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## Examiners' Report June 2010

### GCE BUSINESS STUDIES (6BS04) Paper 01

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June 2010

Publications Code UA023574

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## PE Report on Examination Paper 6BS04/01

### Comments On Individual Questions

#### Question 1

This question was attempted by all candidates, but a surprising number only achieved one mark. This stemmed from responses giving a broad or inaccurate definition. Some candidates confused mission statements with Corporate Objectives and quoted SMART targets in the process. Examples, when used usually helped to secure the second mark.

#### Question 2

The majority of candidates found this extremely accessible. Some achieved two marks by using the ratio formula, others were more descriptive. Most candidates achieved two marks. Where errors did occur, candidates confused the Acid Test ratio to the Current Ratio.

#### Question 3

Candidates found this question challenging. Most seemed familiar with the concept of a competitive advantage; fewer explained 'distinctive capabilities' clearly. Examples used by candidates such as the design, and even the financial position of BBL, helped to raise the marks achieved. The 'explain' trigger word requires candidates to offer basic analysis and this was not always evident.

#### Question 4

This was also a challenging question. Candidates on the whole made good use of the case study to identify features of the Green Transport Initiative. However few candidates could clearly analyse the potential effects of this on Corporate Strategy. Many responses focussed purely on the impact on BBL employees, rather than employees in other businesses as well. Good responses looked at the substantial price reduction customers would gain, which would not be felt by BBL in terms of lost revenue, meaning they could maintain their Niche approach.

#### Question 5(a)

This answer was answered either well, with candidates gaining four marks, or not at all. The lack of responses is surprising given the nature of the pre-release and the relatively narrow range of ratios that candidates are expected to apply. Similarly to question two, some problems occurred with candidates calculating the Acid Test, rather than the Current Ratio as required.

### Question 5(b)

The quality of responses to this question was mixed. In order to answer it well candidates needed to explain what had happened to the figures (i.e. they'd increased) and then go on to interpret what this means for Brompton. Although 'ideal' current ratios vary from industry to industry, there is still some value in candidates comparing the results of their calculations with accepted figures of 1.5 - 2. This adds more weight to analytical points. Some problems occurred where candidates mixed the years, so that the ration reduced, rather than increased. Care should be taken to avoid this.

### Question 6

A pleasingly large number of candidates were clear in their understanding of 'outsourcing' and its potential effects. Many used the pre-release material well and answered with well-contextualised responses. However, there were a large number of responses awarded five marks, indicating analysis that is not sufficiently in context. This lack of context limits the ability of responses to achieve level four, evaluation marks (7-9) too.

### Question 7(a)

Many candidates offered detailed, well justified arguments in response to this question. It was clear that many centres had prepared their candidates well in the use of decision trees and the calculation of Expected Monetary Values (EMV). The best answers explained the options in terms of overall EMV's, then went on to discuss the limitations of decision trees and the use of focus groups, as well as adding the relevant qualitative factors such as BBL's culture, to make a valid judgement.

A surprising number of candidates did not attempt these calculations and did not even refer to the probabilities or net outcomes of each choice. Though reward was given here, candidates were expected to use the quantitative decision tree information to achieve the highest marks.

Some of the strongest answers linked Ansoff's matrix into the choice open to BBL. As stated in previous series, although the question does not ask this specifically, the decisions as outlined can easily be analysed with the help of this tool.

### Question 7(b)

Most candidates grasped the open-ended nature of this question and used it to write fluent and convincing arguments. It seemed accessible to a wide range of candidates. The best answers discussed a range of ways in which BBL could develop its markets and in turn looked at the potential problems with this approach. Usually context was strong. Comparison of Market Development with other strategies such as Product Development is clearly relevant to this question, but these must be discussed as a comparison. Some responses largely ignored Market Development and went on to argue in favour of another one of Ansoff's generic strategies. The question explicitly asks about the extent to which markets should be developed.

Some responses made good use of Porter's Five Forces analytical tool, particularly when considering the threats and opportunities presented by entering a new market. Surprisingly few candidates actually went into detail about what Ansoff tells us about the strategy of Market Development i.e. that it is riskier than Market Penetration because you have one unknown variable (the new market). Where candidates did explain this, many went on to talk about the role market research has in reducing this unknown aspect. The best answers answered the question in a clear and direct conclusion. Some candidates made good use of the MOPS (Market, Objectives, Product/Service, Situation) tool to argue that maybe the unique nature of the product meant that exploring new markets for it was the best way of BBL achieving its stated goal of increased sales.

## Grade Boundaries

GCE2008 A2 Unit Grade boundary model

| Grade                       | Max Mark | a* | A  | B  | C  | D  | E  | N  | U |
|-----------------------------|----------|----|----|----|----|----|----|----|---|
| Raw mark boundary           | 80       | 65 | 59 | 53 | 47 | 41 | 36 | 31 | 0 |
| Uniform mark scale boundary | 100      | 90 | 80 | 70 | 60 | 50 | 40 | 30 | 0 |

a\* is only used in conversion from raw to uniform marks. It is not a published unit grade.

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Order Code UA023574 Summer 2010

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