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BUSINESS STUDIES

Paper 0450/11

Short Answer/Structured Response

Key Messages

On this paper candidates use the information provided and make an attempt to interpret that information. The majority of questions on this paper focus upon the impact of a problem or strategy that an organisation may face.

It is important to remind candidates that they must carefully read questions to identify whom they are writing their response about. Information contained in the stem of each question may prove valuable in answering the questions set. This is particularly important when attempting part **(e)** of each question that requires the candidate to make an evaluation or judgement.

Parts **(a)** and **(b)** of each question required the recall of knowledge. These questions were generally done well.

Parts **(c)** and **(d)** of all questions require the candidate to identify and explain points. To score full marks development of each point in context is required. Credit is not given for long lists of unrelated points.

Part **(e)** questions should include developed arguments resulting in logical conclusions. Candidates should be encouraged to analyse the information provided and develop, when possible, a two-sided argument.

General Comments

There was evidence that candidates did not understand parts of the syllabus. Concepts such as unit costs, sampling, market segmentation and external impacts upon businesses were not clearly understood by a number of candidates. **Question 4** covered a number of these topics and candidates found this question particularly challenging.

Candidates continue to confuse: production with productivity, production methods with lean production, and public with private limited companies.

The evaluation marks were often not awarded in part **(e)** of each question because the candidate did not make a decision at all, or the decision made was not linked to the knowledge and analysis presented by the candidate.

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

Candidates should be encouraged to:

- learn precise definitions
- read the stem of the question carefully to identify the focus for their answer
- follow the command word in the question
- make an effort to interpret any data provided rather than just copy it
- in parts **(c)**, **(d)** and **(e)** focus on the impact upon the stakeholder / business identified rather than just an explanation of the term/point identified.

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Comments on Specific Questions

Question 1

(a) This question differentiated between candidates. The strongest candidates were able to give clear and precise definitions that clearly illustrated the relationship between inputs and outputs. A number of candidates confused productivity with production.

(b) The benefit of purchasing economies of scale resulting in discounts was clearly understood by many of the candidates. Only the most able candidates were able to identify a second benefit of buying in bulk.

(c) The strongest candidates identified two distinct features of flow production and then explained clearly why these were specific features for this type of production. Candidates frequently identified that this type of production was continuous and produced identical products in large quantities. A significant number of candidates struggled to develop their explanations of the identified feature and instead offered an undeveloped list of features. Such answers scored a maximum of 2 marks.

(d) The best responses identified benefits and were able to explain how the benefit impacted upon the business. Commonly the focus of answers was upon waste reduction. A number of candidates were unclear about the benefits of lean production and repeated the same explanation for each point. A significant number confused lean production with flow production and repeated points that had been rewarded in part **(c)** of the question.

(e) This question proved difficult for a large number of candidates. In the best answers, candidates offered explanations of the positive and negative effects of falling unit costs. These explanations were followed by a clear evaluation of whether this is always essential for growth. The majority of candidates focused upon the benefits of economies of scale and the problems of diseconomies. A common error made by candidates was to confuse unit with total production costs. A large number of candidates explained how economies of scale could be achieved, rather than why they might be beneficial; such answers gained very few marks.

Question 2

(a) This term was understood by a large number of candidates. A common error was to identify raw materials, wages and marketing as fixed costs. The table specified that these costs were per box.

(b) Many candidates showed strong knowledge of the factors that could cause demand to alter. A common error was to state that demand would vary, but give no reason for this change. Such answers could not score.

(c) This question differentiated well between candidates. A common error was to calculate the monthly rather than the annual profit.

(d) Candidates were generally aware of the advantages and disadvantages of piece rate payments. The strongest answers developed the identified points to show why they arose from this payment system and then explained the impact that this would have on the organisation. Weaker candidates identified an issue, such as lack of quality, but did not explain why this would need to be considered by the organisation.

(e) The strongest candidates used the evidence provided to calculate the effect of this decision on profit and break-even levels. A final decision was then provided which related clearly to the question asked and this was supported by the earlier explanations. Some candidates did not take account of the evidence provided and based their answers around their own opinion. Answers such as 'people want cheaper prices so therefore this would increase sales' did show some knowledge but could not be credited with the higher order analysis and evaluation marks. A significant minority of candidates misunderstood the question and discussed raising prices rather than lowering them.

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Question 3

(a) A large number of responses showed imprecise definitions of this term, only the most able provided precise definitions scoring both marks.

(b) Candidates understood this part of the syllabus.

(c) This area of the syllabus was not fully understood by a significant number of candidates. A number of candidates confused sampling methods for research with methods of promotion such as giving free samples. The strongest candidates were able to explain clearly how the sampling methods identified were organised. Candidates struggled to explain how random sampling operated.

(d) This question differentiated well between candidates. Candidates who understood the idea of segmentation were able to offer detailed explanations as to how it could be used in this market. A common error was to explain different products or marketing methods rather than customer characteristics.

(e) Candidates clearly understood the marketing mix. The best responses addressed the specific question asked, and compared the importance of the other elements of the mix with price, coming to a justified conclusion about the most important factor for a travel company. A large number of candidates were confused by the place element of the marketing mix. Many candidates provided long lists of marketing methods, which could not be credited in this question.

Question 4

(a) Very few candidates were able to provide clear and precise definitions. The majority of candidates identified the effects of a recession, on variables such as employment, rather than defining the term.

(b) This area of the syllabus was not well understood by candidates. Only the most able identified two reasons for the change. A large number of candidates copied incorrect material from the stem illustrating a lack of understanding of the concepts.

(c) Excellent answers to this question identified a way that Governments assist new businesses and then explained how this would assist the business. A number of candidates struggled to develop their analysis. Answers that explained how the method would be organised, not how it would help new businesses, could not gain the marks available for analysis.

(d) This question proved to be very difficult for a significant number of candidates. Social costs are clearly an area of the syllabus with which candidates are not familiar. Stronger answers applied the information given in the question stem to illustrate the negative effects on third parties of an increase in business activity. The impacts of resource depletion, congestion and visual beauty of the country were well explained by such candidates. Weaker answers focused upon the many different types of pollution that may arise, such answers gained a maximum of two marks.

(e) This section was one of the more challenging parts of the question paper. Only the very strongest candidates were able to make a fully supported evaluation. Such answers identified a piece of information from the stem, explained how the information would affect the organisation and then evaluated whether this was a significant influence on the business. A final judgement was then offered to answer the question set. The data provided showed some positive aspects for the new business and also some areas for concern. Answers that recognised this and evaluated which aspect was potentially more important for the new business would score highly. A common error was for a candidate to explain the potential benefits to country C of new businesses, rather than to address the question (i.e. would a new business be successful).

Question 5

(a) Partnership was well understood by many candidates. An issue for some candidates was the confusion of partnership with private limited companies. A common error was to state that partnerships had limited liability.

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(b) This was well answered by a large number of candidates. Some candidates did confuse the measurement of success with the measurement of size. Such candidates wrongly suggested that the number of employees or the amount of capital employed could measure success.

(c) This question successfully differentiated between candidates of different abilities. The most able candidates recognised that a small firm would not gain economies of scale, would suffer from higher prices, lower supply and less marketing. To gain full marks it was vital that the answer showed why this would make it difficult for the smaller firm to succeed. A common problem was that candidates stated bigger firms would have a larger market share, rather than explain why this would have happened.

(d) Candidates were clearly aware of this aspect of the syllabus and a wide variety of methods of promotion were suggested in answer to the question. Only the most able candidates could develop their answers to show how the identified method would help to increase sales. A significant number of candidates identified three methods of advertising rather than promotion. These candidates gained a maximum of two marks for one well-explained point.

(e) A number of candidates gained a high score on this question. A significant minority of candidates confused public and private limited companies.

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BUSINESS STUDIES

Paper 0450/12

Short Answer/Structured Response

Key Messages

- It is important to read questions carefully to ensure the correct focus.
- Questions requiring simple and straightforward answers were well done, but more precision is needed when using business terminology.
- Candidates must consider the context of questions, to ensure responses are appropriate for each given situation.
- Answers to parts **(c)** and **(d)** require candidates to identify and explain points. To access all marks, each issue needs to be developed.
- Part **(e)** is the most stretching question. To gain full marks, answers need to include more explanation and a logical decision based on points made.

General Comments

The paper discriminated well between candidates of differing abilities. Candidates were clear in the number of reasons required for each question and at least attempted to provide some analysis of points raised. Often the answer given did not constitute an explanation of point identified but was simply another statement which could only be considered as another knowledge mark or a repetition of the initial point. Part **(e)** of all questions continues to be the most challenging part for all candidates as it attempts to assess their evaluative skills. The better candidates were able to suggest and justify decisions successfully. Weaker candidates often provided a simple list of knowledge points. Of those that did attempt an evaluative statement, many were unable to provide reasoned statements to back up their choice. Candidates need to be encouraged to link their ideas together with more care and try to develop a logical argument.

It was encouraging to see that virtually all candidates attempted to answer each question. Candidates performed particularly well on marketing. There was clear evidence that some parts of the syllabus were not understood by candidates, for example concepts such as productivity and price elasticity. It is important for candidates to know that they can be assessed on any aspect of the syllabus.

The calculation questions often produced responses that were accurate. Some candidates would clearly benefit from more practice with numerically based questions. All candidates need to be reminded that they should always include relevant formulae, in case of arithmetic error.

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. Most candidates were able to calculate the productivity for Protec. It is important to always include relevant calculations. A number of candidates wrote the formula, but gave the wrong answer, which could still gain some credit.

(b) This proved to be a difficult question for many candidates. Better candidates were able to identify at least one relevant reason such as efficiency and increased output. The common mistake was to assume productivity would automatically mean higher sales or profits.

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(c) Generally well attempted. Most candidates could identify at least one relevant way, with introducing technology or training being typical responses. The best responses developed the points raised to show how each method would help improve productivity. A number of candidates identified similar points such as different ways to increase worker motivation which could only be credited once.

(d) This question produced a mixture of responses. Most candidates could identify at least one relevant reason. The best responses developed the points raised to show how these points could lead to higher wages being paid across the country. Weaker answers were characterised by two common errors. Instead of development, some just repeated the stem by stating that the factor 'would lead to higher wages', without saying why this might happen. A number of candidates had the wrong focus as they identified reasons why individual businesses might pay different amounts. As this did not answer the question set, such responses could not be credited.

(e) This question proved challenging for many candidates. Most candidates were able to identify at least one relevant issue. The best responses developed points, both for and against the possible relocation. These candidates recognised that labour costs should not be the only consideration in the relocation decision and attempted to make an appropriate conclusion based on the points made. A number of candidates incorrectly assumed that because wages were lower it automatically meant the workers were unskilled. Others had the wrong focus as they discussed the impact of low wages on the motivation of workers. Some assumed that the business sold computers (the company made parts) so identified points relating to the sale of the final product. As this did not address the question set, such responses could not be rewarded. Reading the question carefully is important. Evaluation in many responses was simple or not attempted.

Question 2

(a) Generally well answered. Most candidates knew that the aims of promotion were to inform and persuade customers.

(b) Generally well answered. Most candidates were able to identify at least one possible pricing method with promotional pricing and penetration pricing being typical choices.

(c) This question produced a mixture of responses. Better candidates were able to identify at least one reason why demand was likely to be price elastic. The better responses were then able to show how or why points such as competition were likely to affect demand for Party Pops products. A common error was to confuse the term with price inelastic or outline generic issues affecting demand. A number of candidates did not attempt the question.

(d) Most candidates were able to correctly identify two possible methods of promotion with gifts and special offers being typical issues. Better candidates did attempt to explain how these methods might boost sales generally. Only the best responses linked their chosen methods to the scenario. Weaker answers were characterised by two common errors. A number of candidates identified methods of advertising, which the question excluded. Others identified relevant methods but then simply said that it would boost sales rather than explain how the method would achieve it.

(e) This question proved to be a good discriminator. Good knowledge of points was evident in most responses. Better candidates developed these points to show how or why Party Pops might be affected. The best responses considered the advantages and disadvantages, as well as the nature of what Party Pops sold, and made an appropriate decision based on their argument. For some candidates, the focus of their answer was incorrect – concentrating on the consequences for customers rather than the business. As this did not address the question set, such responses could not be rewarded.

Question 3

(a) Well attempted by most candidates. Better candidates were able to provide a precise definition. The common mistake was to confuse the term with fixed cost, with others linking it to changes in price or time. Candidates need to be encouraged to provide greater accuracy when defining terms.

(b) Most candidates were able to identify at least one example with 'rent' and 'electricity' being typical choices. A common mistake was to identify fixed assets.

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(c) Generally well attempted. Many candidates correctly calculated the right answers. It was pleasing to see that most candidates did include the workings, so in case of arithmetic errors some credit could be given.

(d) This question provided a mixture of responses. The better candidates were able to identify a relevant advantage and disadvantage and explain how and why these points were likely to affect Harry. Some candidates had the wrong focus as they identified issues for the employees, which was not the question set. It is important that candidates read the question carefully.

(e) This question proved challenging for many candidates. Most candidates had some understanding that demand was likely to increase. Better candidates also used the data to support the points made. Weaker answers were characterised by simple statements such as profits would fall. These candidates were not able to develop the points to show how or why the lower price would benefit Harry (or not). 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 failure to provide one does limit the number of marks that can be accessed.

Question 4

(a) Well answered as most candidates were able to identify at least one example of a public sector enterprise with hospitals and schools being typical responses. Common mistakes were the identification of two examples of similar businesses such as water and electricity. Others incorrectly stated examples of public limited companies or private sector organisations.

(b) Many candidates were able to identify at least one aim with affordable prices and job creation being popular choices. The most common mistake was to look at generic business aims rather than specific points related to public sector enterprises which the question required. A number of candidates did not attempt this question.

(c) Most candidates were able to identify at least one reason. Better candidates were able to explain why or how reasons such as 'source of finance' and 'as a reward for risk taking' could be important to private sector businesses. Weaker responses tended to repeat, rather than develop, the knowledge point. A common misconception was to assume that profit is used to pay day-to-day expenses.

(d) This question produced a mixture of responses. Most candidates were able to identify at least one change shown by the charts. The best responses made good use of the data to support the points made. Some candidates had the wrong focus, as they looked for possible reasons for the change rather than explain what the change was, which the question required.

(e) To score highly on this question candidates needed to explain how employees might be affected by the large decrease in employees in the public sector. Many candidates were able to identify one factor such as higher unemployment or the prospect of higher wages in the private sector. The better candidates were able to develop the points to explain how employees in both the private and public sector might be affected by the change. Typical wrong answers focused on issues for the businesses or society in general which did not answer the question set. Evaluation in most answers was simple or not attempted.

Question 5

(a) Well attempted by most candidates. The majority of candidates knew that it referred to 'giving orders'. Better candidates were able to give a precise definition of the term.

(b) This question produced a mixture of responses. Most candidates were aware that it referred to 'who you might be responsible'. Better candidates were able to give a precise definition of the term. A common mistake was to confuse the term with chain of command. Candidates need to be encouraged to provide greater accuracy when defining terms.

(c) Most candidates were able to identify at least one disadvantage of one-way communication with 'no feedback' and 'no ideas' being typical choices. Better candidates were able to explain how such points might create a problem for the management team of K&P. Some candidates repeated the same point for both reasons, which can only be credited once. A few candidates had the wrong

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focus as they incorrectly explained the issues for employees, which did not answer the question set.

(d) Most candidates could identify at least one method of motivation with changes to remuneration and ways to increase worker involvement being popular choices. The best responses developed the points raised to show how each method would help increase worker motivation. Weaker candidates repeated the knowledge point or simply stated it would improve motivation without stating how this would be achieved.

(e) This question proved challenging for many candidates. Most candidates were able to outline at least one relevant factor either for or against retaining its existing workers. Typical answers focused on the cost of training and loss of experienced workers. Many candidates were not able to explain how or why these points might affect K&P. Better candidates did attempt to make this link. Some candidates had the wrong focus as they discussed why workers might be leaving or offered solutions which did not answer the question. A number of candidates ignored the context of the question, and made points that were relevant to a manufacturer, which were not appropriate as K&P was a retailer. Few candidates attempted an evaluation.

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BUSINESS STUDIES

Paper 0450/13
Short Answer/Structured Response

Key Messages

- It is important to read questions carefully to ensure the correct focus.
- Questions requiring simple and straightforward answers were well done, but more precision is needed when using business terminology.
- Candidates must consider the context of questions, to ensure responses are appropriate for each given situation.
- Answers to parts **(c)** and **(d)** require candidates to identify and explain points. To access all marks, each issue needs to be developed.
- Part **(e)** is the most stretching question. To gain full marks, answers need to include more explanation and a logical decision based on points made.

General Comments

The paper proved accessible for the well prepared candidate. The paper discriminated well between candidates of differing abilities. Weaker candidates were able to show what they knew and could do. Stronger candidates were able to build upon their knowledge to show good understanding by applying their answer to the various contexts and were able to effectively analyse points made. The best candidates made evaluative judgement which was consistent with their analysis.

It was encouraging to see that virtually all candidates attempted to answer each question. Candidates performed particularly well on concepts such as reasons for growth and e-commerce. There was clear evidence that some parts of the syllabus were not understood by candidates, for example concepts such as business cycle and working capital. 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 to 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 some difficulty with the concepts. For certain other questions the candidates had the wrong focus or did not take into account the context of the 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 by nearly all candidates.

(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.

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(c) Most candidates could identify at least one possible problem. The best responses developed the points to show how it could create problems for Homeright. The most common error was that candidates simply reworded the knowledge points identified rather than offer any explanation.

(d) This question produced a mixture of responses. Most candidates were able to identify at least one problem, with lack of control and labour issues being typical responses. Only the best responses were able to develop these points to show how or why this was an issue for Homeright. Many candidates simply stated that it would cause problems without explaining what these might be. Other candidates repeated the same point for both problems. This restricted the number of marks they could access as a point can only be credited once.

(e) This question differentiated very effectively across the ability range. Most candidates could identify a range of possible issues, both for and against the statement. Weaker candidates did not always support the knowledge shown with appropriate analysis to show the link between more growth and the possible impact on profitability. Better candidates were able to develop these points and then used this analysis to help 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 the answer. The question required 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) Well attempted by most candidates. Most candidates had some understanding that it was a cost that did not change. Better candidates provided a precise definition of fixed costs.

Candidates need to be encouraged to provide greater accuracy when defining terms.

(b) This question proved challenging to many candidates. Many candidates understood that it was money for everyday expenses, but only the best responses were able to provide a precise definition of working capital. A common mistake was to confuse the term with either capital or revenue.

(c) Most candidates were able to identify two problems of holding a lot of stock, with storage costs and risk of obsolescence being common answers. Better candidates were able to explain how or why these points might be an issue for Fabian. Again weaker responses tended to state that it would create a problem or simply repeated the knowledge point rather than offer any relevant development.

(d) Most candidates were able to identify at least two methods of promotion. Better candidates were able to develop the points. There were two common mistakes. For development, many outlined what the method was rather than explain how it could help Fabian increase sales. Others stated different mediums of advertising, which could only be accepted once.

(e) This question differentiated clearly between candidates. Most candidates were able to identify possible advantages or disadvantages of reducing the product range. Better candidates developed the points to explain the effect on Fabian's business. The best responses offered points both for and against the statement, and used the context well to help support their evaluation. Weaker candidates tended to list a number of points, rather than develop two or three issues. Evaluation in most responses was simple or not attempted.

Question 3

(a) Most candidates could identify a relevant indicator of 'economic boom'. Very few candidates were able to provide a precise definition of the term.

(b) Most candidates were able to identify at least one factor with skills and trade unions being typical responses. There were two common mistakes. Some candidates identified factors which would influence the amount of pay rather than the rate. Others repeated similar points, such as skills and education, which could only be credited once.

(c) Most candidates were able to identify at least one relevant problem with increase in cost of borrowing and reduced demand being common choices. Better responses developed the points to

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show how or why they created a problem for 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) This proved to be a challenging question for many candidates. Most candidates were able to identify at least one way in which a rise in taxes might affect business decisions. Only the better responses developed these points. Weaker candidates made generalised comments about the role of taxation rather than identify how or what decisions might be affected.

(e) To score highly on this question candidates needed to explain whether all businesses would be successful during an economic boom. Most candidates were able to list a number of points such as increased sales and increased competition. Better candidates were able to develop these points to explain the possible impact on different businesses. The best responses focused on what the company sold, and the effect of this and other factors on their likely success. The best responses incorporated this fact into their analysis to help them reach a logical decision based on points made. Many candidates had the wrong focus, as they discussed the impact of a possible recession, which might follow the economic boom. Such responses could not be credited as this did not answer the question set. Evaluation in many responses was simple or not attempted.

Question 4

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

(b) This question was well answered by most candidates. The most common mistake was for candidates to make generalised comments such as 'cheap' without explaining what this referred to.

(c) Many candidates recognised sources such as retained profits or issuing shares. A common mistake was to offer generalised points such as 'bank loans' without linking this to an appropriate timescale for the type of finance required by Defoe.

(d) This question produced a mixture of responses. Most candidates could identify at least two benefits of using capital intensive methods. Better candidates were able to develop these points to show how they would help Defoe's business. The most common error was that candidates simply reworded the knowledge points identified rather than offer any explanation. A number of candidates did not attempt this question.

(e) Most candidates were able to identify relevant points with job losses and the need for retraining being typical choices. Better responses did attempt to analyse the points and made reasoned judgements which recognised that some workers might benefit but others would not. Weaker candidates tended to list points but were not able to explain how or why these points might need to be considered. Some candidates had the wrong focus as they discussed the implication for the business rather than employees, which the question required. Candidates need to be reminded to read the question very carefully to ensure they have understood what is required. Evaluation in many responses was simple or not attempted. Some candidates did not attempt this question.

Question 5

(a) Well answered by virtually all candidates.

(b) This question produced a mixture of responses. Most candidates could list elements of the marketing mix. Only the best responses gave a precise definition of the term.

(c) Most candidates were able to identify two relevant reasons with increased competition and changing buying habits being common responses. Better candidates were able to explain the features. For many candidates, the analysis offered was a repetition of the knowledge point rather than an explanation.

(d) Good knowledge of pricing methods was evident in most responses. Better candidates were able to develop all these points to show how each method worked. There were two common errors.

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Some candidates suggested price skimming which was not appropriate for this business. Weaker explanation tended to provide generalised descriptions of each method which could apply to more than one pricing method. As such, these answers could not be rewarded.

(e) This question proved to be a good discriminator. Most candidates were able to outline at least one relevant issue. Typical answers focused on access to a wider market and the threats of the Internet. Weaker candidates were not able to develop such points to show the advantages or disadvantages of them to Barts. Better candidates made this link. Only the best responses offered a reasoned judgment as to whether the business should start using e-commerce after considering both advantages and disadvantages of it. A number of candidates had the wrong focus as they only considered the effects for customers not the business. Evaluation in many responses was simple or not attempted.

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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 a food stall.

- 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 food stall selling hot food in a city centre 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 1 hour 45 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 are developing 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 Yum Yum's Food Stall 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.

- Economic understanding is part of the assessment in this subject and candidates should prepare for a question which will ask them to consider economic influences on a business.

  For example: **The following three factors affect the success of Yum Yum Food. For each of the factors explain how sales are affected. Which factor do you think is likely to affect sales the most? Justify your answer.**

  There are three levels of response to this answer where candidates are expected to explain and analyse the impact of increasing unemployment, rising meat prices and increasing taxes. This is a IGCSE in Business and therefore it is not necessary for candidates to demonstrate an in-depth knowledge of Economics, rather some economic understanding. There is a clear direction in the question to consider how sales are affected. Answers which simply identified falling sales as a consequence of economic changes would only be rewarded with Level 1 credit. Good answers showed an understanding of how rising taxes would affect every business in the country and that tax rise might be based on income, sales or profit. This earned Level 2 credit. A rise in income tax would reduce households' disposable income and therefore would be likely to cause a reduction in buying hot food from Yum Yum Foods because it would be more expensive than eating at home. Consequently sales and profit for Shahila would fall. In the final part of the answer, candidates are expected to evaluate the impact of the three economic factors and to judge which would have the most impact on Yum Yum's sales.

- 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 think carefully about the context of the business in the case study before making their point and should ensure they do not repeat themselves in the explanation section.

  For example: **If Shahila chooses Option 2, then she will have to decide on the cafe opening hours. Identify and explain four factors which will affect the opening hours she chooses.**

  Relatively easy marks will be given for demonstrating knowledge of four separate factors which will affect opening hours. If the explanation restates the factor in a few more words then no extra marks will be awarded. One suitable factor to mention might be to check the opening hours of the competitors. A weak explanation might follow with a comment that Shahila could check on her competitors and find out when they are open for business. Instead, a better explanation would make clear that Shahila could look at competitors' opening hours and then try to extend her own opening hours to be a little longer so that she could attract more business when other cafes might be closed.

Comments on specific questions

Question 1

(a) Many candidates made a strong start by correctly identifying increasing profit, spreading risks or widening her reputation as reasons for expansion. Some explanations focused on the reasons of beating competition and developing brand loyalty, but it was equally acceptable to explain the likely benefits of economies of scale, such as the opportunity to buy food ingredients in bulk for lower unit costs which would increase profit margins in the business.

(b) It was pleasing to see balanced arguments from a good proportion of the candidates considering whether it would benefit Shahila more to buy from a wholesaler rather than a local farmer. However, some candidates were unfamiliar with the function of the wholesaler and tended to suggest wholesalers would sell in bulk to Shahila when in fact they would break bulk from the manufacturers and sell in smaller quantities to Shahila. The best Level 2 responses were most often the ones explaining the benefits of wholesalers offering good business advice and delivery services whilst charging higher prices to ensure they would benefit from the mark-up in the selling process. Some good answers explained the difficulty of only being able to source limited food ingredients from the farmer because of the seasonal nature of their crops and narrow product range.

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Question 2

(a) This question was quite well answered. It allowed good candidates to explain the importance of serving good quality food to boost Shahila's reputation so that customers would continue to buy hot food from her stall. If Shahila served only good quality food she would not break any food hygiene laws and would avoid prosecution from the authorities.

(b) In this question, candidates were asked to consider three possible methods of promotion that Shahila could use to promote her food stall. Most candidates appeared to find this question accessible. There were some excellent responses with positive and negative analysis of all three methods. A confusion arose amongst some candidates, however, between the words 'prizes' and 'prices'. The first proposed method of promoting the business through competitions with prizes for customers led some candidates to analyse the impact of a price reduction of the hot food rather than running a competition which might attract extra customers hoping to win a prize.

Question 3

(a) In this answer it was important to focus on the factors which might account for higher rents in the central business district of a city. There were generic responses about the busy area and the space needed for a larger business compared to a smaller one. Of those who did recognise the significance of locating in the central business district, higher cost of purchasing land by the landlords and the high demand for premises from many other businesses were answers which scored well. Some other responses correctly discussed higher footfall in the city centre and the potential to serve more customers from the passing trade in such a high profile business area. Consequently, rents charged by landlords would be higher to reflect the likelihood of the businesses in the area making higher profits.

(b) The case study presented detailed information about two possible options for expanding the business. It was pleasing to see that many candidates were able to interpret the data in Appendix 1 to develop analysis of the financial viability of each option. Good answers calculated revenue and costs per week for each site as well as net profit per week before clearly recommending a specific option. Some additional calculations of net profit margin not only gained marks but also allowed candidates to more strongly evaluate the best option for Shahila.

Question 4

(a) The majority of candidates offered a broad range of factors which Shahila would need to consider in deciding on the opening times of her cafe. Working patterns of local offices were frequently mentioned as a very significant factor as were the competitors' opening hours. Very few answers mentioned that laws limiting shop opening times could also determine Shahila's opening hours. Some weaker answers focused on location factors such as closeness to suppliers and quality of infrastructure which clearly missed the point.

(b) There were some excellent responses to this question with candidates confidently displaying good knowledge about different methods of pay. Simple statements giving a definition of each payment method scored Level 1 credit but many answers gained Level 2 marks by offering a balanced argument. For example, with regard to the benefits of payment for each customer served, it might increase motivation of workers to offer good service whereas it might also cause a problem of bad feeling amongst the staff who were competing with each other to take orders for food as soon as the customer walked in.

Question 5

(a) The majority of candidates found this quite a challenging question. The main benefit of a short chain of command is to bring about quicker communication so that responsive action to a problem or request for information can be speedy and effective. Not many candidates were able to explain this but some did discuss the likelihood of clear understanding of messages and fewer of them being confused because there were not so many people in the chain of command.

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(b) Most candidates recognised that all three factors would have a negative impact on the sales of Yum Yum Food. Some of the explanations tended to be quite simple points relating to reducing sales. Better responses considered the ways in which each economic change would lead to pressure on the business such as keeping prices low when unemployment has risen and prices rising when food ingredients rose in price. To earn higher levels of credit it was important to develop the analysis and reach a justified conclusion which offered a decision about which of the factors would have the biggest impact on Yum Yum Food.

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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 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 cloth retailing and curtain making.

- 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 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

The question paper was accessible to candidates of all levels of ability with very few candidates leaving any questions unanswered. The part **(a)** questions are all worth 8 marks and 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 appeared to be well within the understanding of candidates and was based on a private limited company, Cagan Cloth. The company specialised in selling cloths and fabrics to customers who make their own curtains. The company wants to expand its business and is considering two available options. The general level of ability of candidates was good and there were few examples of very 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 **Questions 1(a)**, **3(b)** and **5(a)(ii)** where many candidates did less well. This appeared to be due to a lack of knowledge by candidates of these specific areas of the syllabus.

Candidates should 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 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 few examples of good candidates with high scoring scripts where they had followed all of these points.

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

- Analysis and evaluation are a key part of the assessment in this subject and candidates should prepare for a question which will ask them to consider some optional courses of action and then choose the best.

  For example, *Cagan buys cloth from a wholesaler but he could buy it directly from foreign manufacturers. Consider the advantages and disadvantages of buying from each of these two sources of supply. Recommend which source of supply you think Cagan should choose. Justify your answer.*

  There are three levels of answer to this question and with competent analytical and evaluative skills it should be possible to score highly. There is a clear direction in the question to explain the benefits and drawbacks of each option. Answers which contain simple statements such as 'a wholesaler sells in small quantities and may deliver the cloth for Cagan' will earn level 1 credit.

  To earn Level 2 credit the answer should explain that by buying in small quantities it will mean there is less likely to be a cash flow problem as high expenditure on stock is not required. Also storage costs will be saved as less storage space is required when the cloth is purchased more regularly in small quantities. More Level 2 credit would be gained by considering the disadvantages of buying from a wholesaler or making a balanced, reasoned explanation of the other options.

  Then, in the recommendation section, the answer could earn level 3 credit if the two options were weighed up against each other and the option which would be most beneficial to Cagan chosen. This requires the candidate to reject the other option with justification for not choosing it as well as a convincing reason for selecting the remaining option. The final section should offer new reasoning and explanation rather than repeating previous analysis.

- In most questions there is an expectation that answers will be directly linked to the case study. This means not merely offering generic business answers but ones which demonstrate the candidate can apply their knowledge to a given scenario.

  For example, *Identify **one** advantage and **one** disadvantage to Cagan of his business being a private limited company.*

  Relatively easy marks will be gained for demonstrating knowledge of an advantage and a disadvantage of a private limited company, such it has limited liability, more capital from shareholders, but sale of shares is restricted to family and friends. Further development of why it is an advantage and a disadvantage to the business would boost the marks even more. However, some credit is reserved for using the information in the insert. Cagan Cloth sells cloth to customers who make their own curtains and Cagan wants to expand the business and so he could raise further capital by selling additional shares to family and friends.

- Numeracy is a part of the assessment in this subject and candidates should prepare for a question which will ask them to consider some data. For example, **Question 2(b)** asked them to consider Options 1 and 2. Appendix 1 gave cost information for the two options which was ignored by many candidates. Answers which copied data from the Appendix did not represent any skill of numeracy. Good answers showed the calculation of net profit for each option. These calculations earned Level 2 credit. This showed that the net profit for Option 1 was $400 and was $250 for Option 2. Some analysis and judgement of these results could then move the mark upwards to level 3.

Comments on specific questions

Question 1

Many candidates were familiar with the advantages and disadvantages of a private limited company, giving answers such as: limited liability, more capital from shareholders, but restricted to selling shares to family and friends, more legal requirements, accounts need auditing. However, a surprising number confused public and private sector businesses, whether liability was limited or unlimited for a private limited company, some confused this business with a sole trader and others focused on the size of the business rather than the type of business organisation. To gain full marks candidates needed to ensure they explained why the

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point made was an advantage or a disadvantage. There were few examples in answers of application to the case material. In the second part candidates generally understood that wholesalers and manufacturers provided different services. Quite a number of candidates confused the role of the wholesaler as a breaker of bulk who then supplies in smaller quantities and thought the wholesaler would sell in bulk to the business. There was a lot of repetition e.g. wholesaler = cheap transport whilst the foreign manufacturer = expensive transport. Also weaker candidates simply copied/repeated the case material without adding any extra comments to it. The better candidates explained the advantages and disadvantages of purchasing from a wholesaler and foreign manufacturer and then gave justified recommendations comparing which one was the best one to purchase from and why not the alternative option. Answers again were not often applied to the case material.

Question 2

Most candidates were familiar with the roles of an accountant and web designer. Higher marks were only achieved by those candidates who could explain the benefits of these people to Cagan and then apply this to the business in the case. The role of an accountant in preparing final accounts was recognised but there was confusion by some candidates who thought the web designer designed styles of fabric. In part **(b)** some candidates just copied information from the case, which does not answer the question. Candidates who did not include any calculations but answered in a discursive manner did not generally score as well as those who used the numerical information provided in the case material. The majority of candidates could make some statements about the options and did use the written information provided in the case. Calculating net profit for the two options helped candidates to evaluate the best option to choose. Better candidates developed their answer by discussing the advantages and disadvantages of the two options including reference to the net profit figures. This higher level of discussion required candidates to include a comparison of the two options when making a justified recommendation.

Question 3

In part **(a)** the most popular answers were bank loans, sell shares to family and friends, retained profit, hire purchase and lease. Most candidates were able to identify some suitable sources of finance that Cagan could use to buy equipment for making curtains. However, in many cases the explanations said nothing more than 'this will allow Cagan to buy the equipment' and therefore did not gain the extension mark. Better candidates explained why each source of finance was suitable. Some candidates incorrectly gave short term sources of finance such as trade credit and overdraft. A minority of candidates gave methods of payments, for example cash and cheque. In part **(b)** better candidates could give advantages and disadvantages of the different methods of production. However, batch production continues to be the weakest of the three methods in terms of candidates being able to accurately develop their explanation. Also some candidates confused job and flow production. Candidates should be aware that this type of question requires some form of discussion, with answers applied to the case. The recommendation needed to have made a selection of the best method to use and included justification as to why it was better than the two alternatives. Answers were not always applied to the case material and some application was irrelevant, for example bread making and car production.

Question 4

In part **(a)** many candidates understood market research and the types of information identified from using it. Better candidates gave answers which explained how the information would be used by the business and applied it to the case material. Popular answers were to find out the price customers were willing to pay, the style of the curtains customers required and the type of fabric/pattern/colour in fashion. A number of candidates incorrectly discussed the costs of production such as the cost of raw materials and others discussed how market research can be carried out. The second part had some good answers with a clear awareness of the relevance of the information requested to selecting a suitable applicant to be a manager. Weaker candidates would merely repeat the stem of the question i.e. find out what qualifications or experience the applicant has. Good common answers were training cost issues and the need to take up references. Also, but less often, cross referencing to the person specification and job description. Application was not always clear, although applying the answer to knowledge of curtain making was the answer most commonly credited with application marks. Some development of why this information was important and how Cagan could use it in selecting the most suitable candidate was not seen very often. Often candidates only listed what the information showed such as experience showed that the applicant had done the job before and therefore would not need training.

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Question 5

In part **(a)** the majority of candidates correctly completed the blank organisation chart. However, errors included making up their own jobs instead of using the ones given in Appendix 3 or putting the machine maintenance worker in the wrong position. Many candidates could not go on to explain the span of control using their chart. There was often confusion between span of control and chain of command. Quite a large number of candidates in part **(b)** stated the effects on demand for Cagan's products, as asked for in the question. However, some focused on the effect on profits instead. Stronger candidates developed their explanation of how these changes would affect the business, such as increased costs from higher raw material prices leading to higher prices and consequently lower demand for his curtains. Unemployment was less well understood and some candidates discussed not being able to recruit new workers or having to pay higher wages rather than the effect of lower unemployment on incomes.

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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 stalls and shops selling gifts.

- 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 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 stalls and shops selling gifts 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 not 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 part **(a)** of each question. They were then expected to offer analysis and reasoning in answer to 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 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. However, economies of scale and liquidity ratios seemed to be areas where some candidates appeared to be less familiar. Candidates can earn significant marks by defining and using business terms confidently. Those who answered in the context of Gorgeous Gifts 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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There are a number of considerations that might be helpful in enabling candidates to achieve higher marks by using the information they know in a better way.

- Analysis and evaluation are a key part of the assessment in this subject and candidates should prepare for a question which will ask them to consider some optional courses of action and then choose the best.

  For example, *Consider the advantages and disadvantages to George of choosing to start a new business of his own rather than buying an existing business. Do you think George made the correct decision? Justify your answer.*

  There are three levels of answer to this question and with competent analytical and evaluative skills it should be possible to score highly. There is a clear direction in the question to explain the benefits and drawbacks of each option. Answers which contain simple statements such as "taking over an existing business will mean it has existing customers" will earn Level 1 credit.

  To earn Level 2 credit the answer should explain that this means that less money needs to be spent on promotion to get the business known and attract customers and therefore this will reduce the cost of the advertising budget. More Level 2 credit would be gained by considering the disadvantages of taking over an existing business or making a balanced, reasoned explanation of choosing to start a new business.

  Then, in the recommendation section, the answer could earn Level 3 credit if the two options are weighed up against each other and a decision justified as to whether George should have started a new business rather than buying an existing business. This requires the candidate to reject the other option (with justification for not choosing it), as well as a convincing reason for selecting the remaining option. The final section should offer new reasoning and explanation rather than repeating previous analysis.

- In most questions there is an expectation that answers will be directly linked to the case study or insert material. This means not merely offering generic business answers but ones which demonstrate the candidate can apply their knowledge to a given scenario.

  For example, *Identify and explain **two** items of market research information George should find out before he opens the shops in the hotels.*

  Relatively easy marks will be gained for demonstrating knowledge of examples of suitable market research information, such as the price consumers are willing to pay or what methods of promotion will attract consumers. Further development of why this information is useful to the business would boost the marks even more. However, some credit is reserved for using the information in the insert. George wants to expand the business and could do this by opening shops in hotels. So discussion of the type of guests who stay at the hotel, which gifts are popular and what the other shops in the hotel sell are examples of suitable ways to apply answers to the case study.

Comments on specific questions

Question 1

(a) This question was about factors to consider when choosing a business partner and was well answered by most candidates. Answers included a wide ranging list of suitable factors, from bringing specific skills to the business, such as accounting or marketing, to the amount of finance they could provide or the reliability of the person. Good explanations of why these factors should be considered when choosing a partner raised marks still further. However, a few candidates misinterpreted the question and discussed factors relating to reasons for George forming, or being in, a partnership.

(b) In this question candidates were asked to compare starting up a new business with buying an existing business. Better candidates identified established markets, location choices and selecting the staff wanted as the main advantages and disadvantages of the two options and most candidates gained Level 2 and a few gained Level 3. There were some answers which were muddled up with the plan to choose between hotels or new shops and some candidates incorrectly

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wrote about franchises or failed to recognise that as a new owner he would be in charge. Quite often the question of the costs that were in the case was overlooked and a surprising number of candidates argued that setting up a new business was more expensive, suggesting that an established business was cheaper as there were no assets to buy, in spite of the fact that the case study states GG was established with $30000 and buying an existing business was $50000. Application was most commonly awarded for referring to $50000 to buy the existing business and explaining the answer in the context of shops.

Question 2

(a) This was a well answered question with the majority of candidates offering valid factors which would affect the opening hours of the new shops, such as costs of running a shop, times when it was busy, during the holiday/tourist season, hotel check-out times and good identification of staff related factors. However, justifications for the factor was not always present and hence this meant not all the available marks were achieved.

(b) This was also generally a very well answered question with the two options being discussed in detail. Good ideas such as wider choice of goods, greater exposure in cities and target market on the doorstep were given. Higher ability candidates recognised the finance implications and calculated that $270000 was required for option 1, although some candidates thought the $50000 was for all six shops. There was good discussion of the target market in hotels, but there was some confusion over the 10% profit to be given to the hotel as some failed to recognise that if you did not make a profit you did not have to pay the 10%. Most recommendations offered further detail and several gave a good justification, thereby gaining Level 3. Many answers scored 2 application marks especially by including reference to 10% profit and the selling of the stalls.

Question 3

(a) This question had the weakest answers on the paper. Quite a number of candidates did not know what is meant by economies of scale. The most common correct answers were about purchasing, financial and managerial economies but to gain full marks there did need to be an extension such as relating the basic explanation to lower unit costs. Application marks were rarely awarded.

(b) This proved to be a difficult question for weaker candidates. However, many candidates did correctly calculate the liquidity ratios and then went on to discuss problems of too much stock and so gained Level 3 marks. A minority of candidates only gained Level 1 marks as they had little knowledge of the balance sheet terms. Some candidates calculated the liquidity ratios correctly but did not draw any conclusions and therefore lost an opportunity to achieve higher marks. The P & L reserves were occasionally interpreted as profit and incorrectly used to calculate ROCE.

Question 4

(a) In general this was a well answered question with answers such as need to know pricing for pricing strategies, level of competition nearby, types of customer and proximity of tourist attractions. However links to better sales/profits/ improved competiveness were not always explained meaning some of the available marks were not achieved. Also a number of candidates talked about methods of market research (i.e. interviews, questionnaires) which limited the marks that could be gained.

(b) Candidates certainly knew motivational techniques such as more pay, job rotation and job enlargement, but sometimes struggled to explain why these motivate employees. The causal factors (such as the desire to raise income, achieve job security, reduce boredom and gain enjoyment/happiness) were overlooked in many answers. In this respect, some good candidates struggled to gain the higher marks. However good references to self esteem, feeling valued, being part of the team were seen and many candidates scored Level 2 for each method of motivation with finance methods being the most popular. Very few candidates attempted to evaluate the 3 methods and so very few Level 3 marks were achieved. Quite a few candidates gave both or all options in their conclusion rather than answering the question and making a choice between the 3 options. Application marks were at least partially achieved by the many of candidates.

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Question 5

(a) This question proved more difficult than might have been expected. A number of candidates did not relate the answer to the graph as instructed to do in the question, therefore limiting their marks immediately; however, those that did gained application marks straight away. Some candidates even talked about methods of advertising i.e. newspapers and television. The majority of candidates did say that an 'increase in advertising results in an increase in sales', but very few went on to explain why the sales reached a plateau or even recognised that the sales had reached a maximum. Better candidates identified the plateau and wrote about market saturation and product lifecycle/maturity.

(b) Generally this question was well answered. Many candidates noted that gifts are a luxury item and therefore lower incomes from higher unemployment would cause sales to fall. Although a number of candidates still get confused over the effects of exchange rate depreciation on imports/exports, many candidates did recognise that imported gifts would have increased costs although prices would appear cheaper for tourists and so sales might increase. Issues of a likely increase in competition, having to move or loss of customers if all stall holders are affected by the Government regulation were often seen in answers. Application was good with 'tourists' and 'gifts' being a popular focus in answers. However, despite detailed discussion in each factor, not many candidates evaluated in the conclusion and so only a few Level 3s were awarded.

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

General comments

All Centres which submitted coursework were experienced and had been submitting coursework for several years. The assignment titles used by candidates had been used successfully in previous years and included feasibility studies, motivation analyses or analyses of the marketing mix used by a business.

Assessment criteria

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

The majority of assignment titles were analytical and encouraged a wide range of research. Candidates posed themselves an analytical question (e.g. Is the marketing mix of ……successful?) which they answered in the conclusion, gaining high marks for Assessment Objective 4.

Candidates made very effective use of IT to present their coursework with the majority of candidates presenting 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.

Application of the Assessment Criteria

The assessment criteria were accurately applied by most Centres and this was a reflection of the experience of the teachers in assessing coursework. 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.

Assignment Titles

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

The most popular topic was a feasibility study, sometimes phrased slightly differently by candidates but an example is as follows:

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

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Other titles were:

> 'What is the best motivation strategy that ….. should adopt in order to improve motivation?'
> 'How can a small business like ……attract more clients?'
> 'How can the marketing mix of ……. be improved?'
> 'Is the marketing mix of …….. more successful than …….?'
> 'What are the reasons for high labour absenteeism in …….. and how can it be improved?'

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

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