task 8

Explain three different methods of payment The Manufacturing Co could use to improve motivation. **[3 x 5 = 15]**

General Comment

This question relates to criteria 5.1. It is designed to test the candidates' knowledge of payment methods and to check that they understand the difference between payments and benefits. This question also provides a distractor in that payment is linked to motivation. The better candidate should understand the link, but the weaker candidates may be distracted and only discuss motivation in general. Three methods are requested, 5 marks for each, and failure to produce three separate methods will exclude the maximum mark.

Individual Candidate Response

Candidate A

Share Option Scheme	the manager is allowed to buy company shares in future with today's price e.g. future share price $2 and manager could buy them at $1 price.
Bonuses Incentive	the company could give bonuses to the employee who has a good performance at work. This method could motivate the employee to work even better.
Profit sharing	the company could share the profit to every employees that have helped the company to reach their targets. Companies could give motivation to employee with this method.

Candidate B

Three different methods of payment that the Manufacturing Co could use to improve motivation are:

Save as You Earn Scheme	this is a share option scheme that allows the employee to withdraw within three, five or seven years. It is usually 2 – 3 % of the workers salary and at the end of the term if the share value has gone up the worker will benefit from it. Dividends are also paid. If it is held for an extra year no taxes are paid.
Fringe Benefits	these make the salary pack very attractive and allows the worker to feel as if the company cares for them. An example of a fringe benefit that they can give would be health insurance.
Allowances	employees can also be given allowances. This is a great motivator. Employees who work through their lunch hour to get the job completed should be offered lunch allowances or if the company is located far away transportation allowance will make a great method of payment and is a great motivator.

Examiner Comment

Candidate A

This candidate has correctly identified three different payment methods. The explanation for each is brief, but two out of the three methods are linked to the concept of motivation which provides an overall mark of 8 out of 15.

Marks awarded = 8 out of 10

Candidate B

This candidate is clearly confused about the difference between payments and benefits. Methods two and three are clearly benefits and so discounted. Method one is a payment method, but has not been linked to the concept of motivation and so fails to gain the maximum of 5 marks.

Marks awarded = 3 out of 10