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BUSINESS STUDIES

Paper 0450/11
Short Answer/Structured Response

Key messages

- This paper is based on data. Candidates who use the information provided and make an attempt to interpret it will gain credit. Questions requiring definitions were done well, while the answers to parts **(c)**, **(d)** and **(e)**, which required explanation and evaluation, needed more development.
- Parts **(c)** and **(d)** of all questions require the candidate to identify and explain points. To score full marks, development of each point identified is required. Credit is not given for long lists of unrelated points.
- Part **(e)** questions should include developed arguments resulting in a logical conclusion.

General comments

This paper discriminated well between candidates of differing abilities, producing a spread of marks broadly in line with the performance of candidates in previous sessions. Many Centres had prepared candidates well, ensuring that they had a good knowledge and understanding of the syllabus content. In nearly all cases, candidates attempted all the questions set. Strong understanding of business terminology was illustrated by the high scores of many candidates for **Questions 3(a)** and **3(b)**.

There was clear evidence that some parts of the syllabus were not understood by candidates, for example concepts such as the business cycle and government influences on decision-making using economic policy measures. Once again, a number of candidates confused interest rates and exchange rates. However, it was pleasing to see that the confusion between stakeholders and shareholders, which has been a problem in previous sessions, was not a problem on this paper.

Candidates were clear about what was required for all parts of the questions and attempted to provide some analysis of points raised. Candidates still lost marks by identifying a separate point of knowledge rather than developing fully each point raised. Part **(e)** of all questions was the most challenging for candidates. These questions ask for a justification of the decision made. The evaluation marks were often lost because the candidate did not make a decision at all, or the decision made was not linked to the knowledge and analysis presented.

There are a number of considerations that might be helpful in enabling candidates to achieve higher marks by using their knowledge to develop answers in a better way. Candidates should be encouraged to:

- focus their answers clearly on the question set
- follow the key command word in the question
- look carefully at the information provided in the data and make an effort to interpret it
- give answers in context wherever possible.

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Comments on specific questions

Question 1

Generally candidates understood the concepts included in this question. The question differentiated very effectively.

(a) The majority of candidates were able to identify the key word, 'increasingly', and therefore explained that a greater number of competitors were selling the product. A significant number explained the concept of competition or how firms compete.

(b) This was a well-answered question with many candidates gaining full marks. Many candidates used either data from the wrong year or used 80% as the market share, so could not gain credit.

(c) Most candidates were able to identify the benefits of flow production; many were not able to explain how the benefits helped the organisation.

(d) This proved difficult for some candidates. Although a large number of candidates identified at least one good reason for the decrease in market share, a number of candidates misinterpreted the information as an increase in market share. Very weak candidates misunderstood the question and wrote about shareholders purchasing shares in the company.

(e) There were some excellent answers to this question which concentrated on explaining in detail two or three relevant points. This was then followed by a clear evaluation based on the points raised. Weaker candidates provided a list of advantages and disadvantages but needed to give an explanation of how the identified points affected profitability.

Question 2

This proved to be one of the more difficult questions on the paper. It was clear that the subject had been covered in the course of study but some areas of the theory were confused.

(a) Many candidates had a general understanding that recession was a falling economy but very few provided a precise definition of the term. Many candidates often explained the impacts of recession instead.

(b) Answers here often lacked the correct focus. Many candidates confused recession with inflation.

(c) This proved to be a very difficult question for many candidates. A large number misunderstood the question and either ignored the impact on business or confused interest rates and exchange rates.

(d) This was well answered by many candidates. Good knowledge of relevant legislation was shown through the identification of laws. To gain full rewards, candidates then needed to explain how employees would gain from this protection rather than simply repeat the law itself.

(e) This question produced a range of answers. A number of candidates were able to list reasons why the government should or should not support private sector industries. Very few candidates were able to extend these points into explanation. Conclusions, when presented, stated a decision.

Question 3

Candidates generally showed a strong understanding of the concepts included in this question.

(a) This was a well-answered question. Virtually all candidates understood that a sole trader was a business owned by one individual. Candidates needed to make the ownership aspect clear.

(b) Again, this was a very well-answered question. Virtually all candidates were able to identify businesses in the tertiary sector correctly.

(c) Many candidates were able to identify the benefits of an injection of capital and shared work-load. Stronger candidates used the material presented to link the benefits in terms of expansion and specialisation.

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(d) A good standard of response was given to this question. Candidates clearly understood the concept of location. A number of candidates concentrated upon the educational aspects of the nursery rather than factors Sarah would consider. Such points were not credited.

(e) This section was the most difficult part of **Question 3** for many candidates. Candidates were able to identify the ideas of economies and diseconomies of scale or risk but then needed to explain how these theories could be applied to a nursery in order to access the higher mark bands. A small number of candidates misunderstood the question and wrote about the benefits of taking on more partners or becoming a limited company.

Question 4

This whole question proved very challenging for many candidates. Although the topics covered were familiar to many candidates, they found it difficult to apply the theory to the case study material.

(a) The majority of candidates identified that this was money invested by shareholders. Very few candidates identified that shareholders are the owners of a company. A very small number confused shareholders with stakeholders.

(b) This was a well-answered question with many candidates gaining full marks. Some candidates confused fixed and current assets.

(c) This question produced a very few good answers. Strong candidates identified creditors as short-term fund providers and were then able to explain why this might be helpful to a company. Very few candidates could develop two points fully. A large number of candidates incorrectly explained that short-term credit could be used for expansion, which is in fact a long-term need. Such candidates clearly showed that they did not fully understand the term creditor. Some candidates also confused creditors with debtors.

(d) This question proved challenging to the candidates. Candidates who understood the concept correctly identified the increases in fixed and current assets but then needed to identify the relationship between current assets and current liabilities to gain further credit. Many candidates wrote about sales, profit and long-term liabilities, not net assets.

(e) As with other part **(e)** questions, candidates often provided long lists of unrelated points. Understanding of the Balance Sheet and other financial documents was clearly shown by many candidates. To achieve higher marks, candidates needed to show how these documents related to success in a business.

Question 5

Candidates were quite confident with this area of the syllabus.

(a) This was a well-answered question.

(b) Many candidates identified a narrow span of control and a tall structure. Some candidates mixed these terms up or offered vague statements unrelated to the diagram presented.

(c) This question differentiated clearly between candidates. Strong candidates were able to explain the reasons fully and clearly. A number of candidates overlooked the word 'reluctant' and wrote about the benefits of delegation.

(d) This was another discriminating question. Many answers provided were very general, based on saving time or money but with little explanation of why this would happen. Candidates must realise that internal recruitment requires all the normal recruitment procedures such as job specifications and interviews.

(e) There was a sound level of response to this question, with candidates identifying relevant improvements to communication. Only a very small number of candidates were then able to justify why these methods were suitable for a large organisation.

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BUSINESS STUDIES

Paper 0450/12
Short Answer/Structured Response

Key messages

- Questions requiring simple and straightforward answers were generally well done but greater precision in the use of business terminology is needed.
- Answers to part **(c)** and **(d)** questions requiring analysis need to contain more explanation.
- To score full marks in part **(e)** questions clear and supported judgements are needed.
- Candidates need to consider the context when answering the question.
- Candidates need to read the questions with care, to ensure they focus their answers on the specific questions set.

General comments

The paper discriminated effectively between candidates of differing abilities. The range of marks was between 97 and very low single figures. The format of the paper allowed candidates to demonstrate what they knew and could do. Candidates had good knowledge and understanding of the subject terminology. Candidates were clear about the number of reasons required for each question and most at least attempted to provide some analysis of points raised. When asked to explain points, candidates must ensure they are developing a point made previously, rather than simply identifying another knowledge point.

The part **(e)** questions of all questions continue to be the most challenging for all candidates as these attempt to assess the candidates' evaluative skills. The better candidates were able to suggest and justify decisions successfully. Weaker candidates often provided a simple list of knowledge points. Some of those who did attempt evaluative statements were often unable to provide reasoned statements to back up their choices. Candidates should be encouraged to link their ideas together with more care and to try to develop a logical argument.

The calculation questions often produced responses that were accurate. It is good practice to include methods or formulae in answers, as some credit may be given for use of the correct method even if the final answer is incorrect.

Comments on specific questions

Question 1

(a) This question was generally well attempted. Most candidates had some understanding of the term and recognised it was either 'specialised' or a 'small part of a larger market'. Better candidates were able to identify both elements to gain full marks. Candidates who described a niche market as simply a 'small market' were unable to gain credit for this. Candidates need to be encouraged to provide greater accuracy when defining terms.

(b) Almost all candidates were able to identify two possible objectives, with profit and growth being typical choices. Some candidates misunderstood the question and looked at factors needed to start up a business rather than the actual objectives.

(c) This was generally a well-answered question. Most candidates knew that factors like more capital and limited liabilities were advantages. Better candidates were able to expand on the points made

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to show how these factors were helpful to Ceri. Some candidates who compared a private limited company with a public limited company and highlighted advantages from that viewpoint could not be rewarded for their answers. Other inappropriate answers focused on features of sole traders or advantages of any private sector businesses compared with public sector organisations.

(d) This question produced a wide range of responses. Often candidates suggested general issues such as competition or cash flow that could affect a business whether it was seeking to grow or not, so these could not be rewarded. Better candidates identified factors such as diseconomies of scale and access to finance and then developed the points to show how they would be a problem for Ceri's business.

(e) This question differentiated very effectively across the ability range. The most common approach when answering this question was to emphasise Terfil's competitiveness by offering low prices. Fewer candidates considered the importance of other factors, such as efficiency, in determining long-term success. Better candidates realised that low prices may not be sustainable in the long-term and that a rise in price may be required in order to expand. Weaker answers tended to provide basic statements about the role of price and were less well supported by analysis. Evaluation in these responses was usually simple in its reasoning or not attempted.

Question 2

(a) This question was well answered, with most candidates recognising these were assets which were held for a 'long time' and giving a relevant example. Candidates who confused a fixed asset with fixed cost could not gain credit for their answers.

(b) Examples of current liabilities were known by most candidates. Some candidates identified 'bank loan' as an example without saying whether it was long-term or short-term. On its own, the term was too vague to be credited.

(c) This question produced a mixture of responses. The best candidates were able to explain two reasons why businesses had debtors. Many candidates seemed to think that debtors are a source of finance which can be drawn upon as needed, whereas most businesses would prefer prompt payments. Candidates who defined 'debtor' was or confused the term with 'creditors' could not be rewarded.

(d) The question required candidates to consider reasons why a bank manager would be interested in the accounts of a business. Reasons such as 'ability to repay' and 'calculating the risk or interest rates' were appropriate, which were points that the better candidates identified and developed. Some candidates misunderstood this and wrote their answer from the viewpoint of the business. Reading a question carefully is important.

(e) Again, this question differentiated very effectively. Most candidates were able to identify at least two changes in the data. Better candidates calculated changes in the financial situation and commented on these before drawing relevant conclusions. Some candidates seemed to assume the balance sheet showed the amount of profit made, and tried to calculate the Return on Capital Employed, which was not possible based on the data provided.

Question 3

(a) This question was well answered, with many candidates gaining full marks. The answer needed to refer to the idea of both levels and responsibilities within an organisation to score both marks. Better candidates showed good knowledge of technical terms in their responses.

(b) This question was correctly answered by many. The best responses included good use of technical terms to explain why communication might be considered ineffective because of barriers to communication. Weaker answers repeated the term in the explanation, without explaining what the term meant.

(c) This was generally a well-answered question. The best candidates were able to explain benefits such as improved motivation and creating time for managers to concentrate on other important issues. Some candidates seem to think that responsibility for the task is passed on with the task, when in fact the manager still retains the responsibility for any delegated task.

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(d) Most candidates were able to suggest relevant reasons for meetings. Better candidates were able to link their answer to the benefit of the business. Weaker candidates tended to state that it would 'improve' or 'help' the business but then needed to say how in order to access higher marks.

(e) To score highly on this question, candidates needed to explain how the money or other factors would act as a motivator for people. The majority of candidates were able to outline the relevant theories without explaining why this would lead to motivation. Better candidates were able to make this link. Most candidates were able to make simple evaluative comments regarding the effectiveness of money as a motivational tool. Others wrote about how the business would benefit from more motivated workers. This approach could not be rewarded as the question required the focus to be on the worker.

Question 4

(a) This was an accessible question. Most candidates had some understanding that it was the 'business with most sales'. Better candidates were able to provide a precise definition.

(b) Again, this was an accessible question. Many candidates gained full marks. A few candidates used the figure for the wrong year but as they had included the correct formula, they were able to gain the method mark.

(c) Candidates need to be encouraged to read the question carefully, as many answers to this question often lacked relevance to the entire market and focused only on Delwar's business. This meant that a number of candidates discussed issues such as competition and advertising, which were not appropriate. Better candidates focused their answers on factors such as price of complimentary goods or the use of alternative transport methods, and developed these points to show why the total demand for tyres might have fallen.

(d) This was generally a well-answered question. Suitable methods to increase market share were well known and stronger candidates applied these methods well in the context of the question. A small number of responses did not focus on the question so incorrectly identified options such as exporting or ways to finance expansion.

(e) Again, this question differentiated very effectively. Most candidates could correctly identify factors relating to exporting. The best responses considered the impact of these costs on profitability, whilst recognising Delwar's need to increase its market. Candidates who focused on the word 'export' rather than 'profits' addressed the question from the wrong perspective. Candidates need to read the question carefully.

Question 5

(a) This question was well answered, with many candidates gaining full marks. The answer needed reference to the business and to demonstrate some understanding that it was monetary, e.g. profit or cost-saving, to gain full credit.

(b) This question was well-answered by almost all candidates. A small number of inappropriate answers identified social benefits or private costs. Other inappropriate answers identified ways that social costs could be tackled but as this was not the question, it could not be rewarded.

(c) Good knowledge of the methods pressure groups could use was shown by most candidates. The more able candidates developed the points to show how their actions could influence business decisions. Answers that identified employee actions, such as strikes and picketing, could not be rewarded.

(d) Good knowledge of potential factors was shown by most candidates. Many answers included reference to factors such as volume of resources, government legislation, access to labour, and transport links. The best responses made it clear why these factors should be considered. Some candidates needed to focus more on the context as factors which were inappropriate for a mining business could not gain credit.

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(e) This question was accessible, with almost all candidates able to identify relevant points and make some attempt at evaluation. Many candidates had difficulty in developing their responses to explain why these factors were issues that the government needed to consider. Better answers considered these factors in greater detail and were able to reach a reasoned decision regarding the desirability of multinationals.

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BUSINESS STUDIES

Paper 0450/21
Case Study

Key messages

The format of this paper is designed to test candidates' ability to understand an unseen case study and to apply their business knowledge and understanding in answering five questions, each of which is separated into two distinct parts. The first part of each question requires shorter, more straightforward answers reflecting good knowledge of business terms and concepts, while the second part of each question requires more developed answers containing judgement and evaluation.

- To do well in this paper, candidates must make clear references to the case study, which is issued at the start of the examination. Specific marks for application are allocated throughout the mark scheme in both parts **(a)** and **(b)**. In this particular case study, candidates were expected to refer to chocolate bars rather than products.

- Analytical skills are also tested through the case study examination. Candidates should try to give a full explanation of positive and negative consequences of a business decision. This requires developed reasoning rather than simple description; listed points generally only gain Level 1, whereas an explanation of a point could move the answer to Level 2.

- Several questions on this style of paper ask candidates to make justified recommendations. It is important to offer a decision based on balanced argument without full repetition of the previous analysis. The recommendation should compare the alternatives and make reference to why these were rejected, as well as justifying the alternative which was chosen.

General comments

There was a strong performance from many candidates, with clear understanding of the business context, Chocolate Delight. It was evident that candidates sensibly used their time at the start of the examination to familiarise themselves with the case study before commencing their answers. Indeed, there was no evidence that candidates ran out of time. Almost all questions were attempted by all candidates.

Business knowledge and understanding were well applied to most of the questions. Candidates were generally well prepared in their knowledge, for example, of training, business finance, marketing and the economic environment. Applying this knowledge in the given context is a key to success in this style of examination.

Competent skills of numeracy were displayed by the majority of candidates. There is usually an opportunity for candidates to perform some calculations on at least one question. It is worthwhile preparing for this in advance of the examination so that numeracy marks can be maximised.

The standard of written English was excellent from almost all candidates. This is impressive when it is apparent that English is the second language for most. No penalties are applied for incorrect spelling, punctuation or grammar.

Here are some pointers that might be helpful in enabling candidates to achieve higher marks by using the information they know in a better way:

- Candidates need to pay careful attention to the wording of the question so that their answer can be precise and relevant. For example, if the question says 'The Directors of Chocolate Delight think the business is successful. Identify and explain **four** ways they could use to measure the success of the business', then the focus should be on the word 'success'. This is not the same as size. To measure success there will need to be some comparison and calculation. There is space for the

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method to be stated in Way 1, e.g. measuring profit. In the explanation section which follows there should be development, rather than repetition, which indicates that profit from one year could be compared with the profit from the previous year and depending on the size of the increase there would be evidence of greater success.

- The questions on a case study paper expect reference to be made to the specific business. For example, 'Chocolate Delight has a website which gives customers information about the products it sells. Identify and explain **two** other ways that Chocolate Delight could use the Internet for business purposes'. Instead of responding with generic points about sending e-mails or doing research, candidates could score higher marks by explaining that e-mails could be sent to cocoa farms to place an order for supplies of beans and secondary research of other chocolate manufacturers could be undertaken by reading reports and accounts of competitors on their websites. This might allow them to develop a strategy to gain a larger share of the chocolate market.

- Where a question carries 12 marks, usually some of the marks will be for demonstrating knowledge, some will be for applying the points to the context, some will be for analysis and some will be for evaluation. Candidates need to realise that all these criteria should be evident in their answers to achieve full marks. For example, 'Do you think that on-the-job training will be better than off-the-job training for Chocolate Delight? Justify your answer by considering both the business and the employees of Chocolate Delight'. Some marks will be credited when the candidate makes statements to show they **know** exactly what the two types of training are. By **explaining** how and why these methods might be suitable and unsuitable for both the business and the employee, analysis marks would be rewarded. If the candidate can point out that since the machinery is new it is therefore unfamiliar to everyone at the factory, this would earn application marks. Finally a judgement needs to be made as to whether on-the-job training or off-the-job training would be the **most effective** in this context and why one method is **more suitable** than the other. Specific reference to why the alternative(s) has been rejected is required to gain Level 3; if only one choice is justified this will only gain Level 2.

Comments on specific questions

Question 1

(a) There was a positive start here from many candidates who offered quite a range of correct answers from growing profits and increasing market share to high level customer satisfaction and strong reputation. The question asked for an explanation of how success could be measured. Some answers showed some confusion by describing how size rather than success could be measured and referred to output, number of employees or capital invested.

(b) Many answers reflected good knowledge of sources of finance. Sensible points were made to explain the advantages and disadvantages of becoming a public limited company followed by similar consideration of using retained profit as a means of expansion. A minority of candidates confused 'public sector' with 'public limited company' and unfortunately discussed the implications of government ownership. In making a recommendation it is important for a justified judgement to be made which balances the arguments for both options. Candidates should avoid merely repeating themselves in this section because it results in no further credit being awarded.

Question 2

(a) The majority of the answers to this question suggested advertising, new packaging, price reductions or even withdrawing the product altogether. It was possible to score full marks by explaining how and why such action might stop the further decline of the chocolate bar. A significant number of candidates managed this effectively. Some explanations needed further development because the candidates just described the mechanism rather than considering the influence of the proposed action upon sales.

(b) There was accurate explanation of the sales and production functions from most candidates in this answer. In contrast more detail was needed to explain fully the roles of human resources and research and development. To score high marks here, candidates needed to make clear links between the departments and give a justified decision as to which was the most important in determining business success. This judgement was not always apparent.

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Question 3

(a) Many confident candidates demonstrated good knowledge and understanding of the benefits of Internet use in the twenty-first century. The best answers considered the use of the Internet for both primary and secondary research of chocolate bars. E-commerce and advertising were also frequently mentioned. High-scoring answers offered explanations of how research and development would specifically benefit Chocolate Delight rather than describing generic features of the Internet.

(b) This question clearly directed candidates to calculate the output per worker and labour cost per chocolate bar. This was an opportunity to demonstrate strong numeracy skills and the candidates who succeeded in making correct calculations were then able to make meaningful comparisons between the two machines so that a recommendation for purchase could be made. It was important not simply to repeat financial information from the case study.

Question 4

(a) Many candidates correctly identified the need to calculate the break-even point or margin of safety. Only a few effectively explained how the business could make use of this information. Break-even charts are useful planning tools and the candidates who understood this were successful in making links with Chocolate Delight and their future development. Valuable marks were gained for this kind of explanation.

(b) Most answers reflected good understanding of the difference between on-the-job and off-the-job training. Advantages and disadvantages of each method were generally well explained. There was some perceptive application when candidates stated that the machinery was new so it may be difficult to organise on-the-job training. At the end of the answer it was important to make an informed decision about which method of training would be most appropriate. This required a balancing of arguments, comparing the two methods, to reach a justified conclusion. Candidates should avoid the tendency to repeat earlier points of analysis in this section.

Question 5

(a) There were many excellent responses to this question. Chocolate Delight may have been conscious of their brand image or were actively supporting the concept of Fair Trade farming. Sometimes candidates overlooked the opportunity to gain application marks here. Reference was made to regular inspections of farms and payment of minimum wages by some candidates and these points earned credit.

(b) Good use was made by many candidates of the economic forecasts shown in Appendix 2. Application marks were awarded for pointing out the forecast trends for rises in inflation and economic growth. A minority of candidates were a little confused about the data for unemployment, believing the graph showed a fall in employment rather than unemployment. The best answers used the forecasts to explain how the data might impact on Chocolate Delight in terms of sales, profits, wages and costs.

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BUSINESS STUDIES

Paper 0450/22
Case Study

Key messages

The format of this paper is designed to test candidates' ability to understand an unseen case study and to apply their business knowledge and understanding in answering five questions, each of which is separated into two distinct parts. The first part of each question requires shorter, more straightforward answers reflecting good knowledge of business terms and concepts, while the second part of each question requires more developed answers containing judgement and evaluation.

- To do well in this paper, candidates must make clear references to the case study, which is issued at the start of the examination. Specific marks for application are allocated throughout the mark scheme in both parts **(a)** and **(b)**. In this particular case study, candidates were expected to refer to ready-made meals rather than products.

- Analytical skills are also tested through the case study examination. Candidates should try to give a full explanation of positive and negative consequences of a business decision. This requires developed reasoning rather than simple description; listed points generally only gain Level 1 whereas an explanation of a point could move the answer to Level 2.

- Several questions on this style of paper ask candidates to make justified recommendations. It is important to offer a decision based on balanced argument without full repetition of the previous analysis. The recommendation should compare the alternatives and make reference to why these were rejected as well as justifying the option which was chosen.

General comments

There was a strong performance from many candidates, with clear understanding of the business context, TT Foods. It is evident that the majority of candidates sensibly used their time at the start of the examination to familiarise themselves with the case study before commencing their answers. Indeed, there was no evidence that candidates ran out of time. Almost all questions were attempted by all candidates.

Business knowledge and understanding were well applied to most of the questions. Candidates were generally well prepared in their knowledge, for example, of business finance, accounts, recruitment, marketing and motivation. Applying this knowledge in the given context is a key to success in this style of examination.

Competent skills of numeracy were displayed by the majority of candidates. There is usually an opportunity for candidates to perform some calculations on at least one question. It is worthwhile preparing for this in advance of the examination so that numeracy marks can be maximised.

The standard of written English was excellent from almost all candidates. This is impressive when it is apparent that English is the second language for most. No penalties are applied for incorrect spelling, punctuation or grammar.

Here are some pointers that might be helpful in enabling candidates to achieve higher marks by using the information they know in a better way:

- Candidates need to pay careful attention to the wording of the question so that their answer can be precise and relevant. For example, if the question says 'The Directors of TT Foods are thinking of introducing machinery into the production and packing process. Identify and explain **two** reasons why the workers might be **happy** with this decision', the focus should be on the words 'why workers might be happy'. This is not the same as why the business might be happy. The reasons why

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workers might be happy may be quite different from the reasons why it might be better for the business. There is space for the reason to be stated in Reason 1, e.g. 'It makes their job easier'. In the explanation section which follows there should be development, rather than repetition, which might indicate that the workers will make less effort and will be less tired after making all the ready meals, which will make them happier. This might lead to fewer workers leaving each year and so the workers will feel more motivated as they will be working with the same people all the time and they will get to know them well.

- The questions on a case study paper expect reference to be made to the specific business. For example, 'Identify and explain **two** factors that will affect the pricing decisions of TT Foods when deciding what price to charge large stores for their ready-made meals'. Instead of just responding with generic points about costs of production, candidates could score higher marks by explaining that the business will need to make sure they cover all their costs for food ingredients so they do not make a loss. If they can keep their costs down, the prices will also be kept down and TT Foods will be more competitive and should therefore increase sales to the large stores and diversify their sales of ready-made meals.

- Where a question carries 12 marks, usually some of the marks will be for demonstrating knowledge, some will be for applying the points to the context, some will be for analysis and finally some will be for evaluation. Candidates need to realise that all these criteria should be evident in their answers to achieve full marks. For example, 'When recruiting a new Production Manager the Directors of TT Foods could recruit internally or externally. Consider the advantages and disadvantages of these **two** different methods of recruiting the Production Manager and recommend which method the Directors should choose. Justify your answer'. Some marks will be credited when the candidate makes statements to show they **know** exactly what the two types of recruitment are. By **explaining** how and why these methods might be suitable and unsuitable for the business analysis marks would be rewarded. If the candidate pointed out that since the business has unmotivated employees internal recruitment might make them more motivated and less likely to leave, this would lead to application marks. Finally a judgement needs to be made as to whether internal or external recruitment would be the **most effective** in this context and why one method is **more suitable** than the other. Specific reference to why the alternative has been rejected is required to gain Level 3; if only one choice is justified this will only gain Level 2.

Comments on specific questions

Question 1

(a) The first question was generally well answered with typical answers relating to less boring and easier work but there were few full marks awarded as application was omitted in many answers. The better candidates realised that the workers would need training to use the machinery and that they would learn a new skill which would help them with future career prospects. Candidates who wrote 'less work therefore working fewer hours' could not gain credit for this. When candidates chose to speak about the increase of wages, the explanations were good but the candidates then needed to say that workers are paid by the hour so therefore machines would make more in the same time and consequently, pay would remain the same. If the candidate did go on to say that greater efficiency leads to greater output and profit and therefore possibly an increase in pay for the workers, they gained some credit for increased wages. Weaker candidates did not always clearly indicate why the workers would be happy and therefore did not gain all the available marks.

(b) This was also generally well answered and candidates were able to provide advantages/disadvantages for each option. More able candidates applied this well to the case by stating that the company would have easier access to bank loans as it had been around for 20 years, limited access to funds as the company is a private limited company and can only sell shares to family and friends. In general, candidates' recommendations tended to develop the reasons for choosing whichever option they selected rather than offering comparisons. In these instances, only Level 2 could be awarded and not Level 3 as this required a comparison of the three options in evaluating which was the best option to choose. Some candidates misinterpreted 'leasing machinery' and assumed this meant TT Foods lending out its machinery to others and gaining rental income from that.

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Question 2

(a) Most candidates could explain two factors that would affect pricing decisions, with **costs**, **competitors** and **demand** being the most popular. Many candidates were able to gain 4-6 marks, although not many of these marks were for application. A minority of candidates applied their answer to the existing business supplying airlines rather than large food stores.

(b) This was well answered. Apart from buying from a wholesaler, the candidates appreciated the advantages/disadvantages of the other options. Some candidates wrote in general terms about the role of the wholesaler rather than focusing specifically on the significance of the less frequent but greater bulk delivery by the wholesaler. Others stated key points such as that this would reduce costs but the company would then have storage problems, or that food from farms would be cheaper, but transport would be more expensive. Many candidates seemed to think setting up their own farms would be easy. Application was much better on this question, where candidates identified that the wholesaler was closer to the factory and farms were further away and therefore this had an effect on transport costs. Application marks were also commonly awarded for points about the problems of growing crops, needing fresh ingredients and the perishability of the foods. Again, in the recommendation Level 2 was more common than Level 3, as candidates did not always compare the three options when justifying their choices.

Question 3

(a) Again, this was well answered with candidates able to score well and discuss two effects of the increase in passenger numbers. Typical answers included the increase in supply and demand, higher sales, raised profits and greater output. Better candidates recognised that TT Foods may have difficulty in meeting the increased demands of additional orders. Application marks were picked up for food/meals.

(b) This was answered better than some previous calculation questions and the calculations were often carried out correctly. Some candidates were content to calculate the total revenue and total costs. Many candidates were able to work out the profit for each option and quite a few then went on to work out the net profit margin, gross profit margin and breakeven for option 2. Weaker candidates copied the information or tried to use the figures to discuss the best option but without doing any calculations. Level 3 was achieved by candidates who made relevant comments about the answers to the calculations, such as Option 2 profit was 6 times bigger than Option 1, etc.

Question 4

(a) Stronger candidates were able to pick out from the stimulus material reasons why the new Production Manager should demonstrate each of the requirements specified, but weaker candidates tended to repeat the words in the example side of the table. Most candidates could offer some suggestions and achieve some marks.

(b) The majority of candidates demonstrated a thorough knowledge of alternative methods of recruitment. There were many similar answers which listed the advantages and disadvantages of the methods, such as already knew the employee and their capabilities (**internal** recruitment) and new ideas come into the business (**external** recruitment). A minority of candidates thought that internal/external meant in the country/or abroad. Very few application marks were achieved on this question. To gain application marks, candidates could have talked about the qualifications required for a Production Manager and the fact that these were most likely to be found in an external applicant, or the fact that internal recruitment would lead to the increased motivation of existing employees as many are leaving at the moment.

Question 5

(a) Quite a few candidates answered this question well and could give three or four types of consumer laws, stating Weights and Measures, Trade Description, Consumer Credit and government control over prices. Some candidates confused Consumer Protection with environmental protection and mentioned pollution, etc. The majority of candidates needed a much greater understanding of this area of the syllabus.

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(b) The majority of candidates scored quite well on this question. Most were aware of the means of motivating the employees and could outline them. Some candidates missed out on Level 2 marks as they only put examples of different methods. i.e. bonuses, job enlargement, piece-rate, job enrichment, etc. Others just quoted motivational theories, without applying them, and therefore did not gain any marks. Many cited fringe benefitps as a potential motivator but then needed to mention the absence of fringe benefits in the case study in order to gain application marks for this. Several candidates wrote about hourly pay changing to piece-rate for an application mark. Recommendations were typically repetitions of previously stated principles rather than evaluative. Candidates needed to compare the three methods and then justify which would be the most effective and why in order to gain Level 3.

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BUSINESS STUDIES

Paper 0450/03
Coursework

Key messages

To gain high marks for a coursework assignment, a candidate should:

- ensure the assignment title is a question which requires investigation
- ensure the question is an analytical question rather than a descriptive question
- use both primary and secondary research to gather information relevant to the question and then analyse this information
- ensure that the assignment ends with a conclusion which answers the question posed in the title and is based on the information gathered.

General comments

The coursework option was mainly undertaken by Centres that had previously entered candidates but there were also a number of new ones too. A few popular sections of the syllabus continue to be favoured by candidates for their coursework. Overall the standard of work submitted was high, with very few low-scoring pieces of coursework.

Assessment criteria

Questionnaires continued to be the most popular form of primary research for the majority of candidates. Sources of information selected by candidates included visits to businesses; interviews (with parents, business people, and the general public); the Internet, and also information such as advertisements, maps and photographs. Some candidates discussed their approach to the research – who, when, why and how it was carried out – which was helpful, often contributing to their gaining higher marks for Assessment Objective 2. In addition, textbooks were also used to provide an explanation of business concepts and terminology applied to research findings.

Assignment titles were usually analytical and encouraged a wide range of research. Occasionally titles were descriptive, such as 'How does XYZ company motivate its staff?' They often still encouraged a wide range of research to be undertaken by the candidate. However, their analysis and evaluation of this information was often lacking detail and consequently this resulted in lower marks than they might have gained if a different title had been set. Better candidates posed themselves an analytical question (e.g. 'How well does XYZ company motivate its staff?'), which they answered in the conclusion and so gained higher marks for Assessment Objective 4.

Candidates made effective use of IT to present their coursework. The majority of candidates presented their findings in a logical manner with a clear title, outline of the problem/question set, research findings with analysis of the data and ending with a conclusion that answered the question posed in the title.

Application of the assessment criteria

The assessment criteria were accurately applied by the majority of Centres and this was a reflection of their experience in assessing coursework. Very occasionally Centres were slightly generous and this was usually in the awarding of analysis and evaluation marks. Where discussion by candidates was brief and lacked depth, marks in the highest mark bands could not be awarded. Conclusions need to include a justified answer to the question posed in the title, based on the information gathered, and where candidates scored lower marks it was due to the lack of a justified conclusion based on the evidence gathered.

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Most candidates showed evidence throughout their work of research undertaken which supported the information used in their assignment. Many candidates made it clear in the assignment itself where the information gathered had been used. A detailed list of sources attracted high marks for research where it was clear what information has been gathered and how the information had been used to answer the coursework title.

Appropriateness of assessment tasks

Most candidates had a clearly stated question at the beginning of their assignment and these were questions that encouraged analysis and evaluation of the data collected and resulted in high marks being awarded.

Feasibility studies for setting up a new business continued to be the most popular focus for assignments. These allowed both breadth and depth to the research undertaken and for analysis and evaluation of this research with a clear conclusion based on the evidence gathered. Other popular areas of the syllabus content were HR/motivation and marketing.

Examples of suitable assignment titles were as follows:

How effective was [business name] marketing its new product/service? This question worked well when a small local business was investigated rather than a large well-known company such as McDonalds.

The HR or motivation question – ***Is money the most important motivator?*** – was used successfully by several candidates. Some candidates investigated a single aspect of motivation, which worked well, e.g. ***How can [business name] reduce labour turnover?*** or ***How can [business name] increase efficiency or productivity?***

Is there scope for [type of business] in [name of town]? or ***Would [name of town] be a good location to set up a [type of business]?*** or ***Is there a market gap for a [type of business]?*** This is always a good topic to select because candidates choose a type of retailer or business in which they are interested and they are familiar with the area in which they are going to locate it. This usually results in a good evaluation as well as a well-researched piece of coursework. Candidates usually produce plenty of primary and secondary information and write up their assignment including analysis and evaluation of the data gathered, so gaining high marks. The conclusion usually fully justifies the recommendation as to whether or not the business should be set up using the evidence gathered.

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