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BUSINESS STUDIES

Paper 0450/11

Short Answer/Structured Response

Key Messages

- All aspects of the syllabus should be covered before the examination.
- Candidates who use the information provided in answering questions and make an attempt to interpret it will usually gain credit.
- Candidates should take careful note of the directive words in each question. When asked only to 'identify' factors candidates are not required to write detailed prose, a simple list will suffice.
- There was an improvement in the answers provided for parts **(a)** and **(b)**. A number of candidates offered clear and concise responses often supported by relevant examples.
- Parts **(c)** and **(d)** of all questions require candidates to offer development or analysis of the points offered. Explanations should develop the point made, explaining the impact upon the business under discussion.
- Part **(e)** of questions requires candidates to look at both sides of an argument and then come to a logical conclusion based upon the arguments they have presented.

General Comments

It was clear that many Centres had prepared candidates well for the exam ensuring that they had a good knowledge of the syllabus content. The majority of candidates attempted all of the questions set.

There was some evidence that a number of candidates did not fully understand sections of the syllabus. This was clearly seen in **Question 1(d)** where candidates confused quality and quality control. Candidates also did not fully understand the concepts of sustainable development and environmentally friendly production which resulted in a large number of weak answers to **Questions 3(b)** and **3(e)**.

Candidates had clearly learnt the concepts involved in the marketing and finance sections of the syllabus, which were examined in **Questions 4** and **5**. A large number of candidates struggled to apply the information learnt to the business situation described in the case study material. Candidates should be encouraged to consider how marketing and financial decisions are made within business and the factors which are considered when making such key business decisions.

Candidates continue to provide long lists of knowledge points rather than applying and explaining the points raised. Part **(e)** of all questions continues to be the most challenging question for candidates. These questions ask for a justified decision to be made. To score highly on these questions candidates need to look at both sides of an argument and then come to a considered conclusion which is appropriate for the business in the case material. Evaluation marks were frequently lost because the candidate's decision was not based on the analysis presented in their answer. In **Question 1(e)** candidates frequently gave detailed explanations of the problems associated with job production and then concluded that it was still the best method of production for this company.

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

- follow the command word in the question
- learn clear definitions for key terms
- focus their answers clearly on the question set
- use information from the data provided to support answers
- explain how the information or decisions identified would affect the type of business outlined in the case material
- ensure that answers which continue onto extra sheets are clearly labelled with the question number to which the answer applies.

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Comments on Specific Questions

Question 1

This question covered the production/manufacturing section of the syllabus. The questions were generally well answered with most candidates showing knowledge and understanding of the topics of production and training.

(a) The majority of candidates were able to gain at least 1 mark by showing some understanding of the concept of productivity – that it refers to the amount produced and that there is some form of limiting factor such as time. Only a small number were able to give precise definitions showing the relationship between inputs and outputs. A small but significant number of candidates confused production and productivity.

(b) The concept of on-the-job training was clearly understood by many candidates. A significant minority did not appreciate that this involved training by experienced workers.

(c) Most candidates were able to identify a disadvantage of off-the-job training, usually the extra cost involved. Identifying a relevant advantage proved a little more difficult for many candidates. Relatively few candidates could develop the points identified to gain full marks. Explanations were frequently a repetition of the identified advantage or disadvantage. A number of candidates misread the question and discussed on-the-job training.

(d) This was well answered by many candidates. Most candidates understood that there was a link between quality control, customer expectations and reputation. Stronger candidates were able to clearly differentiate between quality and quality control. Application marks were rarely awarded as only a small number of candidates were able to apply the points raised to IRKAM, the company in the case study.

(e) This question did not seem to be fully understood by some candidates. Strong answers identified the characteristics of the production method under discussion, described how such characteristics would help or hinder IRKAM's production and then came to a justified conclusion. The best candidates related their evaluative comments to the context of the need to increase supply whilst maintaining quality. Weaker candidates were able to identify batch and flow production but were unable to provide explanations as to how these methods of production would improve IRKAM's output.

Question 2

Candidates generally showed a good understanding of the concepts covered in this question which examined the structure of a business and the influence of external factors.

(a) The majority of candidates understood that profit results from trading, but did not clearly state that it arises from the difference between sales revenue and the total costs incurred. Weaker candidates described sales revenue with no reference to costs.

(b) This was a very well answered question. Virtually all candidates were able to correctly identify two factors which would impact upon the demand for raincoats.

(c) Many candidates understood that profit was important for survival or expansion but were unable to develop the points identified fully in the context of a small business. A high number of candidates made the error of stating that profit was needed to pay for stock or other costs.

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(d) This proved to be a difficult question for many candidates. Stronger answers identified how consumers might be affected by such legislation but struggled to identify the impact on the producer/retailer. A significant number merely named a consumer law, which was not a requirement of the question, and gained no credit. A number of candidates were confused by the concept of consumer protection. In a number of cases the legislation identified was not relevant to the consumer or producer of clothing.

(e) There were relatively few strong answers to this question. Many candidates were able to list the advantages or disadvantages of operating as a sole trader but ignored the question which related to the issues faced by small businesses. Such answers gained only knowledge marks. A number of candidates compared and contrasted small and large businesses but they did not explain how the differences could affect a small trader. Strong answers used the evidence in the case study to produce a justified conclusion relevant to the business under discussion.

Question 3

This question proved to be one of the more challenging topic areas for candidates. It was clear that the subject had been covered in the course of study but some areas of the theory were confused or misunderstood.

(a) A well answered question. Virtually all candidates understood that the tertiary sector provides services. A number of candidates provided relevant examples which added to their answer.

(b) Candidates need to understand that sustainability means meeting the needs of the present population without compromising the ability of future generations to meet their needs. Candidates are clearly not confident about this aspect of the syllabus. The majority of candidates showed some understanding that sustainability was linked to pollution or the environment and thus gained one mark. Only the strongest candidates were able to explain the benefit to future generations.

(c) The majority of candidates had a general understanding of the data and could correctly identify two changes over the period identified. Very few candidates could explain the reasons for such changes. Common errors were to repeat the figures from the table rather than apply knowledge of why the changes happened, or to discuss changes in employment rather than percentage GDP.

(d) This question differentiated well between candidates. There were some excellent answers which clearly identified ways that the Government could encourage businesses to set up and then explained how such actions would work. Candidates focused on grants, training and changes to taxation. Weaker candidates struggled to explain how the identified action would work to encourage businesses to set up. A small number of candidates confused interest rates with exchange rates and Government action with Government objectives such as lowering balance of payments deficits.

(e) This question was one of the most difficult parts of **Question 3** for many candidates. It was clear that some candidates did not understand the concept of environmentally-friendly production methods. The best answers showed appreciation that all sectors of the economy would be affected in some way, either positively or negatively by such laws. Such candidates then explained how businesses would be affected, usually by discussing cost and price changes. Weaker candidates explained the meaning and importance of legislation with no reference to the environmental aspect and therefore scored zero marks. Very few candidates provided reasoned judgements to conclude their answers.

Question 4

This entire question proved very challenging to a number of candidates. Although the topics covered, (finance and marketing) were familiar, candidates often struggled to apply the knowledge learnt to the case study material presented.

(a) This question has been asked a number of times on previous papers. Many candidates were able to gain one mark for an understanding of limited liability but only the stronger candidates identified the specific characteristics of private limited companies which differentiate them from public limited companies. A large number of candidates continue to wrongly identify private as meaning no Government intervention.

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(b) A well answered question with many candidates gaining full marks. A significant number of candidates confused sales with cost of sales and therefore produced an incorrect calculation. A small number of candidates did not include the required % sign with their correct calculation of 33.3 and therefore scored 1 mark.

(c) A number of candidates showed understanding that the information could be compared to performance in previous years or compared with the performance of competitors. The better candidates were then able to explain that any comparison would lead the company to consider why these changes had occurred such as increased costs or falling sales. A small number of candidates were aware that financial ratios could be calculated. The better candidates calculated gross and net profit margins and commented on the reasons for any changes in these margins over time. Many candidates struggled to understand how the data could be used by a business. Such answers usually provided chunks of information copied from the data. A common error was to state that the information could be used to calculate profit.

(d) Another challenging question for many candidates. Candidates frequently ignored the word 'factors' and wrote detailed descriptions of the different channels of distribution. This knowledge could not be rewarded. Candidates who correctly identified relevant factors frequently forgot to use the context of the case study in their answers. For example, the issue of perishable goods is valid in a general context, but not when considering the distribution of mobile phones. Good answers identified that the Marketing Director would be concerned about possible damage, rather than perishable goods, as this would affect sales or the company's reputation and profits. A common error was to confuse distribution with location factors or methods of transport.

(e) This question produced very few good answers. Candidates clearly had strong knowledge of the marketing mix and, as with other part **(e)** questions, this led to answers which were simply a long list of unrelated points. The strongest responses discussed the effect of increased competition on pricing or promotional strategies and used the case study material to explain how the company could differentiate itself from the competition. A very small number of candidates provided a reasoned judgement linked to this business situation. The weakest candidates ignored the directive words in the question and discussed competition in general terms with no reference to marketing strategy.

Question 5

As with **Question 4**, this question covered aspects of the finance and marketing sections of the syllabus. In general candidates found the concepts covered in this question less challenging than those covered by **Question 4**.

(a) This question differentiated well between candidates. The best candidates gave a precise definition. The majority of candidates showed a basic understanding of one or two elements of the marketing mix.

(b) A generally well answered question. A common error made by candidates was to identify an item such as 'wood' rather than 'the payments for wood'.

(c) This question strongly differentiated between candidates. Strong candidates understood that a cash flow forecast informs businesses of the potential cash inflows and outflows. Such responses then built upon this knowledge and explained how the business could use this information to plan, arrange necessary finance or use cash more efficiently. A common error was to confuse cash flow with profit.

(d) A generally well answered question. Candidates clearly understand this section of the syllabus. Some very good suggestions were provided. A number of candidates struggled to provide explanations as to how their chosen method of promotion would affect sales; many simply stated that 'this will attract customers'.

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(e) Another discriminating question. The majority of candidates showed some understanding of the advantages and disadvantages of an overdraft as a source of finance. The better responses applied that information to the case study material and considered if this would be a suitable method for a new business. Such responses discussed the ability to repay the overdraft, the effect on cash flow and the risks to an owner with unlimited liability. Some candidates did not understand the differences between a loan and an overdraft. A number considered alternative sources of finance which would be unsuitable for a new business, such as retained profit.

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BUSINESS STUDIES

Paper 0450/12
Short Answer/Structured Response

Key Messages

- Questions requiring simple answers were generally well done, but greater precision is needed in the use of business terminology.
- Candidates must consider the specific context when answering questions.
- Answers to part **(c)** and **(d)** questions require candidates to identify and explain points. To gain full marks, development of each point identified is required.
- Part **(e)** questions should include developed points and a logical decision based on points made.

General Comments

The paper discriminated well between candidates of differing abilities. The range of marks was between 98 and very low single figures. This spread was broadly in line with the performance of candidates in previous sessions.

Many candidates demonstrated good knowledge and understanding of the relevant concepts. It was encouraging to see that virtually all candidates attempted to answer each question.

Candidates performed particularly well on concepts such as location and recruitment. There was clear evidence that some parts of the syllabus were not understood by candidates, for example concepts such as lean production and e-commerce. It is important for candidates to know that they can be assessed on any aspect of the syllabus.

Candidates were clear about what was required for each question and most attempted to provide some analysis of points made. However when asked to explain points, candidates must ensure they develop the original point rather than simply repeating the same point or identifying another knowledge point.

Parts **(e)** of all questions are the most challenging for candidates. These questions require candidates to demonstrate both analysis and evaluative skills. Lists of knowledge points alone can only gain a maximum of two marks. Evaluation marks cannot be awarded if candidates do not make a decision at all or if the decision made is not linked to the knowledge and analysis points made.

Question 4 proved to be the most challenging question on the paper. Some candidates had the wrong focus to certain questions, or did not take account of the relevant business context. These errors were evident throughout the paper, but were most significant on this question. All candidates would benefit from being reminded to read each question carefully to ensure they are answering the actual question set.

Comments on Specific Questions

Question 1

(a) This was a well answered question. Many candidates gained full credit for knowing that the data collected 'identified customer wants' and combining this with either the idea of producing the product or examples of primary or secondary research.

(b) This was a well answered question. Most candidates could identify at least one relevant objective.

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(c) Most candidates could identify at least 1 advantage of branding with 'creating brand loyalty' and 'unique identity' being two of the more common answers. Better responses developed these points. Weaker candidates tended to repeat the knowledge point rather than explain how the point identified might be advantageous to a business.

(d) Most candidates were able to identify valid problems such as tariffs, quotas and problems of transporting perishable goods. It was pleasing to see that most candidates understood the possible impact of exchange rate movements on an importer.

(e) This question produced a wide range of answers. Most candidates were able to list a number of points both for and against international trade. Better candidates were able to develop these points to explain the possible impact on Made Fresh. Conclusions, if presented, did try to make a valid decision. It was noticeable that many candidates misunderstood the question and answered it from the government or consumer perspective. It is important that candidates read the question carefully.

Question 2

(a) This proved to be a difficult question for some candidates. The majority of candidates understood the simple idea of 'producing a quantity of one product and then produce a quantity of a different product'. A number of candidates found it difficult to find an alternative word for batch so many repeated the word without explaining what it meant. Others described flow production which was clearly incorrect.

(b) This was a well answered question with many candidates gaining full marks. The most common error was 'profit '. This is not accepted, as too many factors influence the amount of profit made, so it is more a measure of success than size.

(c) This question proved difficult for many candidates. A large number of candidates discussed general points about efficiency rather than lean production. Better candidates focused on the waste and the storage aspects which they then explained to gain full marks.

(d) Advantages of introducing new technology were generally well known. Many answers made correct reference to improved efficiency or reduced labour costs. A few candidates had the wrong focus as they considered the advantages to workers rather than the business, which the question required. Such points were not credited.

(e) There were a number of good answers. Most candidates could identify possible issues for employees. The best responses explored the varying impact on different groups of workers depending on factors such as skill and age, which helped them make a valid and supported judgement. Others looked at only negative or positive issues rather than the effect on all workers. Some candidates had the wrong focus by concentrating on issues for the business not the employees. Such an approach could not be rewarded as it did not address the question set.

Question 3

(a) This was very well answered by nearly all candidates. There were two common mistakes. The first one was to assume it was government owned which was incorrect. The second error was to identify general features such as 'sell shares' which could apply to any 'limited company'. These types of responses could still gain some credit.

(b) There were many correct answers seen. Common errors were to omit the %, express the answer in millions or to use the figures for the wrong year. Where candidates had included the correct formula these responses could still achieve one mark. It is very important that candidates always include the relevant formula for all calculation questions.

(c) Answers here were often good. Many candidates were able to identify the importance of profit in terms of potential dividends and whether shareholders should invest more or sell. Typical wrong answers focused on how other stakeholders such as lenders might use the accounts. A handful of candidates clearly expected the question to require them to analyse the accounts, so this is what they did even though this was not the question set.

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(d) This question proved difficult for many candidates. The majority of candidates were able to identify at least one factor, although many had difficulty explaining why the business might need to consider this issue. Many focused on 'paying out dividends' but as this is optional for a business this was not rewarded. Others discussed whether the business needed to expand but this was not relevant.

(e) There were many excellent answers to this question which concentrated on the relative importance of each element of the marketing mix. The best answers used their analysis to help reach a supported decision, acknowledging that this was a competitive market so price and promotion might be equally important. Weaker answers provided a list of the different elements of the marketing mix, but needed to explain why these points needed to be considered.

Question 4

(a) Most candidates had a general understanding that an organisation structure showed the levels of management or hierarchy in a business. Better candidates were able to develop this idea to provide a more precise understanding of the term.

(b) This question produced a mixture of answers. The best responses gave a clear and precise definition of the term. A number of candidates confused 'chain of command' with a 'span of control'.

(c) This question proved challenging for many candidates. The better responses identified two relevant problems but very few were able to explain how or why this was a problem for a business. Many just repeated the knowledge point. A number of candidates focused on issues for employees such as 'de-motivation' or 'lack of promotion opportunities' but the question asked about problems for the business. Others mixed up the term to explain problems of a narrow span of control. Neither of these approaches could be rewarded.

(d) This question also produced a range of responses. Although a large number of candidates identified at least one good reason, few were able to explain their points with the business / management as the focus. Improved motivation was a common answer, but this is an issue for employees. Unless it could be clearly linked to the business it could not be credited. A number of candidates overlooked the word 'effective' and discussed generic issues affecting communication.

(e) There was a wide range of responses. Most candidates identified relevant advantages and disadvantages of e-commerce. Better responses were able to explain the disadvantages of a lack of personal contact for selling insurance and presented a balanced conclusion in the context of Cole Brokers. Some candidates had the wrong focus as they discussed points such as 'cannot try on' which was not an appropriate point for a service based business. A few candidates did not know what e-commerce was so gave general answers about how a business might use IT or emails.

Question 5

(a) This was a well answered question, with many candidates providing a clear and precise definition. Some candidates confused the job description with the person specification.

(b) Virtually all candidates could identify at least one feature of a person specification. A few candidates confused a person specification with features of a CV or a job description.

(c) This question differentiated clearly between candidates. This was a well answered question with many candidates gaining full marks. A few candidates overlooked the fact that the question referred directly to Manuel's business. As such answers had to relate to how he might advertise a Supervisor's job. In this context, methods such as television and national newspapers were not deemed appropriate. If a question is about a particular business then it is essential that the answer is relevant and appropriate for that context.

(d) A good standard of response was given to this question. Candidates clearly understood the concept of location. A number of candidates identified three relevant issues but were not able to explain why these factors needed to be considered. It is important that candidates try to explain why these factors might be important in order them to access the analysis marks.

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(e) This question proved to be a good discriminator. Most candidates could identify issues, notably by outlining economies or diseconomies of scale. However some candidates were not able to develop their list of points to explain how or why these were issues that the finance manager needed to consider. The best responses presented a balanced range of points and made some attempt to reach a reasoned judgement.

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BUSINESS STUDIES

Paper 0450/13
Short Answer/Structured Response

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(d) This question also produced a range of responses. Although a large number of candidates identified at least one good reason, few were able to explain their points with the business / management as the focus. Improved motivation was a common answer, but this is an issue for employees. Unless it could be clearly linked to the business it could not be credited. A number of candidates overlooked the word 'effective' and discussed generic issues affecting communication.

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(b) Virtually all candidates could identify at least one feature of a person specification. A few candidates confused a person specification with features of a CV or a job description.

(c) This question differentiated clearly between candidates. This was a well answered question with many candidates gaining full marks. A few candidates overlooked the fact that the question referred directly to Manuel's business. As such answers had to relate to how he might advertise a Supervisor's job. In this context, methods such as television and national newspapers were not deemed appropriate. If a question is about a particular business then it is essential that the answer is relevant and appropriate for that context.

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(e) This question proved to be a good discriminator. Most candidates could identify issues, notably by outlining economies or diseconomies of scale. However some candidates were not able to develop their list of points to explain how or why these were issues that the finance manager needed to consider. The best responses presented a balanced range of points and made some attempt to reach a reasoned judgement.

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BUSINESS STUDIES

Paper 0450/21
Case Study

Key messages

The format of this paper is 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 whilst 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 are allocated throughout the mark scheme in both parts **(a)** and **(b)** for application. In this particular case study, candidates were expected to refer to sports shoes or football boots.
- 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 and make reference to why the other alternative options were rejected as well as justifying the option which was chosen.

General comments

There was a pleasing performance from the majority of candidates in this examination. This was broadly in line with previous years. The context of a sports shoe manufacturer provided an accessible scenario for most candidates. No question appeared to be too challenging for more than a handful of candidates. Time did not appear to be a problem. Rarely did a candidate fail to complete their answers in the one hour forty-five minutes allowed.

The structure of the paper allowed candidates to demonstrate their knowledge of business concepts in the first part **(a)** of each question. They were then expected to offer analysis and reasoning in answer to the second part **(b)** of each question. This style of questioning has become standard practice on this particular paper and it is good to see that many candidates have a strong examination technique and clearly understand what is expected of them.

The layout of the examination paper provides side headings to prompt candidates in their responses. This seems to work well. As long as candidates take careful note of how many marks are awarded for each question they should be quite clear about the extent of developed detail that is required for each answer.

Many candidates were well prepared for the examination and showed good knowledge and understanding of the full range of topics which were tested. Candidates can earn significant marks by defining and using business terms confidently. Those who answered in the context of Kickwell Sports Shoes boosted their marks further.

The standard of written English was excellent. Candidates made themselves fully understood and are to be congratulated on the high quality of spelling, punctuation and grammar offered in their responses. There is no penalty for the wrong spelling of words or using incorrect punctuation.

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Here are some points that might be helpful in enabling candidates to achieve higher marks by using their knowledge in a more effective way.

- Numeracy is a key part of the assessment in this subject and candidates should prepare for a question which will ask them to consider some data.

  For example, **The Production manager believes that labour-intensive methods are better than capital-intensive methods of production for the new football boots. Do you agree with him? Justify your answer using appropriate calculations from the information provided in Appendix 1.**

  There are three levels of answer to this question and with competent numeracy skills it should be possible to score highly. There is a clear direction in the question to undertake calculations. Answers which repeated data in the table did not show any numerical ability. Good answers showed the calculation of total wages per week for each method of production and then went on to work out the cost per shoe. This earned Level 2 credit. This showed that the cost per shoe of manufacturing using a capital-intensive method was $5.48 compared to $8 per shoe using a labour-intensive method of production. Some analysis and judgement here would then move the mark upwards to Level 3.

- This is a case study paper and candidates should make full use of the information given to develop their analytical answers.

  For example, **Consider the advantages and disadvantages to KSS of manufacturing its football boots in another country. Do you think KSS should move manufacturing to another country? Justify your answer.**

  Some marks will be given for demonstrating knowledge of key features of producing in another country. If these facts are just **stated** then only a few marks will be awarded. The candidate should then go on to **explain** and **discuss** the advantages and disadvantages of overseas production **in the context of KSS.** It would be relevant to refer to the lower production costs which might allow KSS to sell its boots at a more competitive price. Perhaps the business will face fewer legal restrictions or pay lower taxes in the host country. However, KSS will need to recruit skilled labour to ensure that the boots are produced to the highest standard and this may mean extra training costs and vigorous quality control checks. Using the information given in the case study the candidate is well placed to offer logical reasoning and clear justification for the best course of action.

Comments on specific questions

Question 1

(a) Most candidates made a strong start by correctly identifying four key stages of the product life cycle and then explained the pattern of sales at each stage. It was equally acceptable to explain the likely element of competition or the extent to which advertising would be important at each stage. It was clear that candidates had good knowledge of the terminology here.

(b) It was pleasing to see accurate knowledge of business functions from most candidates. Marketing, production and finance were particularly well described. Some candidates were a little less familiar with the human resources function and tended to suggest it was concerned with legal issues and customer service. Those who mentioned that human resources would recruit and train the skilled workers that KSS needed to make the football boots gained credit. It was expected that there would be some justification of each department in its contribution to the success of the new football boots. Many candidates overlooked this and so did not gain the Level 2 marks which were available. Good answers explained the importance of a strong marketing strategy, for example, which would persuade the target market of professional footballers of the unique design and great performance of the boots which would justify a high price to purchase them.

Question 2

(a) This question was well answered. It allowed good candidates to explain the advantages of using skilled workers to increase productivity and quality whilst recognising the disadvantages of employers facing high labour costs and less flexibility of workers who are skilled in just one task.

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(b) It is to be expected that candidates will be asked a question which tests numeracy skills. This one required consideration of data relating to the labour-intensive method of production compared to the capital-intensive method of production. It was clear that strong candidates could offer clear calculations of unit costs of shoe production and make an informed judgement about the cheapest option. However, quite a number of candidates simply copied numbers from the table in Appendix 1 or offered generalised statements about the production methods without any reference to the data at all.

Question 3

(a) This question was intended to test candidates' knowledge of the methods of communication used by business. Correct answers described using a notice board or sending a letter in the first scenario followed by making a telephone call or sending an e-mail in the second scenario. Those who knew this topic scored well. However, it was most surprising to discover that many candidates did not appear to recognise that a problem with a delivery of some supplies would require urgent contact with the supplier themselves. A minority of answers mistakenly suggested a method of communication with the workers regarding delivery of supplies.

(b) There were some lengthy, generalised answers here. This question was asking candidates to consider the possibility of moving production to another country. Analysis of advantages and disadvantages earned Level 2 credit. The strongest answers went on to make a justified decision about the best course of action. Unfortunately, some candidates treated this question in too general a fashion. There were simple statements made about lower wages and higher profits or generic points about location decisions which earned only Level 1 marks. Analysis and application nearly always gain reward and this should be borne in mind throughout the paper.

Question 4

(a) The majority of candidates were well aware of the power of branding and answered this question successfully. Product differentiation and brand loyalty were frequently offered as responses. It was possible to score full marks here by explaining how the benefits of branding might bring about an increase in market share and maximise profit for KSS. Candidates needed to set this in context and apply this outcome to the context of football boots.

(b) Candidates who have a strong knowledge of marketing usually perform well on this type of question. Weaker candidates could improve by ensuring they have a clear understanding of price skimming. It was pleasing to see many answers which contained good explanations of all three different pricing strategies followed by direct reference to the costs in Appendix 3. Sensible suggestions were made about suitable price levels based on the cost information. The best answers to this question used the recommendation section to balance the advantages and disadvantages of each strategy before making a clear justified choice of the most suitable option.

Question 5

(a) The majority of candidates found this a straightforward question. It provided an opportunity for them to demonstrate sound knowledge about language barriers and protectionist measures such as quotas and tariffs. The explanations which followed each of the problems stated should have developed the detail of the impact on KSS. Too often candidates repeated simple bullet points and lost out on valuable marks.

(b) This question was intended to test the candidates' ability to assess the options open to Emmanuel at KSS. Option 1 would allow KSS to have direct control of the future of the business and the profit earned whilst taking the risk of a $10m loan. Option 2, on the other hand, would pass full responsibility of manufacturing and marketing the new football boot to a larger multinational sports company. These points were successfully considered by many candidates but some were confused about the production of the boot in Option 2 and assumed that KSS would continue making the boots whilst leaving the marketing to the multinational company. It is important that candidates should make a justified decision at the end of their answer. Some candidates preferred to opt out of the choice by stating that either would be fine. This approach means that no Level 3 marks can be earned since it is essential to make a definite judgement at the end.

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BUSINESS STUDIES

Paper 0450/22
Case Study

Key messages

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- 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 are allocated throughout the mark scheme in both parts **(a)** and **(b)** for application. In this particular case study, candidates were expected to refer to the manufacture and marketing of school uniforms.

- 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 and make reference to why the other alternative options were rejected as well as justifying the option which was chosen.

- Several questions also asked for judgement in terms of the importance of particular factors to the business in the case. These judgements should have clear reference to the reasoning on which they were based.

General comments

There was a pleasing performance from the majority of candidates in this examination. This was broadly in line with previous years. The context of a manufacturer of school uniforms provided an accessible scenario for most candidates. No question appeared to be too challenging for more than a handful of candidates. Time did not appear to be a problem. Rarely did a candidate fail to complete their answers in the one hour forty-five minutes allowed.

The structure of the paper allowed candidates to demonstrate their knowledge of business concepts in the first part **(a)** of each question. They were then expected to offer analysis and reasoning in answer to the second part **(b)** of each question. This style of questioning has become standard practice on this particular paper and it is good to see that many candidates have a strong examination technique and clearly understand what is expected of them.

The layout of the examination paper provides side headings to prompt candidates in their responses. This seems to work well. As long as candidates take careful note of how many marks are awarded for each question they should be quite clear about the extent of developed detail that is required for each answer.

Many candidates were well prepared for the examination and showed good knowledge and understanding of the full range of topics which were tested. Candidates can earn significant marks by defining and using business terms confidently. Those who answered in the context of School Clothing Suppliers (SCS) boosted their marks further.

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The standard of written English was excellent. Candidates made themselves fully understood and are to be congratulated on the high quality of spelling, punctuation and grammar offered in their responses. There is no penalty for the wrong spelling of words or using incorrect punctuation.

Here are some points that might be helpful in enabling candidates to achieve higher marks by using their knowledge in a more effective 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 "Identify and explain two advantages and two disadvantages to Vijay Singh of the business being a private limited company instead of a partnership" then the focus should be on the words "instead of a partnership". This is not the same as the advantages and disadvantages of a private limited company. Advantages, such as limited liability, are easy to explain but the disadvantages are more difficult to identify. Many answers referred to not being able to sell shares to the public but this is a disadvantage of being a private limited company as opposed to a public limited company, rather than a disadvantage of being a private limited company as opposed to a partnership.

- Since this is a case study paper candidates should make full use of the information given to develop their analytical answers. For example: **Consider three types of training SCS could use for its newly recruited production workers. Recommend which one of the three types of training you think will be the most effective in increasing the productivity of its new production workers. Justify your choice.**

  Some marks will be given for demonstrating knowledge of types of training. If these facts, such as the name of the methods, are just **stated** then only Level 1 marks will be awarded. The candidate should go on to **explain** and **discuss** the advantages and disadvantages of on-the-job, off-the-job and induction methods of training **in the context of SCS.** It would be relevant to refer to how the training method leads to improved productivity, but also that SCS will need to take into account the costs of the different methods of training as well as its suitability for new production workers. Finally a judgement needs to be made as to which method would be the **most effective** in the context of production workers in a clothing manufacturing business and why one method is **more suitable** than the others. Specific reference to why the alternatives have been rejected is required to gain Level 3.

- Numeracy is a key part of the assessment in this subject and candidates should prepare for a question which will ask them to consider some data. For example: **Consider the advantages and disadvantages of Option 1 and Option 2. Recommend which option you think Vijay should choose. Justify your choice by calculating profitability ratios using the information from Appendix 2.**

  There are three levels of answer to this question and with competent numeracy skills it should be possible to score highly. There is a clear instruction in the question to undertake calculations. Answers which repeated data from the Appendix did not show any numerical ability. Good answers showed the calculation of net profit, net profit margin and possibly gross profit, gross profit margin or return on capital employed for each option. These calculations earned Level 2 credit. This showed that the net profit for Option 1 was $4.8 m and net profit margin 34.5% and net profit of $1.4 m and net profit margin 29% for Option 2. Some analysis and judgement of these results would then move the mark upwards to Level 3.

Comments on specific questions

Question 1

(a) The first question was well answered for the advantages of being a private limited company and answers showed a good awareness of the nature of limited liability/separate legal entity/ability to raise additional capital over partnerships. However, the disadvantages were less well understood and weaker candidates often compared public and private companies instead of limited companies and partnerships. Weaker candidates also misguidedly suggested that disagreements/arguments between shareholders would be a major disadvantage as would potential loss of ownership/control. Better candidates focused on the question and compared private limited companies with partnerships as a form of ownership for SCS and then full marks were achieved.

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(b) This question was also generally well answered and the majority of candidates were able to identify different pieces of information to gain Level 1 marks. The most popular examples were profit and loss account, dividends, cash flow forecasts, balance sheet, profitability ratios and liquidity ratios. Weaker candidates were often able to identify relevant financial information but could not effectively explain in any detail what it might show or say about the business. A small number of candidates missed the focus of the question entirely and relied on general business considerations such as demand, reputation and history therefore gaining no marks as the information was not financial. Weaker candidates often just repeated the information in the explanation, for example, "profit/loss account – so they would be able to see what profits the business makes". The answer could have gone on to say that "the information on profits would indicate whether dividends would be paid as higher profits often means higher dividends to shareholders" and then gained Level 2. Many candidates were able to gain Level 2 marks for explaining why the information is useful and gain a further Level 2 mark for explaining why the financial information is important in deciding whether to invest in the company. Application opportunities were often overlooked as candidates focused on a generic answer rather than one related to SCS.

Question 2

(a) This was a well answered question by the majority of candidates with reputation, image, loyalty and higher sales being the most common answers. Also, a high level of application marks were achieved as candidates found this question easy to apply to school uniforms. Many candidates were able to go on to explain the benefits of good quality products to SCS but weaker candidates tended to repeat points in relation to brand image, loyalty and name. This meant some of the explanation marks were not gained but also it often resulted in these candidates using the same 'explanation' in both parts and hence not gaining additional marks.

(b) Generally a well answered question with higher ability candidates able to demonstrate their knowledge of the laws and then to analyse and evaluate their impact on the business, while weaker candidates were able to write about why these laws were brought in. Some weaker candidates thought Health and Safety affected consumers rather than workers and often then discussed employment levels rather than employment law in the following section. Knowledge of Consumer Protection was the strongest of the three types of laws. Better candidates were able to explain why the laws were passed and then develop their explanation to cover the possible importance for SCS, such as 'new H and S laws might mean there has to be additional training or the purchase of equipment to reduce the risk of injury when producing school uniforms and this may lead to increased costs for SCS', thus gaining Level 2.

Question 3

(a) Again this was well answered by the majority of candidates who were able to discuss two examples of poor communication. Practical issues such as inaccurate orders for materials, delays in forwarding information, wrong items delivered/manufactured were identified by the majority of candidates. However, weaker candidates simply referred to 'good communication' or 'poor communication' without providing an example related to SCS and, as a result, their answers were often not fully developed. Application marks were awarded in many of the answers.

(b) This was a well answered question with a significant number of candidates able to name all three types of training. Weaker candidates gave superficial answers and did not go beyond briefly describing the nature of each type of training and so did not gain more than Level 1. The effects of the training method on productivity were only focused on by better candidates and the failure to make concluding comparative judgements in this regard meant that Level 3 marks were often missed. Application marks were often achieved with reference to the need to learn how to use machinery for producing school clothing. It should be emphasised to candidates that a recommendation should consider ALL the options if Level 3 is to be attained.

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Question 4

(a) Generally well answered with most candidates recognising 'access to the wider market' as being beneficial to SCS. A large number of candidates considered the potential marketing/promotional benefits rather than the selling benefits of the Internet but application marks were generally achieved. There was a lot of repetition with weaker answers especially when it came to the second benefit of SCS selling its uniforms on the Internet. Also, quite a few candidates, having misunderstood the question, wrote about the benefits of selling in a retail shop instead of through the Internet.

(b) Overall, the majority of candidates discussed some of the 4P's and managed to score quite well on this question but this was often through a developed explanation of the third item of information about consumer prices. Discussion often focused on the merits of competitive pricing as a strategy for SCS in order to increase its sales of uniforms. However, in the first part, market size/product type was sometimes completely overlooked in favour of considering different possible promotional strategies for specially designed uniforms or how the needs of individual schools might be met in terms of production in the factory. In the second part there were often misconceptions about how SCS currently distributes its products and answers tended to focus on the geographical location of retail shops and/or the factory rather than channels of distribution which were not always referred to specifically. Again, answers were often well applied to SCS.

Question 5

(a) Many candidates clearly appreciated the nature of batch production but they often struggled to give relevant advantages and disadvantages relying instead on lengthy descriptions of the nature of batch production and on generalised comparisons of different methods of production. The most popular answers for advantages included flexibility and variety of work and for disadvantages were warehouse costs. Relatively few application opportunities were taken in this question. Weaker candidates often confused the advantages and disadvantages of flow production with those for batch production.

(b) This question proved difficult for weaker candidates but a commendably large number of candidates produced extensive calculations to earn high marks in Level 2 by calculating the net profit and net profit margin (or other profitability ratios) for both options. Having correctly calculated these ratios, recommendations rarely went beyond a superficial judgement that one option was more profitable than the other. Weaker candidates could earn Level 1 marks by either simple calculations or using the scenario to rely solely on narrative answers. Unfortunately several candidates having carried out correct calculations then confused gross profit with net profit. For full marks, candidates needed to develop their recommendation of which option to choose and which option to reject by using the results of the profitability calculations but also other information in the case material.

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BUSINESS STUDIES

Paper 0450/23
Case Study

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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
- the assignment should end with a conclusion which answers the question posed in the title and be based on the information gathered.

General comments

The same popular sections of the syllabus continue to be favoured by candidates as topic choices to investigate. Once again, overall the standard of work submitted was high with very few low scoring pieces of coursework.

Assessment criteria

As always, questionnaires were by far the most popular form of gathering primary research for candidates. Other sources of information selected by candidates included interviews (with parents, business people, the general public), the Internet, advertisements from competitors or the business they are investigating, maps and photographs. Where candidates discussed their approach to the research (who, when, why and how it was carried out) it contributed to them gaining higher marks for Assessment Objective 2. It was particularly helpful where candidates mentioned sampling methods for their primary research as it helped them relate business theory to their actual project.

Textbooks were also used for explanations of business concepts and terminology applied to research findings. However, candidates should be selective with the business theory and concepts as sometimes there were pages of theory with no reference to the business being investigated. A bit less theory and more links to the company would enable candidates to show real understanding – this is especially true for higher level candidates where critical understanding is required.

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?' The questions often still encouraged a wide range of research to be undertaken by the candidate. However, the analysis and evaluation of this information was sometimes lacking detail and was based on their personal opinion rather than the information they had gathered; this consequently resulted in lower marks than might otherwise have been achieved.

Candidates made very good use of IT to present their coursework. Most 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 which answered the question posed in the title.

Unfortunately a very small number of candidates had copied information straight from the Internet and this work could not be awarded marks. Please be careful when marking candidates work to ensure that it is the work of the candidate themselves and not information pasted from websites. Candidates and teachers do sign a declaration that the work is their own.

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Application of the Assessment Criteria

Few Centres needed their assessment adjusting and most Centres had accurately applied the assessment criteria to the work of their candidates, which demonstrated 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 then marks in the highest mark bands could not be awarded. Conclusions need to include a justified answer to the question posed in the title, but also based on the information gathered. Low scoring candidates usually lacked a justified conclusion based on the evidence gathered.

The majority of candidates showed evidence throughout their work of the research undertaken and which supported the information used in their assignment. It was often made clear in the assignment itself where the information gathered had been used; a detailed list of sources only 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

The majority of candidates had clearly stated an evaluative question at the beginning of their assignment which 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 chosen to study were HR, motivation and marketing.

Examples of assignment titles are as follows.

- ***Is there scope for [type of business]) in [name of town/city]? or Would opening a [type of business] in [name of town/city] be successful?***

This is always a good type of question to choose as candidates select a type of retailer or business they are familiar with. This usually results in a good evaluation as well as a well-researched piece of coursework. Candidates gather a lot of primary and secondary data and write up their assignment including analysis and evaluation of the information gathered and so often gain high marks. The conclusion usually fully justifies the recommendation as to whether or not the business should be set up and uses the evidence gathered. However, where the conclusion is based on personal opinions rather than an evaluation of the data it leads to lower marks for evaluation.

- ***What is the most important element in the marketing mix of [a business chosen by the candidate]?***

This question worked better when a local small business was investigated rather than a large multinational company.

- ***Is money the most important motivator?***

This was used successfully by several candidates.

Other examples were:

- ***How can [business name]) reduce labour turnover?***
- ***How can [business name] increase efficiency or productivity?***

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