eduresourceza.com

Downloaded from eduresourceza.com

BUSINESS STUDIES

Paper 0450/11

Short Answer/Structured Response

Key Messages

Questions requiring simple and straightforward answers were well done, while answers to the more stretching parts of questions needed to contain more explanation and developed logic before reaching a conclusion.

General Comments

The paper proved accessible for the well prepared candidate. It differentiated effectively across the full range of ability. Weaker candidates were able to show what they knew and could do. Stronger candidates were able to build upon their knowledge and demonstrate higher levels of understanding by applying their answer to context and by effectively analysing information. The best candidates made evaluative judgement that was consistent with the preceding analysis. Candidates should be reminded that their answers can always be improved by:

- Careful reading of questions.
- Choosing examples with thought and care.
- Developing their responses to show proper understanding of concepts.
- Thinking about the context of the business so that the response is appropriate.
- Always giving a recommendation if specifically requested by the question.

Comments on Specific Questions

Question 1

(a) Most candidates were able to say that cash flow referred to the movement of money into and out of a business. A few just referred to cash in.

(b) The concept of a fixed cost is not clear to some candidates. To be acceptable the cost has to be one that does not vary as the scale of production changes. So business rent / rates/ insurance/ interest costs clearly exhibit that characteristic. A common feature of some unacceptable answers was to give an example of a capital cost such as purchase of equipment.

(c) The best candidates were able to identify methods of improving cash flow as being those methods that alter the timing and amount of money flowing into and out of the business. Many candidates discussed methods of improving profits such as increasing revenue or reducing costs and failed to link their answer to cash movements.

(d) This was well answered by many candidates. They correctly recognised that sponsorship is often a means of advertising and promotion for a business. Better answers went further and explained the benefits of sponsorship to the sponsor. A few candidates felt that sponsors gained part of the profits of the business they were supporting. This is rarely the case.

(e) Most candidates recognised that a reduction in price would increase the volume sales of tickets. The majority automatically assumed that this would represent an increase in company revenue. Their answers then often went on to consider whether this would mean that the business would make more profit. Only the best were able to see that the concept of price elasticity of demand was relevant here and that revenue would only increase if the demand for tickets was price elastic. Too many answers interchanged revenue and profit as if they were two words meaning the same thing.

Downloaded from eduresourceza.com

© 2012

Downloaded from eduresourceza.com

Question 2

(a) There were many good answers showing clear understanding of the concept. The most common error was to assume that labour intensive implies much hard work to be done by people.

(b) Most candidates were able to identify sources of finance that a business could access. Weaker answers failed to focus on the fact that the finance required was needed for long term purposes. There was also a tendency for answers to lack precision. So unfortunately answers like loans were too common.

(c) The best candidates were able to identify and explain reasons that accounted for wage differences between managers and production line workers. Some explanations were, however, simply a repeat of the reason identified and consequently lacked the necessary development to gain full marks. Weak answers said basically that 'managers do more work'.

(d) The best answers focused on analysing the impact lean production methods have on costs. Other answers described the features of lean production without specific linkage to the question. Such answers gain credit but do not get full marks. Some candidates produced answers that were too vague - such as lean production improves efficiency - but without ever showing why it is the case.

(e) The best answers identified a number of ways in which the change in production methods would impact on consumers. They were then developed to explain why this impact would occur, and concluded by considering whether the changes would be of benefit to the customer. Many answers went some way along this route, often falling short at the end by not coming to a conclusion. There is still a tendency for some candidates to list points for and against.

Question 3

(a) The best answers knew that capital employed referred to the money invested in a business on a long term basis. They were aware that it can be measured by the addition of long term loans and shareholders' funds. Weaker answers said that it was 'money used in a business'. A few thought that it referred to capital spent on the labour resource.

(b) There were many good answers with the majority knowing the formula along with the correct calculation of 1.18. A few misread the data and used the figures for 2010. Another common error was to say that the current ratio is calculated by current assets – current liabilities.

(c) The best answers discussed issues such as share issues do not involve any interest charges and do not represent an increase in liabilities. A common error was to focus on the benefits to a company of having more capital, rather than on thinking about the specific benefits of raising that capital via share issue. Thus answers referred to having more cash and what could be done with it. Careful reading of a question is essential to ensure that the focus of an answer is correctly directed at the question.

(d) The majority of candidates were able to identify reasons why at least some of the stakeholders would be interested in the accounts of the business. Strong answers discussed the probability of a business defaulting on its payments to creditors or the likelihood of dividends being declared. It has to be said however, that some answers showed a limited understanding of what exactly can be gleaned from the accounts of a business. For example the accounts do not show what will happen to future profits of a business. They are historic documents.

(e) The best answers used various ratios (such as ROCE) to assess the performance of the business. Their conclusions were based on the analysis of the data given. Too many answers tended to describe the data by saying that things like fixed assets had gone up by $100m. A significant number of candidates struggled to form a secure basis upon which to form a judgement.

Downloaded from eduresourceza.com

Downloaded from eduresourceza.com

Question 4

(a) Many good answers showing understanding of the fact that a market orientated business carries out market research and assesses the needs of consumers before producing products.

(b) The best answers showed an understanding of the fact that a Managing Director has overall responsibility for the company as a whole. Weaker answers suggested that they controlled everything.

(c) Most candidates were able to identify potential benefits to a business of setting objectives. The best answers were able to explain how these benefits were achieved. A number of answers struggled to develop a basic point often suggesting that setting objectives automatically results in improved efficiency.

(d) Very well answered by many with frequent valid and lucid explanations and examples. A few answers focused on benefits to customers rather than specifically on benefits to the company.

(e) There were many good answers given here with the best identifying the potential benefits of higher spending levels associated with increased employment and higher incomes. There was often recognition that competition might increase and that it represents an obstacle to increased sales. The weaker answers tended to assume that economic growth would automatically lead to higher sales and higher profits without saying why this would happen.

Question 5

(a) An import quota was a concept known to some but by no means to all candidates. The most common error was to suggest that it was a tax levied on imports. There was clear confusion here with the concept of a tariff.

(b) Almost all candidates could identify environmental consequences of the action of the business. Some did not really apply their knowledge very successfully to the context of the question.

(c) The best answers recognised that a currency depreciation would cause a problem for the business as it would lead to an increase in the costs of its imported component materials. The point was sometimes developed further by considering the impact of currency movements on exports and price competitiveness. Many candidates failed to make clear in their answer whether they were referring to an appreciation or a depreciation of the currency. Hence answers sometimes said a change would increase the costs of exports. Full marks can only be awarded to answers that are clear and accurate.

(d) Most candidates were able to identify the fact that advertisements had to be truthful or that quality had to be of a certain standard. However many failed to explain the way in which such laws would affect the business. A significant number of answers included reference to things like health and safety or wage levels that were unrelated to consumer protection.

(e) A wide range of responses were given to this question. The best recognised that the acquisition of a rival business would decrease competition and increase output capacity. They were able to analyse the situation and deduce that market share would potentially increase and that sales and profits might rise. They also recognised that there might be problems of financing the takeover as well as problems of organisational change. In the light of this they were able to arrive at a reasoned conclusion as to whether the takeover was a good idea. Weaker candidates did not analyse the situation and tended to conclude without any real basis. Some candidates discussed irrelevant issues such as being able to buy sufficient timber and became sidetracked into discussions that really led nowhere.

Downloaded from eduresourceza.com

© 2012

Downloaded from eduresourceza.com

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 context when answering individual 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 the points made.

General Comments

The paper discriminated well between candidates of differing abilities. The range of marks was between 94 and very low single figures. This spread was broadly in line with the performance of candidates in previous sessions.

Many candidates demonstrated sound knowledge and understanding of most concepts. It was encouraging to see that most candidates attempted each question. Candidates performed particularly well on concepts such as the identification of objectives and industrial sectors. There was clear evidence that some parts of the syllabus were not understood by candidates for example concepts such as cost of sales, added value and external benefits. It is important for candidates to know that they can be assessed on any aspect of the syllabus. A number of candidates also appeared to confuse prices with cost, and revenue with profits, so interchanged the terms incorrectly throughout the paper. Candidates must learn the distinction between these key concepts.

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 3 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) Most candidates were able to identify at least one stage of the product life cycle. The most common misunderstanding was to confuse the product life cycle with the business cycle and identify stages such as boom or slump, which were clearly incorrect. A number of candidates did not attempt the question. It is important that candidates attempt all questions if at all possible.

(b) Most candidates were aware that the price was linked to cost. Better candidates were able to provide a precise definition. The common mistake was to confuse cost- plus with other methods of pricing.

Downloaded from eduresourceza.com

© 2012

Downloaded from eduresourceza.com

(c) Generally well attempted. Most candidates could identify at least one relevant advantage with helping to identify customer needs being a common choice. The best responses developed the points raised to show how these points would help Kruger Enterprises. Some candidates did repeat the same point for both reasons - this could only be credited once.

(d) This question produced a mixture of responses. Most candidates could identify at least one benefit of creating new products, with increased sales and increased brand loyalty being typical answers. The best responses developed the points raised to show how these points could assist Kruger Enterprises. There were two common errors: Some candidates repeated the same knowledge point - which can only be credited once - for more than one benefit; others assumed that new products would automatically lead to increased profits, which is not necessarily true.

(e) This question differentiated very effectively across the ability range. Many candidates were able to identify at least one relevant point. However a significant number of answers did not support the knowledge shown with appropriate analysis showing the link between lower prices and sales turnover. The best responses realised that lower prices might not help as the product's demand is inelastic and the product is in the decline stage of its product life cycle. Evaluation in many responses was simple or not attempted. It should be noted that a simple 'yes' or 'no' does not constitute evaluation on its own, but instead should follow on from the argument built up in their answer. The question requires a recommendation and, a failure to provide one, restricted the number of marks that a candidate's answer could gain. It did not matter which way the candidate concluded.

Question 2

(a) Most candidates were aware that capital intensive 'uses machines'. Better candidates were able to provide a precise definition. There were two common mistakes: some simply repeated the word 'capital', which was stated in the stem; others identified features such as' it was expensive' without explaining the term that the question required. Candidates need to be encouraged to provide greater accuracy when defining terms.

(b) Well answered by virtually all candidates. Most candidates were able to identify at least one possible objective, with profit and growth being typical choices.

(c) A mixture of responses. Most answers were able to identify at least one economy of scale. The better responses were then able to show how the economy of scale arose. Weaker answers were characterised by generalised statements such as 'use machines' or 'improve productivity', which were generic production issues that do not answer the question set. It was noticeable that a few candidates assumed that marketing and purchasing economies referred to the same economy, which is not the case. A significant minority of candidates did not attempt the question.

(d) This question produced a range of responses. Better candidates were able to correctly identify two possible problems with 'loss of sales' and a 'bad reputation' being the most common issues. Better candidates did attempt to explain the implications of these issues for Just 4U. Weaker answers were characterised by two common errors: some repeated the knowledge point rather than considering the problems that poor quality could cause; others identified and explained possible reasons for the poor quality, which did not answer the question set.

(e) This question proved to be a good discriminator. Good knowledge of points was evident in most responses. The best responses developed these points to show how or why shareholders would be affected. For many candidates, the focus of their answer was incorrect – concentrating on the consequences for the business or employees rather than for shareholders. As this did not address the question set, such responses could not be rewarded. Reading the question carefully is important.

Downloaded from eduresourceza.com

© 2012

Downloaded from eduresourceza.com

Question 3

(a) Well answered given that most candidates correctly calculated the right values. Some candidates did include formulas, but these could not be credited on this occasion.

(b) Most candidates were able to identify at least one feature with 'voting' and 'present accounts' being typical choices. A common mistake was to assume that it was a forum for general discussions about operational issues, which is not a function of an Annual General Meeting (AGM).

(c) This question proved challenging for most candidates, as it appeared that many candidates were not familiar with the term. Better candidates were able to correctly identify ways that Celtic Springs could reduce its cost of sales, 'lower labour costs' and 'cheaper material costs' being the most common suggestions. Only the best responses offered any relevant development. Weaker candidates repeated the knowledge point or simply stated that they would reduce cost of goods sold rather than explaining how the point identified might lead to lower costs. A number of candidates focused on ways to increase sales or improve profitability through the reduction of expenses. Neither approach answered the question set so could not be rewarded.

(d) This question produced a mixture of responses. Most candidates were able to identify one or two reasons with survival, growth and payment of dividends being popular choices. Better candidates were able to develop these points to show why they were important. A common mistake was to focus on issues such as payment of day- to-day expenses or loans, both of which were issues that referred to the availability of cash, not profit.

(e) This question proved challenging for many candidates. Most candidates had some understanding of relevant performance indicators such as level of profit. Better candidates also identified performance ratios and manipulated the data (including relevant ratios) to support the points made. Weaker answers were characterised by two common features. Some simply described the various pieces of data - these candidates were not able to develop the points to show how or why performance had changed in order to explain whether shareholders were right to be unhappy with performance. Others wrongly stated that sales or profit levels had fallen that year when there was no comparative data to support such comments. Evaluation in many responses was simple or not attempted.

Question 4

(a) Well answered as virtually all candidates were able to identify at least one type of tertiary activity with banking, retailing and insurance being typical responses. There were two common mistakes: some identified two examples of retailers, which could only be credited once, and a few candidates incorrectly stated examples of primary or secondary activity.

(b) Generally well answered. Most candidates were able to identify at least one problem of exporting. The most common mistake was to look at generic transport issues such as 'delays' and 'theft' rather than at specific points related to the export of goods, which the question required.

(c) This question proved challenging for some candidates. Most candidates showed some understanding as they were able to offer either a simple definition of added value or give examples of how manufacturing businesses could add value. Better candidates included both a definition and examples. A common mistake was to assume that higher quality would 'add value'. This reason could not be accepted as higher quality would suggest higher costs which, in turn, would reduce added value.

(d) Good knowledge of possible factors such as efficiency, cost and good reputation were shown by most candidates. The better answers developed these ideas. Some candidates had the wrong focus as they identified general issues which affect the type or method of transport chosen rather than factors that would influence which company Colour Rack should select.

(e) Most candidates showed good knowledge of possible methods of motivation. Typical wrong answers focused on pay or bonuses and were not acceptable, given that the stem clearly stated that workers were well paid. In this context such responses could not be credited. Likewise some of the fringe benefits suggested were not appropriate for a manufacturing business. Fortunately, in most instances candidates identified an additional fringe benefit, which could be credited. The better candidates were able to develop the points to explain how or why the methods selected

Downloaded from eduresourceza.com

© 2012

Downloaded from eduresourceza.com

could help improve motivation. Few candidates attempted to justify the choices made (explaining why it would motivate workers), which was required for the evaluation marks. The question demanded a recommendation and, failure to provide one, did restrict the number of marks that a candidate's answer could gain.

Question 5

(a) Well answered by most candidates. The majority of candidates knew that it referred to the 'not government owned'. Better candidates were able to give a precise definition of the term.

(b) This question proved challenging for many candidates. Better candidates showed some understanding by stating that it referred to 'a rise in the price of goods'. Few candidates could develop this to explain what rising inflation meant. A common mistake was to identify the effects of inflation. As this did not answer the question set, it could not be rewarded. Candidates need to be encouraged to provide greater accuracy when defining terms.

(c) Most candidates were able to identify at least one reason for having objectives. Better candidates were able to explain how reasons such as 'targets' and 'a sense of direction' could be important for a business. Some candidates repeated the same point for both reasons but it could only be credited once. A few candidates had the wrong focus as they incorrectly identified possible objectives such as 'growth' or 'profit', neither of which answered the question set.

(d) This question required candidates to identify external benefits. Most candidates could identify at least one benefit, with job creation and tax revenue being popular choices. Many candidates had the wrong focus for this question as some identified internal benefits for businesses, whilst others focused on ways to reduce external costs. Candidates need to be reminded to read the question carefully to ensure they have understood what is required. A number of candidates did not attempt this question.

(e) To score highly on this question candidates needed to explain whether businesses which caused external costs, should be closed down. Most candidates were able to outline at least one relevant factor either for or against closure. Typical answers focused on lost jobs or pollution. Many candidates were not able to explain why these points should affect the Government's decision. Better candidates did attempt to make this link. The best responses used the information provided about low economic growth and rising inflation in considering the impact of closure of such businesses on country W. Some candidates had the wrong focus as they only considered the effects of businesses closing down rather than the issue of external costs. Others identified solutions which did not answer the question. Only a few candidates attempted an evaluation.

Downloaded from eduresourceza.com

© 2012

Downloaded from eduresourceza.com

BUSINESS STUDIES

Paper 0450/13
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 context when answering individual 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 the points made.

General Comments

The paper discriminated well between candidates of differing abilities. The range of marks was between 97 and 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 each question. Candidates performed particularly well on concepts such as types of organisation, communication and implications of government laws. There was clear evidence of some parts of the syllabus not being understood by candidates, for example concepts such as labour turnover and unit costs. 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) Well answered as most candidates showed some understanding of the term by being able to identify one relevant feature. The best responses recognised that it involved sole ownership of a business.

(b) Well answered as most candidates were able to identify at least one measure of success. Typical answers included profit and increased market share. A common mistake was to simply state words like ‘assets’ or ‘output’ without clarifying how these might be measures of success.

Downloaded from eduresourceza.com

© 2012

Downloaded from eduresourceza.com

(c) Most candidates could identify at least two relevant methods of communication. The best responses developed the points to show how these methods would help Rafa and his managers communicate with each other. There were three common mistakes: some candidates simply reworded the knowledge points identified rather than offering any explanation, others attempted to explain the information that would be communicated rather than the benefits of using such methods and a few candidates stated generic advantages such as cheaper or faster, without identifying either a method or explaining how it would be cheaper or faster.

(d) Answers here were often good. Many candidates were able to identify and explain three appropriate management functions. Some candidates focused solely on the management of workers, often repeating the same point rather than identifying different functions, which restricted the number of marks they could access. The same point can only be credited once. Others ignored the context and identified points that were not appropriate to a shop manager.

(e) This question differentiated very effectively across the ability range. There were a number of good answers to this question. Most candidates could identify a range of possible issues, both for and against, opening more shops. Weaker candidates did not always support the knowledge shown with appropriate analysis linking more shops to the possible impact on profitability. Better candidates were able to develop these points and use this analysis to support their final recommendation. Evaluation in many responses was simple or not attempted. It should be noted that a simple 'yes' or 'no' does not constitute evaluation on its own, but should follow on from the argument built up in their answer. The question requires a recommendation and, a failure to provide one, restricts the number of marks that a candidate's answer can gain. It did not matter which way the candidate concluded.

Question 2

(a) This question produced a mixture of responses. The best answers recognised both the ownership and short-term nature of current assets. Others were able to identify one of these elements and support their definition with an appropriate example. The common mistake was to simply repeat the term 'asset', which was stated in the stem, without explaining what the word meant. Candidates need to be encouraged to provide greater accuracy when defining terms.

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

(c) This question proved challenging for many candidates. Better candidates were able to identify and explain situations where an overdraft might be used. Some candidates assumed that an overdraft could be used in any business purpose, so offered suggestions such as purchasing fixed assets. As an overdraft is only used for short term business needs, such answers were clearly incorrect and could not be rewarded.

(d) Most candidates were able to identify at least two changes in the data. Better candidates were able to develop the points. A common mistake was to simply repeat the knowledge mark rather than explain why the changes might have occurred. Few candidates attempted any quantitative analysis of the data.

(e) This question differentiated clearly between candidates. Most candidates were able to identify what the accounts might show to different stakeholders. Better candidates explained how the stakeholder might use this information. The best candidates considered how useful this information might be for each stakeholder, so earning evaluation marks. Weaker answers focused on 'the accounts' rather than highlighting the elements of the accounts which different stakeholders might be interested in, such as profit or level of debt. Some candidates did not identify any stakeholders. This led to generalised answers which could not be rewarded.

Downloaded from eduresourceza.com

© 2012

Downloaded from eduresourceza.com

Question 3

(a) This question proved challenging for many candidates. Better candidates were able to provide a precise definition of a niche market. Some candidates understood that it was a market with 'specific' characteristics. Many incorrectly assumed that it was just a 'small market', which did not sufficiently explain the term. Candidates must try to be more precise when providing definitions of key terms.

(b) Most candidates were able to identify appropriate ways to segment a market with gender and income being popular responses.

(c) Most candidates were able to identify relevant reasons with 'out of date' and 'inaccuracy' being common choices. Better responses developed the points to show why the information collected might be of limited value to a business. A common mistake was to repeat the same knowledge point for both reasons. Others identified two reasons but simply reworded the knowledge point in their explanation. Either type of response will only be credited once.

(d) Generally well answered as most candidates were able to identify at least two reasons why a business might spend money on advertising. Better responses developed these points. Weaker candidates tended to repeat the knowledge point rather than explain why the spending was necessary. A few candidates repeated the same knowledge point for more than one reason.

(e) This question produced a good range of answers. Most candidates were able to list a number of points both for and against offering cheaper holidays. Better candidates were able to develop these points to explain the possible impact on Koni Travel. It was pleasing to see that many candidates recognised the fact that they operated in a niche market and explored points in this context. The best responses incorporated this fact into their analysis to help them reach a logical decision based on the context of this business.

Question 4

(a) The majority of candidates had some understanding of flow production as they knew it referred to 'high volume' production. Better candidates were able to either provide a precise definition or identify two distinctive features. Some candidates who simply defined what production was rather than flow production, did not answer the question set. It is important that candidates read the question carefully. Others described batch production which was clearly incorrect.

(b) Generally well answered by most candidates. The most common mistake was to assume that profit is a measure of size.

(c) Many candidates recognised reasons such as efficiency or motivation of the workers. Better responses were able to develop the reasons to explain how the information might help management. A common mistake was to offer generalised statements such as 'help make decisions' without explaining how knowing the 'output per employee' could be helpful.

(d) This question proved challenging for many candidates. A number of candidates had the wrong focus and assumed that a high labour turnover was a measure of high productivity. Their answers incorrectly explained points such as 'being well trained' or 'workers are highly motivated'. Others assumed turnover referred to increased production and considered why output might have increased. Neither approach was credited. Better responses identified relevant reasons such as 'lack of motivation' or 'poor working conditions' and attempted to explain why these issues might lead to people leaving the business. The best responses linked these points to a manufacturing business, which was what the question required.

(e) Most candidates were able to identify possible economies or diseconomies of scale. Better responses did attempt to analyse the points and make reasoned judgements that recognised that unit costs were only likely to fall up to a point. Weaker candidates tended to list points but were not able to explain how or why these points might need to be considered. Evaluation in many responses was simple or not attempted.

Downloaded from eduresourceza.com

© 2012

Downloaded from eduresourceza.com

Question 5

(a) This question produced a mixture of responses. Many candidates knew that it was someone who took 'risks'. Better candidates provided a precise definition. A common misunderstanding was to assume that an entrepreneur was a sole trader and so define this term rather than the one asked for in the question.

(b) Well answered by virtually all candidates.

(c) Most candidates were able to identify two relevant features of an employment contract. Better candidates were able to explain the features. There were two common mistakes: some candidates confused the term with either a job description or job specification and others offered analysis that was a repetition of the knowledge point, rather than an explanation.

(d) Good knowledge of ways that laws safeguard workers was evident in most responses. Most candidates were aware of issues such as protection against unfair dismissal, minimum wages and safer working conditions. Better candidates were able to develop all these points to show how the workers were protected.

(e) This question proved to be a good discriminator. To score highly on this question, candidates needed to explain how businesses, and in particular the amount of profit made, might be affected by the laws. Most candidates were able to outline at least one relevant issue. Typical answers focused on costs of training or safety equipment. Weaker candidates were not able to explain why these points should affect the business. Some simply suggested that it might affect 'profit' without explaining how or why this might occur. Better candidates made this link and tried to make a reasoned judgment as to whether profits would be affected or not. A number of candidates had the wrong focus as they only considered the effects on employees, not on the business. Evaluation in many responses was simple or not attempted.

Downloaded from eduresourceza.com

© 2012

Downloaded from eduresourceza.com

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 garages and car repairs.

- 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 garage selling and repairing cars provided an accessible scenario for most candidates and 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 1 hour 45 minutes allowed.

The structure of the paper allowed candidates to demonstrate their knowledge of business concepts in the part **(a)** of each question. They were then expected to offer analysis and reasoning in answer to the 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 are developing a strong examination technique and they clearly understand what is expected of them.

Candidates should take careful note of how many marks are awarded for each question and they should be quite clear about the extent of developed detail that is required in each answer.

Many candidates were well prepared for the examination and showed good knowledge and understanding of the full range of topics that were tested. Candidates can earn significant marks by defining and using business terms confidently. Those who answered in the context of Kolo's Garage 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 for 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.

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

Downloaded from eduresourceza.com

© 2012

Downloaded from eduresourceza.com

For example: *Do you think Leslie should be satisfied with the financial position of his business? Justify your answer using profitability ratios calculated from the information 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 represent any skill of numeracy. Good answers showed the calculation of gross and net profit margins for each year and then went on to work out the ROCE for both 2010 and 2011. This earned Level 2 credit and showed that the gross profit margin had fallen whilst the net profit margin had risen between 2010 and 2011. Some analysis and judgement here would then move the mark upwards to Level 3.

- In part **(a)** of each question there is a line for making a point and then a space below to explain or develop the reasoning. Candidates should ensure that they do not merely repeat themselves.

  For example: *Kolo wants to get information about his competitors. Identify and explain four ways Kolo could research this information.*

  Relatively easy marks will be given for demonstrating knowledge of four separate methods of market research. If the explanation restates the method in a few more words then no extra marks will be awarded. One suitable method of market research might be to use the Internet. A weak explanation might follow with a comment that Kolo should use the Internet to check on his competitors; a strong explanation is one that makes it clear that Kolo could look at competitors' websites to find out their prices so he can find out what he needs to do to compete directly with another local garage.

Comments on specific questions

Question 1

(a) Most candidates made a strong start by correctly identifying four reasons why Kolo might want to set up his own business rather than work for an employer. Some explanations focused on the reasons for Kolo being unhappy in his current position, such as following rules imposed by his boss, but it was equally acceptable to explain the likely benefits of working for oneself, such as the potential for gaining high levels of profit rather than earning a fixed salary. It was clear that candidates had good knowledge of the terminology here.

(b) It was pleasing to see accurate knowledge of three sources of finance from many candidates. However, some candidates were unfamiliar with trade credit and tended to suggest it was offered by banks in the form of a card. Clearly, there was confusion between trade credit and credit cards. It was expected that there would be some balanced consideration of the ways to finance the stock of car parts. The best Level 2 responses were most often the ones explaining the benefits and drawbacks of using the owner's savings. Some good answers explained the flexibility of a bank overdraft, which would allow purchases of parts to go ahead as and when required by the business, but with the worry that interest rates might rise and that the bank might suddenly expect repayment of the debt.

Question 2

(a) This question was quite well answered. It allowed good candidates to explain the methods of market research that Kolo could use to find out about his competition whilst recognising that his competitors would be reluctant to give away information themselves. It was acceptable to explain both primary and secondary methods of research.

Downloaded from eduresourceza.com

© 2012

Downloaded from eduresourceza.com

(b) In this question, candidates were asked to consider three possible methods of promotion that Kolo could use to promote his business. Most candidates appeared to find this question accessible. There were some excellent responses with positive and negative analysis of all three methods. A minority were confident about analysing advertising as a method of promotion, but did not really understand the difference between the free car repairs and the price reductions, shown by repetition of advantages and disadvantages in each section.

Question 3

(a) In this answer it was important to differentiate between buying car parts for repair from a large company or from a small company. There were generic responses about price, quality and transport issues. These could apply to both large and small companies. Of those who did recognise the context of the question, bulk buying was explained as both an advantage and disadvantage. Some other responses correctly discussed the benefit of a large manufacturer offering a variety of parts and a shorter distribution chain whilst identifying the drawbacks of an unhelpful approach from the dominant manufacturer who might not be willing to supply parts in smaller quantities for Kolo's small business.

(b) The case study presented a significant amount of information about three possible sites to locate Kolo's garage. It was pleasing to see that many candidates were able to interpret the points to develop analysis of the strengths and weaknesses of each site. Good answers made comparisons of financial considerations and the presence of competitors, before clearly recommending a specific site. This conclusion should have been based on balancing arguments for the available locations.

Question 4

(a) The majority of candidates were well aware of the problems of rising unemployment and responded well by explaining the consequences of falling sales and the ease of recruitment. It was important to realise that whilst the rate of economic growth was falling, it was still positive. As such, the dire consequences expressed by some candidates such as recession, no car sales or business closure, were inappropriate and did not gain credit.

(b) There were some excellent responses to the numeracy question with every correct calculation possible being given credit together with comparisons of more than two ratios. Candidates could earn valuable Level 2 marks here from relatively easy calculations of gross profit for both 2010 and 2011. It must therefore be said that it is vital for candidates to prepare for questions where calculations should be attempted. Simple statements of comparison which mention rising or falling costs or revenues earn only Level 1 credit.

Question 5

(a) The majority of candidates found this a straightforward question. It provided an opportunity for them to demonstrate sound knowledge about methods of pay that would be appropriate for mechanics and sales staff. The explanations which followed each of the payment suggestions should have developed the reasoning behind the method of pay. For example, to suggest paying mechanics by piece rate would motivate them to repair more cars at a faster rate which, in turn, would help Kolo because he would be able to offer a more efficient service to his customers. He would also save on paying higher wages to workers who were slow and who did not repair many cars in one day because each mechanic would be paid according to how many cars he repaired and not by the time he was at work. A handful of candidates misunderstood the question and offered answers such as paying workers in cash or through a bank account.

(b) Most candidates could identify at least three problems of importing cars. Some of the explanations tended to be quite simple points relating to import quotas, tariffs or exchange rates. Better responses considered the language difficulties Kolo might have in communicating with overseas suppliers or the longer delivery time which could mean unhappy customers waiting for their cars to arrive. To earn higher levels of credit it was important to develop the analysis and reach a justified conclusion that offered a decision on whether or not Kolo should import the cars.

Downloaded from eduresourceza.com

© 2012

Downloaded from eduresourceza.com

BUSINESS STUDIES

Paper 0450/22
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 a taxi business.

- 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 a balanced argument and 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 justify the option chosen.

General comments

The question paper proved accessible to candidates of all levels of ability with very few candidates not attempting every question. The part **(a)** questions, which are all worth 8 marks, ask for either two or four responses and assess knowledge, application and occasionally analysis. Part **(b)** questions are worth 12 marks and usually ask for a judgment; these questions test not just knowledge and application but also analysis and evaluation.

The case material of a taxi business appeared to be well within the understanding of candidates and application marks were frequently achieved. The level of ability of candidates varied with examples of some very good scripts, but there were a small number of poor scripts. If candidates had a detailed subject specific knowledge of business terminology then they scored particularly well on part **(a)** questions. If answers were vague explanations without any clear definitions then often no marks could be awarded. In questions requiring recommendations, candidates frequently only made selective re-statements of previous material and not the comparative judgements needed to achieve Level 3. The vast majority of candidates communicated their answers effectively demonstrating good English language skills. No individual question proved significantly more difficult or easier than any other but if any questions did attract fewer marks they were **Questions 1b**, **2a**, **4b** and **5a**.

There are a number of considerations that might be helpful in enabling candidates to achieve higher marks using the information they know in a better way.

- To gain the highest marks the candidates must answer the question asked. The mark scheme is written to reward the answer required for the question and there is no allowance for alternative responses, for example **Question 1b** was 'Trunal is thinking of targeting just one type of customer. Do you think this is a good idea? Justify your answer using only the information in Appendix 1.' Candidates should have justified their answer using the information in Appendix 1 but many ignored

Downloaded from eduresourceza.com

© 2012

Downloaded from eduresourceza.com

this instruction and this resulted in many candidates gaining lower marks than they might have done had they followed instructions.

- Candidates also need to respond to the command words used in the question. In particular, command words calling for evaluation were not always answered well. If the question asks for a judgment, such as in **Question 2(b)** 'Consider the advantages and disadvantages of each of the two options. Recommend which option Trunal should choose. Justify your answer', then the information should not just be copied from Appendix 3 without any explanation as to why it might be an advantage or a disadvantage. Straight repetition of the case material will get no credit. The highest marks were often not gained because the recommendation did not choose a single option but instead offered both options, ignoring the instruction in the question.

- Paper 2 is a case study and the questions will be in the context of the business in the case study, for example **Question 5(a)** 'Identify and explain two effects this might have on KK Cars'. Marks will be awarded for applying the answer to this business, such as 'As economic growth has fallen then people's incomes may fall and they will have less money to spend on luxuries like taxi rides. This will mean that the business will make fewer journeys and they may need to lay off some taxi drivers' – instead of just saying that 'As economic growth has fallen then people's incomes may fall and they will have less money to spend on luxuries. This will mean that the business will have fewer customers and they may need to lay off some employees', which could apply to any business. In most of the questions on the paper, marks are awarded for applying concepts to a taxi business and if candidates do not do this, then application marks will not be achieved.

Comments on specific questions

Question 1

Candidates were asked to identify and explain four disadvantages for Trunal of setting up as a sole trader. The first part was well answered by the majority of candidates. They seemed to be very familiar with the disadvantages of a sole trader giving answers such as unlimited liability, all responsibility is his, no continuity and no one to help with decisions/ideas. To gain full marks candidates needed to ensure that they explained why the point made was a disadvantage. The second part was basically a financial question and to gain good marks, candidates had to to illustrate their understanding of financial considerations to be taken into account by Trunal, if he was to target just one type of customer. The information to provide a justification supported by costs and profit margins was evident in Appendix 1. However, quite a number of candidates did not attempt calculations. Calculating net profit for each of the three types of customer and then drawing justified recommendations based on the results of their calculations was the usual reason why candidates scored high marks. However, candidates who did not do calculations were awarded L1 and sometimes Level 2 marks for developed relevant answers based on the information in Appendix 1. Level 2 from developed argument was less common in answers.

Question 2

The first part required candidates to identify and explain two ways a business size could be measured. This was not always well answered by candidates. Better candidates achieved high marks by referring to capital employed, number of employees or level of sales turnover. Some candidates did not know how size of business is measured or they, incorrectly, gave profit as a measure, whilst others that did know, could explain measurements of size but did not apply it to the business in the case. As such, there were few examples of full marks. Part **(b)** asked for which option to choose in order to expand his business and was answered quite well by some candidates, whilst others just copied information from Appendix 3 and therefore were not awarded marks. Candidates did not have to do any calculations although it was possible to earn marks on option 1 for calculating either net profit or break-even. Only a very small number of candidates correctly identified the missing break-even level of journeys for luxury cars and the opportunity to discuss the comparative break-even issue or the margin of safety (under the airport taxi business), was rarely taken. The majority of candidates could give some statements about the options and did apply their answers to the case. This meant many candidates scored up to half marks. Only when the candidate could go on to develop their answer to Level 2 discussion of the advantages or disadvantages of the two options did the marks start to approach full marks. This required candidates to include a comparison of the two options in making a justified recommendation.

Downloaded from eduresourceza.com

© 2012

Downloaded from eduresourceza.com

Question 3

Responses to part **(a)** were based on Appendix 2 and related to the need for Trunal to have more information to enable him to charge the customer accurately for his service. This was answered well by most candidates with the most popular answers being no delivery address, no time of delivery, no size of parcel and what the contents of the parcel were. Although many candidates achieved 4 marks, not many went on to gain full marks by explaining why each piece of information was required to calculate the cost of the journey. For example, 'the weight of the parcel needs to be known as the heavier the parcel, the more costly the parcel is to send and so the more expensive the prices', rather than 'the weight of the parcel is important as it affects the price to be charged'. Part **(b)** was quite well answered with many candidates giving relevant methods of promotion for a taxi business such as discounts, price reduction, flyers and the Internet. A few candidates gave television, which was not appropriate for a small taxi business. Development of the methods of promotion was often patchy, only a minority going beyond explaining the method to discussing the pros and cons of each example. Candidates should be aware that this type of question requires some form of discussion. Higher marks could have been achieved with more detailed discussion of each method of promotion and answers should be applied to the case. The recommendation needed to make a selection of the best method to use and include justification as to why it was better than the two alternatives. Many recommendations simply repeated one of the previously stated options - gaining no further marks - rather than offering any comparative judgement on the most effective method, which would have gained Level 3.

Question 4

In part **(a)** candidates were asked how a job specification and the subsequent interview would assist Trunal in acquiring skilled drivers if he decided to lease a luxury car. Many candidates just listed what you would find on a job specification, whilst others confused it with a job description. Better candidates gave answers which said that it ensured the applicant was suitable for the job and it stops unsuitable people from applying for the job. The answers to why an interview was helpful were sometimes a list of questions to ask at interview rather than how it would help recruit the best drivers. Many answers were applied to the job of a driver and so application marks were often gained. The second part, which asked for three methods of motivating drivers, had some good answers with increased wages, training, bonus, or fringe benefits being the most popular. Application was not always clear and so often only one mark was gained for applying the answer to taxi drivers. Development of why these methods might be effective for the workers or the business was required to achieve Level 2, but often candidates listed methods of motivation such as increasing wages without any explanation of why this would lead to more motivated employees or how it might have affected the business – simply stating 'and this will lead to more motivated workers'. Some candidates simply outlined the views of various 'theorists' without specifying, in practical terms, methods that could be used in Trunal's business. Therefore there were many Level 1 answers achieved but not so many Level 2 answers. Level 3 marks were very few and far between. Level 3 answers needed to justify the best method by explaining why the other two methods were not as suitable. A recommendation which justified only the one method without any reference to the two alternatives stayed at Level 2. Also, adopting all three options ignored the wording of the question and did not gain Level 3 marks.

Question 5

There were some good answers relating to the rate of economic growth in part **(a)** but also some confusion in that a few candidates wrote about a drop in foreign currency, rather than economic growth falling. Some other candidates seemed to think that putting prices up would raise profits rather than stating that Trunal might have to reduce taxi fares to increase demand. There were also incorrect answers stating that inflation and taxation would increase or that there was a recession. Good answers recognised that the taxi firm would probably have fewer customers and may have to lay off drivers. A number of candidates identified falling sales as the first point and then falling profits (due to falling sales) as the second point. This limits the credit which can be given and candidates would score more highly if they were able to identify two wholly unrelated factors. The effect of legal changes on Trunal's business in part **(b)** enabled candidates to explore various effects on the business. Candidates responded well to the question and gave good answers. However, weaker candidates stated the effects on the drivers and customers of the three changes in laws but then made no attempt to **link** it with the effects on the taxi business as asked for in the question. The majority of candidates could develop their explanation of how these changes affected the business - such as fewer journeys if driver's hours were reduced and therefore the taxi business would need to employ more drivers to maintain the service to the current number of customers - and these answers gained Level 2 marks. Application marks were gained by the majority of candidates.

Downloaded from eduresourceza.com

© 2012

Downloaded from eduresourceza.com

BUSINESS STUDIES

Paper 0450/23
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 for application throughout the mark scheme in both parts **(a)** and **(b)**. In this particular case study, candidates were expected to refer to the context of campsites, caravans and camping.

- 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 in part **(b)** questions.

- Several questions on this style of paper ask candidates to make justified recommendations. It is important to offer a decision based on a 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 justify the option chosen.

General comments

The question paper proved accessible to candidates of all levels of ability with very few candidates not attempting every question. The part **(a)** questions, which are all worth 8 marks, ask for either two or four responses and assess knowledge, application and occasionally analysis. Part **(b)** questions are worth 12 marks and usually ask for a judgment; these questions test not just knowledge and application but also analysis and evaluation. The prompts in the answer space on the paper proved to be helpful to candidates when answering questions and were an aid to improving the responses to questions.

The case material appeared to be well within the understanding of candidates. The general level of ability of candidates was good and there were few examples of poor scripts. Candidates who had a detailed subject specific knowledge of business terminology scored particularly well on part **(a)** questions. Vague explanations without any clear definitions or use of business terminology often did not score any marks for their answers. No individual question proved significantly more difficult or easier than any other, with the exception of **Question 3(a)** and **3(b**), where several candidates did less well.

When knowledge of business terminology was well understood candidates needed to ensure they answered the question asked to gain all the marks available. Candidates should also be advised not to just list points as this will only gain Level 1 marks. The points should be explained in order to move into the Level 2 mark band. Also candidates need to apply their answer to the case material to gain application marks. Recommendations should not just repeat earlier points but, instead, the option chosen should be justified by giving comparative points as to why this option is better than the alternative options not chosen - candidates can then access Level 3 marks. There were many examples of good candidates with high scoring scripts who had followed these points.

Downloaded from eduresourceza.com

© 2012

Downloaded from eduresourceza.com

There are a number of considerations that might be helpful in enabling candidates to achieve higher marks using the information they know in a better way.

- To gain the highest marks the candidates must answer the question asked. This seems obvious but some candidates write what they know and hope this will gain some credit. The mark scheme is written to reward the answer required for the question and there is no allowance for alternative responses. For example, **Question 2(a)** asked 'Identify and explain two different methods of primary market research they could use' and candidates should have focused specifically on primary market research methods and explained how they were carried out rather than describing either the uses of the information collected or secondary methods of research.

- Candidates also need to respond to the command words used in the question. In particular, command words calling for evaluation were not always well answered. This is often a matter of technique by candidates. If the question asks for a judgment, such as **Question 3(b)** 'Consider the advantages and disadvantages of each of the three sites and recommend which location the brothers should choose. Justify your choice with calculations using data in Appendix 1 and other information in the case', then the three sites should be discussed and calculations carried out before a decision is made as to the most suitable site to select. The highest marks were often not gained because calculations were not made or the data in the case was just repeated rather than explaining why it was an advantage or a disadvantage to the business.

- Paper 2 is a case study and the questions will be in the context of the business in the case study. For example, in **Question 1(a)** 'Identify and explain two other possible objectives of the business' marks will be awarded for applying the answer to this business, such as 'As the business is a new campsite they may set the objective as survival', instead of just saying that 'they can set the objective of survival', which could apply to any business. In most of the questions on the paper, marks are awarded for applying concepts to the business in the case and if candidates do not do this, then application marks will not be achieved.

Comments on specific questions

Question 1

The first part was well answered with the most popular answers being growth, expansion and survival. Quite a number of candidates identified the business in the case as a new business and that, as such, survival was very relevant. Other good answers linked expansion to economies of scale and falling average costs but quite a few explanations went straight on to say that this would raise profit without explaining how it would happen, thus not providing adequate explanation for further credit. Only a very few candidates misread the rubric and offered profit as an objective. Part **(b)** was again well answered. Most answers which gained Level 2 marks were through a comparison of liabilities, control, sources of finance, level of risk, continuity or legal identity between a partnership and a private limited company. Disagreement between brothers/partners was common as was ease of setting up the business and the issuing of shares, then only Level 1 was achieved. Few candidates addressed the problems related to the planned expenditure and the consequent need to borrow and get the business established. There were quite a few candidates who muddled up limited and unlimited liability by name but not by content. Weaker candidates misunderstood public limited companies and private limited companies and some believed that selling shares increased profits. Application marks were often awarded for at least limited application of the answer to the case. The most common application was for reference to the investment of $20 000 from each of the brothers.

Question 2

Stronger candidates in part **(a)** usually explained interviews and questionnaires and sometimes consumer panels. Observation was occasionally given but not usually explained very well. Weak answers listed ringing people up or carrying out a survey. There was good reference to open and closed questions but the compulsion of those questioned to lie in their answers, was overestimated. Consideration of samples/sampling was not always clearly understood either, but overall the majority of candidates answered the question well and often gained at least 1 application mark. Candidates clearly knew about the three pieces of information in part **(b)** and consistently gained at least Level 1 marks with many also gaining Level 2. Sales forecasts were hardly ever linked to the anticipated figures in Appendix 1 but many candidates offered future profit and viability, with stronger candidates including the need to anticipate sales so as to provide facilities and ensure funds. There were also some useful references to pricing and the seasons. The start-up capital was linked to the need to obtain bank loans, calculate break-even, the viability of the

Downloaded from eduresourceza.com

Downloaded from eduresourceza.com

idea and which site to buy. Cash flow forecasts were also well understood with many making reference to the seasonal nature of revenue. Application was predominantly for references to caravans and the brothers setting up a new campsite, but few candidates made very good use of the appendix/case study material. The most common error in part **(b)** was to confuse cash flow and profit. Only stronger candidates made clear why the information was important before setting up the campsite, hence gaining full marks.

Question 3

This question had the weakest answers on the paper. Quite a number of candidates did not know what is meant by an external cost. Many knew that it was something to do with environmental degradation and could give examples, therefore gaining some marks but only the strongest candidates could offer answers relating to third party effects. The examples given by candidates usually related to animals and areas of beauty, noise, campfires, sewage, construction damage, deforestation and global warming. In part **(b),** calculations of break-even and net profit margin were fairly common. However, many candidates correctly calculated the first profit figure for site A, but then failed to adjust for lower occupancy in site B and site C. The cost of borrowing and the problem of getting government permission were frequently overlooked or ignored when making the final choice of which site to choose. This meant that answers which did not contain any calculations and just relied on qualitative comparisons, scored only low Level 2 marks. The most frequent error was with candidates approaching the choice from the consumers' point of view, without then linking this to its effect on the firm's sales/profits. For example, customers would find site A noisy but, even though occupancy figures suggested alternative views, these were often not included.

Question 4

The first part was generally well answered with growth, employment, tax and currency appreciation being the most common responses, followed by explanations of how these outcomes would be generated. The commonest misconception was where candidates thought tourism would encourage investment from overseas, with no apparent reasoning/explanation apart from that visitors would see new opportunities and that tourists would then stay and take jobs in the country. Some useful answers were linked to import costs falling but these usually overlooked the impact on exports and visitors' costs of travel. Part **(b)** showed that quite a number of candidates were unsure of how leasing worked and believed that the caravans could simply be returned at any time. A few weaker candidates thought the visitors would be leasing them. The main omission in several answers was to consider the costs involved if not all vans were rented. As the Appendix shows, two of the sites have less than 100% occupancy. Good answers considered that a new firm would find it difficult to borrow but may not want the commitment of leasing. Many stronger candidates correctly identified the benefits of asset ownership, depreciation, maintenance, and updating the vans. Quite a few candidates gave both or all options in their conclusion rather than answering the question and making a choice between the three options. Application marks were at least partially achieved by the majority of candidates.

Question 5

The majority of candidates clearly knew the terminology and the correct stage names of the recruitment process, for example job analysis, job specification, advertising, interview and shortlist. Most candidates did not offer the answer in the logical order but no marks were lost as it was the stages which were required and not the correct order. Thankfully only a minority of answers offered job description, which was in the question and therefore not credited. The second part was quite well answered with virtually every candidate able to offer some Level 1 ideas - but the quality of the explanation was often lacking and did not go beyond Level 1. The idea that advertising on the Internet will directly lead to increased sales and profits was seldom evaluated. Better candidates linked the cost savings due to online booking, with attracting overseas visitors through the website, who can book beforehand and the owners receive payment before the customer arrives. Being able to check out the competition and plan accordingly was also a popular answer. Again, weaker candidates looked at the benefits from the customers' perspective but then did not relate this to how the firm could, in turn, benefit from their happy campers - for example through loyalty, repeat bookings and favourable reviews.

Downloaded from eduresourceza.com

© 2012

Downloaded from eduresourceza.com

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

General comments

Most Centres that submitted coursework were experienced in its delivery and have submitted coursework over several years. The assignment titles used by candidates had usually been used successfully in previous years and most assignments included a feasibility study, a motivation analysis or an analysis of the marketing mix used by a business.

Assessment criteria

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

The majority of assignment titles were analytical, so encouraging a wide range of research. A minority of titles were descriptive such as 'What are the wants and needs of customers of ..... business?' These titles could still encourage a candidate to undertake a wide range of research. but the candidate's analysis and evaluation of this information was likely to be lacking in detail and consequently could result in lower marks than might have been gained had a different title been set. Better candidates posed analytical questions (e.g. Is the marketing mix of ……successful?), which they answered in the conclusion, so gaining higher marks for Assessment Objective 4.

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

Application of the Assessment Criteria

The assessment criteria were accurately applied by most Centres - this was a reflection of the experience of the teachers in assessing coursework. Where descriptive titles had been chosen by candidates or too narrow a range of information had been gathered -which had then limited the analysis and evaluation in the assignment - then the marks awarded by teachers were not usually generous but were an accurate assessment of the work. Where candidates scored lower marks, it was usually due to the lack of detailed analysis of the data gathered or lack of a justified conclusion based on the evidence gathered.

Downloaded from eduresourceza.com

© 2012

Downloaded from eduresourceza.com

Assignment Titles

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

The most popular topic was a feasibility study, which was phrased slightly differently by different candidates, for example:

> 'Would it be profitable to set up a ..... in …….(my neighbourhood)?'

Other titles were:

> 'What motivation strategies can …..adopt in order to reduce their labour turnover?'
> 'How can a small business like ……attract more clients?'
> 'Can the marketing mix of ……. be improved?'
> 'Is the marketing mix of …….. more successful than …….?'

All the administration procedures were adhered to and samples of coursework were sent by the deadline. All of this made the moderation process proceed smoothly – Centres are to be thanked for their efficiency.

Downloaded from eduresourceza.com

© 2012