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**Cambridge International Diploma in Business - Modules**

# BUSINESS ORGANISATION AND ENVIRONMENT

**Paper 5171**
**Advanced**

## General comments

This examination paper was of the same standard as previously but there are still concerns particularly about the weak examination technique. Tutors and candidates must appreciate that all the tasks in the paper not only relate to the assessment objectives (of the 5171 syllabus) but they clearly reflect, obviously quite deliberately, the issues raised in the case study. Too many responses to tasks were general rather than being set in the context of the company in the case study ie Muneer's Memorable Menswear.

The aim of the paper was to test both business knowledge and its application. Candidates were often quite strong on the basic knowledge but rather weak when it came to applying it to any given situation. Analytical and evaluative skills did not appear to be very well developed.

The layout of scripts has been improving but it is still an area which requires attention. A clean and well laid out script considerably helps the Examiner as it facilitates access to the answers. Perhaps there are two issues arising out of this examination for which remedial action is imperative:

(i) It appeared that candidates did not really take note of the mark allocation and apportion their time appropriately. It ought to be evident to a candidate that more time should be spent on a 10 mark task than on a 5 mark one. Many candidates did not really differentiate between the 5 and 10 mark tasks and, as a consequence, they scored proportionately better with the 5 mark tasks. If candidates are to optimise their marks in future examinations then they must be made aware that tasks carry different values.

(ii) There are still candidates who do not read the tasks carefully enough. Attention has been drawn to this issue below in the comments on specific tasks (please see comments on **Tasks 4 (a)** and **(b)** in particular). If a candidate is asked for *three* features or reasons then the Examiner expects to read three, not four or five. In a case like this it must be stressed that an Examiner is entitled to mark only the first three regardless of their quality. Generally speaking, though, Examiners tend to read an entire answer and then mark accordingly but candidates have no right to expect this approach. Candidates must conform to the instructions given them by the tasks.

Candidates must be encouraged to:

- Read the Examiner's instructions carefully
- Ensure they fully understand what the Examiner wants them to do
- Lay out their responses clearly and in an orderly manner
- Note the allocation of marks to each task and respond accordingly
- Manage the examination time sensibly
- Respond to each task in context ie refer to the case study in the answer.

No apology is offered for rehearsing these points yet again. A candidate who fails to observe appropriate technique is likely to lose valuable marks. Candidates are given 15 minutes in which to read and become acquainted with the contents and style of the case and the paper. Tutors should direct their candidates on how to make effective use of those 15 minutes.

**Comments on specific tasks**

**Task 1**

**(a)** This ought to have been an easy task at Advanced Level but very few candidates offered exemplary definitions of a franchise despite it being obvious they were familiar with the concept. All too often candidates explained how the franchisees took orders and communicated them to MMM, which was not required, and many responses incorrectly described the franchise as a branch of Muneer's company. Candidates were expected to identify the basic features, namely that the franchisee buys or acquires the right to use Muneer's name and logo, and to sell his products; that the franchisee would normally be supported by the franchiser in terms of training, promotion and the installation of the computer terminals. A very strong point to have mentioned would have been that a franchise is a contract between two business organisations and that the forms of business (i.e. of the franchisees) is irrelevant.

**(b)** Candidates were asked to suggest one reason for Muneer remaining a sole trader and another for his becoming a private company. Candidates with knowledge only had to offer one or two well-written explanations of each of the two business forms to earn 5 marks. The sole trader tended to be the better considered aspect and responses tended to conform to the marking scheme. The actual choices were limited and candidates were expected, in the case of the sole trader, to put forward Muneer's entitlement to all the profit, or that he enjoys quicker decision-making, or that the business is his sole responsibility. For the private company, responses were equally obvious with limited liability and the continuation of the business after Muneer's death. Becoming a private company does enable the business to raise more capital but it can only come from a group of private shareholders – this form of business is not, as suggested by some, quoted on the stock market.

**(c)** The purpose and/or contents of a business plan were generally known to the candidates but many failed to earn more than 6 marks (i.e. to enter Level 3) since there was little explanation of how a plan would help Muneer's business. Excellent answers were very much in the minority. Apart from explaining the purpose of a business plan, the candidates needed to apply it in context. Candidates correctly defined the plan as a statement containing, for example, cash flow, profit forecasting, and long term market expectations, but were also expected to demonstrate applications of the key terms of *strategy* and *objective*. Muneer does not have a business plan but the adoption of one would enable him to define the policies and strategies he would need to follow should the market change; to set performance related targets; to plan and organise his business in greater detail (in fact, all the areas of interest to his sons).

**Task 2**

**(a)** This was not a difficult task but there were many scripts which spoke of the span of control in terms of functions and departments. Most, however, got the task right and were able to identify two likely problems. The case study pointed out that the six sons managed the 250 employees in Dubai but a number of responses interpreted this as meaning that each employee was, therefore, answerable to the six sons, a situation which was bound to create confusion and inefficiency. It is worth pointing out that candidates were not asked to define 'span of control' per se but 'a *wide* span of control'. If they understood that, it enabled them to identify problems like ineffective methods of control, the prospect of disjointed communications, and the inefficient use of a supervisor's time.

**(b)** Responses to this task were largely disappointing. It was acknowledged in the task that Muneer's style was autocratic so it was puzzling why a number of candidates decided to define what it meant. Candidates were asked to suggest and describe an alternative style to autocratic leadership. The intention was quite clear in the task, namely that *one* alternative was to be chosen, but there were those candidates who explained two or more. In such a case, Examiners are entitled to mark only the first answer and ignore the others but the established practice with this module is always to choose the best response. The problem here is one of examination technique and tutors should attempt to school their candidates in reading and understanding question papers. The alternative style chosen by most was *democratic* and here candidates were expected to emphasise two-way communications, motivation, feedback from staff, participation, and consultation. A few offered *laissez-faire* (extensive delegation) and there were some examples of *paternalistic* (some consultation but management knowing what is best for the employees). This was a 5 mark task so an in-depth knowledge was not required.

**(c)** Candidates were asked to *select* and *explain* three purposes of having a formal structure to a business organisation. Generally, the identity and selection of three purposes offered the candidates little difficulty but explanations were also expected and they were not always adequately written. Although this was a 10 mark task, candidates were not called upon to write essay-type answers but they ought to have been able to extend their thoughts. The anticipated issues were the familiar ones of span of control, chain of command, defining staff relationships, identifying the levels of authority. Most candidates were weak on application. A 10 mark task ought to attract more explanation than a 5 mark one as it is designed to give candidates the opportunity of displaying some knowledge in reasonable depth.

**Task 3**

**(a)** In defining the difference between permanent and casual employment, candidates only had to make that difference clear. It was not a well-executed task. A common error was to suggest that permanent employment necessarily meant full-time work and a job for life. Equally, casual employment was considered to be part-time without the issue of any form of contract. In the cases offered by candidates, reference to the lack of a contract was accepted when what they really meant was an absence of a *formal* contract e.g. letter of appointment. Many casual workers are taken on at a farm or factory gates where the contract is verbal although no less binding. Casual work can certainly be full-time albeit on a short-term basis. The essential difference looked for was that a permanent employee was appointed on the basis of continuity (e.g. career), would assume certain responsibilities, and would benefit from various benefits (e.g. medicare), whereas the casual employee was taken on whenever required (e.g. peak demand, cover for absences and long-term illness, harvest).

**(b)** This task offered candidates little difficulty and most were able to earn 4 or 5 marks. A candidate had only to list three plausible ways in which computer technology was likely to be used in Muneer's business. A straightforward listing earned 3 marks but 5 marks were awarded on the basis of three good and apposite choices. Responses should have included, for example, maintaining contact with franchisees, payroll, company accounts and financial records, business planning, processing customers' orders, computer aided design, cloth cutting.

**(c)** This has become by now a regular task and candidates should not only be able to identify three employer's expectations of the employees but also to accompany them with credible explanations. Candidates should respond to a 10 mark task at Advanced Level with more detailed answers than is required by 5 mark tasks. Lengthy essays are not called for but Examiners want to read sufficient explanation to be convinced of a depth of knowledge. Examples of expectations include the ability to work efficiently and effectively, willingness to accept and abide by the company's code of conduct, work safely and not endanger the health and/or lives of others, have a cooperative attitude, ability to manage time effectively, have or be prepared to obtain appropriate skills and qualifications. The unqualified identity of one expectation earned 1 mark, and a candidate could only earn 6 or more subject to offering and explaining three expectations. There needed to be a clear demonstration of knowledge. Despite the tasks calling for three expectations, some candidates still offered a list containing five (and sometimes more). There were a few cases where candidates discussed what employees would want from their employers.

**Task 4**

**(a)** The general treatment of this task was most disappointing. Candidates were directed to suggest, *with reference to availability of labour, costs and access to markets*, how Muneer could run a successful business whilst his customers were thousands of miles away. The expectation was that candidates would answer under the three specific heads of labour, costs and market access but very few even attempted to do so. Many candidates were awarded nil marks whilst others just earned a few but only where Examiners could relate commentary to the three areas of interest. Of the three areas, candidates were only able to articulate access to markets as they understood the role of the franchisees. If the task asked candidates to discuss, in broad terms, why Muneer was successful then most would have earned respectable marks but the task was quite specific. Candidates were expected to have read and understood the case study so that they could apply information to a task such as this.

Examples of the points that were expected to be highlighted and developed include:

(i) Muneer had no problem recruiting labour as his region had a large source of people skilled and experienced in handling textiles;

(ii) Labour, location and occupancy costs were lower than in Europe and the USA; the franchisees were mostly responsible for the marketing and distribution expenses;

(iii) Access to markets was effected on a world-wide basis by the 120 franchisees; there was also the local and tourist market in Dubai itself.

**(b)** PEST factors represent another area which has become a familiar feature of this Advanced Paper. Candidates should be aware of the contents of Assessment Objective 4.0 – *Research and discuss the influences of the environment on business organisations* – as they are very likely to be dealt with in every succeeding paper. The task was clearly in two parts and candidates were asked, firstly, to focus on the trade or business cycle and then, secondly, disposable income. A deep knowledge was not required but Examiners were looking for sufficient comment and discussion that clearly indicated the issues were understood and could be applied. The outcome was very disappointing in that most candidates ignored the rubric and chose to write about PEST factors in general. As was the case with **4 (a)**, a number of candidates were awarded nil marks unless there was some hint of knowledge of the two points under scrutiny. Analytical and evaluative skills were mostly lacking.

In dealing with the trade cycle, candidates needed to demonstrate an awareness of the boom-to-slump-to-boom cycle of an economy and how such movement might affect Muneer's business in terms of employment, business confidence, and consumer spending. Disposable income should also have been treated in the context of MMM whose customers could afford high prices and who had, therefore, satisfactory net earnings. The higher a customer's disposable income the more luxuries and high-class goods could be acquired; and Muneer's business would benefit.

**Task 5**

**(a)** Candidates were asked to explain the main features of Muneer's customer service policy and the detail was clearly identified in the case study. Candidates should have identified the guarantees on the quality of cloth, the quality of workmanship, the delivery dates, and that clothes would be made up according to measurements; also that Muneer's policy was to satisfy a customer where the fault lay with the franchisee. A well-written statement was looked for but many candidates chose to offer the features as a list.

**(b)** This task wanted to know how Muneer could be sure that the franchisees maintained his reputation. To some degree, this task appeared to cover similar territory to **5 (a)** but the focus was different. Candidates should have made reference to the franchisees' conduct being regulated by the terms of their contract with Muneer and, importantly, that Muneer could, given justification, terminate any franchisee's contract. The threat of losing the contract would be enough to keep the franchisee in support of the contract and so maintain Muneer's reputation. Additionally, candidates could reiterate the point that Muneer would always settle with a customer even if he had no legal liability to do so; reference to the guarantees mentioned in **5 (a)** above were also acceptable.

**(c)** This task focused on the marketing mix and could not have been about anything other than either the 4 or the 7Ps. Essentially, candidates were expected to identify and explain *product* (high-class bespoke tailoring, well cut and styled luxury product), *price* (high price reflecting the customers, market and the quality of the product), *promotion* (advertising, catalogues, samples, personal recommendation), and *place* (120 franchises throughout the world). The descriptions of the Ps needed to be in context rather than considered in general. Extension of the 4Ps to include *people, process and physical evidence*, if appropriately treated, helped to secure a better mark.

# EFFECTIVE BUSINESS COMMUNICATION

**Paper 5172**
**Advanced**

## General comments

### Candidate performance

In a number of Centres, the pass rate for this paper had improved, however, in some Centres the scripts were disappointing. There were a number of general issues which seemed to reoccur within most Centres.

The failures were mainly due to the fact that candidates had problems with the following points:

- *Misinterpretation of task requirements*. This was very evident in a number of tasks. **Task 4 (a)** asked for an explanation of how the intranet, extranet and email could be used giving one advantage for each. The answers should have included a discussion of each method and an advantage. However, a number of candidates seemed to answer the task from a previous exam paper about email and the intranet and did not fully answer or did not answer at all the extranet issue.
- *Reluctance to comply with the task requirements* – many candidates chose to ignore exactly what was required in many tasks and generally wrote about the key subject of the task. This was mostly evident in **Task 5 (b)** which required the candidates to explain one advantage and one disadvantage of three different types of graphs. The majority of answers only discussed the type of graph rather than offering an advantage and a disadvantage of the graphs and thus lost marks.
- *Format and presentation of material* – candidates should remember that this subject is about effective business communications, therefore, they should ensure that they present their answers using an appropriate format. Many candidates demonstrated very poor writing skills and their work was very difficult to read. A number of candidates in a couple of Centres put their answer pages together in the wrong order, without displaying the numbers of the tasks being answered which made the exam papers very difficult to mark.
- *Poor time management* – this is a problem in some Centres – especially within certain overseas Centres. Tutors should try to ensure that their candidates have an opportunity to sit a mock examination prior to the actual examination. Once again, in some cases, there were some good answers for **Task 1** and **Task 2** and then very brief ones for the **Task 5**, which clearly indicated a lack of time. Candidates should always remember that on this paper, there will always be five compulsory tasks on this paper and thus candidates should be able to allocate their time accordingly.
- *Non application to the case* – at this level it is very important that candidates refer to the case in all of their answers. Some candidates were writing text book answers which were not applied. This is something that Centres should practice prior to the examination and this year it was quite marked.

### Syllabus problems

It seemed that many candidates had specific problems with the following areas of the syllabus:

- Intranet and Extranet
- Organisational charts
- Counselling interviews
- Agenda layout.

## Comments on specific tasks

### Task 1

**(a)** This part of the task required candidates to explain and justify four methods of two-way internal communications which could be used to communicate a decision to staff. The answers should have included:

- Team meetings – gathering of teams to discuss issue in a formal way and receive feedback.
- Seminars – usually presentation of information which leads to a discussion.
- Briefings – management brief staff about the key issue and current problems. This is often more one-way communication than two-way communication.
- Telephone communications – informal, instant feedback, quick method but now often talking to voice mail rather than person concerned which loses some of the value of the communication.
- Face to face discussion to discuss the key implications for that individual.

The answers should have included justification for these methods.

Many candidates were not able to do this and included letters, memos and other forms of one-way communication, which clearly did not attract marks.

**(b)** This part of the task required candidates to explain three specific types of communication and to offer an example for each. The answers should have included the following:

- Non-verbal communications – kinetics, body language, dress, facial expression, posture etc.

  Example – Staff may be standing with folded arms or hands in their pockets which communicates anger to the management and they may not feel that they are not picking up the message.
- Metacommunications – comes from the Greek meaning beyond. The sense that humans have in feeling that there is more to what a person says than just the words – i.e. beyond the words.

  Example – An example would be when the workers may state that they are fine with the message about the lack of bonuses, when in fact they really are angry.
- Paralanguage – the intonation used to emphasise what the real meaning of the words are. It is not what is said but the way in which it is said.

  Example – An example would be when in some cases, when the management tried to engage staff in conversation and the staff answer in a sarcastic way.

Many candidates were unable to write about these types of communication, or some forgot to include an example from the case. Many candidates offered incorrect answers for each – especially non-verbal communication which they had confused with written communication.

**(c)** This part of the task required candidates to explain three main barriers to communication. The answers should have included no clear aim or purpose, the use of inappropriate language such as management speak, staff unable to understand the message due to education levels, the use of inappropriate medium such as informal chats, problems with language and cultural barriers.

The answers in some cases were rather bland and did not fully explain the three barriers but just offered bullet points. Many answers were not applied to the case study.

**Task 2**

**(a)** This part of the task required candidates to explain how they would prepare for interviews for counselling. The answers should have included:

- Plan the interview
- Consider the purpose of interview – i.e. counselling
- Liase with other members of the management where required
- Consider location, timing and structure of interview
- Prepare discussion points/questions if necessary
- Need to consider that this is a two-way communication process
- Needs to be helpful and supportive for the employee
- Needs to be a confidential and in a trusting environment.

Unfortunately, many candidates did not answer this question in the context of counselling interviews and thus did not relate to counselling but more to selection interviewing. In many cases there was no reference to the case.

**(b)** This part of the task required candidates to suggest four types of questions giving one example for each which again could be used at the counselling interviews.

The answers should have included a discussion of the type of question and an example:

- Closed question – offer a choice of answers only i.e. Do you feel that you can cope without the bonus this year?
- Leading question – lead the interviewee into speaking about specific issues i.e. What do you think the company could offer instead of the bonus?
- Open question – a question which allows the interviewee the opportunity to give open, frank and in-depth information i.e. how is this going to affect your work performance?
- Hypothetical question – gives a scenario to allow the interviewee to answer in role, i.e. What if Ford decided that there are no bonuses to be awarded ever again? – How would you handle this?

Unfortunately, once again, many candidates did not relate to the counselling context and thus wrote bland answers which were not applied to the case. These types of answers attracted few marks. Some candidates only gave an example and did not discuss the type of question. Some only wrote about three different types of questions.

**Task 3**

**(a)** This task required candidates to explain why there appeared to be group conflict in the workforce at the shop floor level. The answers should have included issues such as:

- Lack of information or poor communication system
- NVC – poor body language and distortion of message
- Inappropriate language
- Poor listening and feedback
- Pre-judgement
- Poor relationships – shopfloor, unions and management conflict
- Emotional responses – not fair
- Different ideologies – i.e. shopfloor should get bonus rather than senior staff who are already paid more.

The answers for this part of the task tended to be rather brief and did not cover all the issues required. There were six marks available but some only wrote two lines and thus did not receive many marks.

**(b)** This part of the task required candidates to explain how the workforce could be helped through this period of uncertainty to make work teams effective again. The answers should have included:

- Developing more mutual trust
- Offering support to individuals and teams and local community
- Ensuring more consultation with staff
- Offering staff more opportunity for decision-making and involvement
- Team building exercises – i.e. social events
- Encourage a culture of mutual appreciation.

Some candidates' answers were very bland and again, not related to the case study.

**(c)** This part of the task required candidates to write an agenda for a meeting to plan the redundancy processes. Candidates were expected to write an agenda and format it as in business.

Agenda should have included:

- Heading (includes date, time and venue of the meeting)
- Apologies for absence
- Objectives of meeting
- Up date of current issues such as employee morale
- Methods of communication
- Any other business
- Date, time and venue of next meeting.

In general, there were some very good answers for this part of the task, with many candidates presenting a well defined agenda. Weaker candidates confused agendas with a notice for a meeting.

**Task 4**

**(a)** This part of the task required candidates to explain the intranet, extranet and email, giving one advantage for each. This was a new question and as such many candidates did not do well. The answer should have included:

An explanation of each method and one advantage:

- Intranet – holds information which is accessible for all employees in all sections/offices/locations of the organisation.

  Advantage: easy for staff to access a large range of information, quick for staff to access information.
- Extranet – password protected area of the Intranet which suppliers can access, which allows them privileged information about Ford's stock control etc.

  Advantage: builds trust and support for suppliers, relationship building therefore, more reliability and service from suppliers.
- Email – electronic form of communication via WWW to external stakeholders – i.e. local/national press, where pictures, press releases can be attached.

  Advantage: quick, easy, reliable. 24/7 for international press – Speed is important in these situations and email offers this.

Many candidates did not seem to understand what an extranet was and thus could not answer that section. Others just wrote generally about the intranet and email, some confusing the two. Good answers covered each in depth and explained the advantages in the context of the case as was required.

**(b)** The second part of the task required candidates to identify and explain the key stages of a report for Fords. The answers should have included:

Most appropriate internal report key stages, report should conform to the following format:

- Report heading
- To/from
- Date
- Terms of reference – Objectives to illustrate current employee problems in light of lack of bonuses and redundancies
- Body of the report –staff affected by decisions, impact on Work patterns and productivity etc.
- Conclusion – needs to consider next step
- Recommendations – need to consider next level of communication, international issues, etc.

Some weak candidates were not able to answer this part of the task, others just wrote generally about reports and the different types. Good answers answered the question in the context of the Ford case.

**Task 5**

**(a)** This part of the task required candidates to explain an organisation chart. Answers should have included an explanation of an organisational chart – i.e. clarifies the roles and responsibilities of employees, different types of structures, hierarchical or flat structures, illustrates span of control and self-managed groups.

Many candidates did not seem to understand or know what an organisational chart was. However, the better answers included an attempt to draw an example and offer a good explanation.

**(b)** This part of the task required candidates to explain one advantage and one disadvantage for pie charts, line graphs and tables. The answers should have included:

- Explanation of pie charts – total value of items must be known, use of colours to enhance impact, limited to the amount of in-depth information that can be conveyed using a pie chart, need to work out in terms of 360%.
- Explanation of line graphs – good for showing trends, cannot readily or clearly be interpreted as too many plotted lines of information, therefore not helpful for complex information.
- Explanation of tables – good for tabulating complex information, limited immediate visual impact and difficult to interpret readily.

Many candidates did not answer this section fully, or did not answer for one of the graphs. This may have been due to lack of time. Some candidates just included one bullet point which was not adequate.

**(c)** The final part of the task required candidates to suggest with examples how new technology could be used to improve visual communication. The answer could have included an explanation of technological advances which could be used: multi-media facilities, CD ROM, video, computer graphics, video conferencing, webcam conferencing, overhead projectors, powerpoint with moving graphics, etc.

In general, many candidates did not get time to finish this question. Those who did were very limited in their answer and did not fully cover the different type of new technology for the eight marks available.

# BUSINESS FINANCE

**Paper 5173**
**Advanced**

## General comments

Overall the performance of the candidates who sat the May 2004 examination was pleasing with the improvement in the performance of the candidates compared to previous examinations being at least maintained. This would appear to suggest that Centres have addressed some of the issues that have been raised in previous reports and that they are spending some time instructing their candidates in examination techniques. This approach is to be commended and Centres are urged to continue this practice for future examinations.

There are however some issues that still need to be addressed.

A sizeable minority of candidates are still not managing their time effectively and/or not reading the questions carefully enough. All of the questions carry mark allocations and candidates are urged to study these allocations carefully as these should provide a useful guide to the amount of time that they should devote to answering that part of the question. There was some evidence that candidates had not allocated their time effectively and as a result they had lost marks unnecessarily.

Centres are once again reminded of the need for their candidates to provide precise definitions for the financial terms that are used and for the need to provide formulae and explanations as to *how* calculations are being carried out. The failure to provide such formulae often leads to candidates losing marks.

## Comments on specific tasks

### Task 1

Overall the responses to this task, **(a)-(e)**, were satisfactory with the majority of candidates able to provide accurate answers to most elements of the task.

### Task 2

Again the responses to this task were pleasing with many candidates scoring high marks because they had addressed all elements of the task and had clearly managed their time effectively.

### Task 3

The responses to this task were disappointing. Most candidates had a working knowledge of how to apply the stock valuation methods and were capable of producing an accurate closing stock figure. However, parts **(a)** and **(b)** required a stock issued figure and this was ignored by the majority of candidates despite the fact that they had already undertaken the necessary calculations to provide that figure. The answers to part **(c)** were very disappointing with many candidates appearing to confuse the stock valuation methods with methods of stock control and as a result they achieved low marks.

### Task 4

The answers to this task were generally good with candidates providing full answers to all of the parts of the task.

**Task 5**

Overall the responses to this task were satisfactory with the majority of the candidates capable of producing an appropriate format for the balance sheet. However, far too many marks were lost simply because the candidates did not complete the process and provide sub totals, titles etc. Centres are urged to impress on their candidates the need to provide complete formats for the published documents in the future.

**Task 6**

The answers to this task were very disappointing with many candidates providing very brief answers that could not justify high marks. Candidates need to study the mark allocations carefully in order to avoid losing marks.

**Task 7**

The answers to this task were satisfactory. Most candidates scored high marks on part **(a)** as they were capable of applying the allocation methods, but the answers to part **(b)** were not as good. Again Centres should draw the attention of their candidates to the allocation of the marks. There were 6 marks available for part **(b)** but many candidates only offered very brief answers with no explanation and as a result scored low marks.

# MARKETING

**Paper 5174**
**Advanced**

## General comments

Candidates from some Centres gave good, in-depth answers to questions this session, and it was once again very pleasing to see a few candidates showing a very clear understanding of marketing at this level. Unfortunately, other candidates did not meet the full requirements of some of the questions in their answers, and were therefore unable to gain the full range of marks available. Specific syllabus content areas are covered in the section on tasks below.

Examination techniques could still be improved in the following areas:

- Reading the question carefully. In previous sessions, although tasks required explanations, many candidates simply listed the items requested and therefore failed to gain the marks available. This session **Task 2 (b)** *only* required a list and only 5 marks were available. Some candidates wasted valuable time expanding the points in their lists for which no further marks were available. Candidates should be encouraged to read the task carefully, note the prompt word e.g. list, state, explain etc and identify the number of marks available, in order to decide on the type of response required.

Linked to this point is that of the continuing problem of:

- Poor time management. Candidates who fall into this category often spend too much time on a task, or part of a task, with which they are comfortable, leaving insufficient time to complete all remaining tasks. Candidates should note the allocation of marks to each task.

Centres are encouraged to give candidates practice in answering tasks from previous papers to help them to understand the requirements of the tasks set.

## Comments on specific tasks

### Task 1

This task required candidates to demonstrate both an understanding of the issue of customer loyalty and the important role of customer care in achieving such loyalty.

The task required *five* relevant aspects to be identified and expanded upon in the context of the Case Study. Each aspect was to be included in a Training Session and some very good candidates suggested ways in which each aspect might be covered in such a session.

### Task 2

This task proved problematic to many candidates. Part **(a)** asked about the *benefits* of using marketing research as opposed to basing decisions on intuition and experience. Those candidates who did read the question carefully were able to explain that research led to more objective decisions, and that ventures were more likely to succeed if research was carried out. They were also able to identify that research was based on tried and tested techniques and was therefore more accurate and reduced costly mistakes. Those who did not read the question carefully wrote generally on the subject of marketing research, and were therefore unable to attract the marks available. Part **(b)** required only a list, and some candidates wasted time expanding on points for which marks were not available.

**Task 3**

This task required an explanation of the organisational or industrial segmentation. However, some candidates wrote about consumer segmentation, thus significantly limiting the marks they were able to gain. The most appropriate segmentation methods for Mobiles4u were:

- Number of employees
- Geographical
- Size of company.

The second part of this task was generally done well in terms of the stages in the consumer buying decision process, but very few candidates were able to make the link between the stages of the process and the marketing activities that are important at each stage.

**Task 4**

This task was generally done quite well, although appropriate explanations of how the stages of the marketing plan could help Musicmail varied in their effectiveness.

**Task 5**

This task was generally done very well, with most candidates able to suggest an appropriate marketing mix for Mobiles4u's products as well as describing the three 'service' Ps for Musicmail. Very few candidates identified that the special characteristics of services – intangibility, heterogeneity, inseparability and perishability – were the reasons why the 3 Ps are so important.

# HUMAN RESOURCE MANAGEMENT

**Paper 5175**
**Advanced**

## General comments

The standard of answers to the paper this year showed a slight improvement over previous years.

It is pleasing to note that candidates are now focusing on the tasks given in the paper and are answering the questions set, rather than discussing the general principles relevant to the topic of the question.

Increasingly candidates are attempting to apply the knowledge they have rather than simply repeating the material they have learnt and this is a very important step forward.

## Comments on specific questions

### Question 1

**(a)** This was the knowledge based part of the question and clearly candidates had been well taught in this aspect. There does appear to be some confusion in the candidate's minds between strategic and operational and many candidates failed to provide *three* operational and *two* strategic purposes as requested.

Such detail is extremely important and candidates should be urged to spend more time reading the question.

**(b)** The majority of candidates were able to recognise that the company had failed in both its strategic and operational purpose. The quality of the explanation as to why they had failed was often poor. It is also important to note that reasons for both operational and strategic purpose were required and not just one of these.

### Question 2

**(a)** Whilst all of the candidates understood what a trade union is and what it can do, very few could actually link this to the situation at KitKars. Many responses included forcing the company to do specific things over which they have no power.

It should be made clear to all candidates that Trade Unions are to help and advise the employee and act as their spokesperson. They can negotiate changes but have no ultimate power over the employee.

**(b)** The majority of candidates correctly identified the need for legal contracts and Health and Safety laws but beyond this there seemed to be some confusion regarding 'legal changes'. Many changes were identified but not all of these were legal changes. This is another example of candidates not reading the question properly. There were some excellent answers on the changes that would benefit KitKars but they did not answer the question.

**Question 3**

**(a)** The majority of candidates understand the recruitment and selection process although not always the difference between the two. This area has obviously been well taught but some consideration should be given to the separation of the two processes and the difference between advertising and recruitment. Testing was an area that was not understood as well as other parts of the process.

**(b)** Candidates clearly found the term 'best practice' difficult. The answer required was for the candidate to compare the process used against the one they had outlined in **(a)** but many took 'best practice' to mean something totally different. Other candidates ignored the question and simply stated what KitKars should do to recruit staff.

**Question 4**

**(a)** This question demonstrated that candidates clearly understand the appraisal process and that this area has been very well taught. The majority of answers to this question discussed at great length the appraisal process with some excellent answers. However, candidates were asked for different ways and so more than one method was required. This showed a distinct lack of awareness and understanding of other methods and this is an area that needs addressing.

**(b)** The answers to this question were disappointing. Some candidates used the trade unions as a method of communication and others looked at methods and types rather than systems. The subtlety of the question was missed by all but the very best candidates. This is another example of the candidates not reading the question properly.

**Question 5**

**(a)** This question was answered in three particular ways. A few candidates answered it correctly and tried to recommend a method of training for the company. A large number of candidates simply explained what training and development is. The majority of candidates ignored development and explained on the job and off the job training without linking this to the company.

**(b)** This question produced a very varied collection of answers. Most candidates simply discussed payment and a few made recommendations for KitKars but usually without stating the reasons why. Other candidates produced a list, often with very little explanation, of payment and reward methods but often did not distinguish between the two. A few candidates picked a particular reward or payment method and explained how they worked and would work for KitKars.

Candidates clearly know and largely understand the different types of payment and reward a company may use but the difference between payment and reward and how they may work is an area that needs to be addressed.