BUSINESS STANDARD LEVEL

Paper 8928/5162
Effective Business Communication

General comments

The quality of responses was wide-ranging from candidates not attempting any questions to some achieving 70+%. Overall the marks were in the lower percentage rate. There did not appear to be any consistency of incorrect answers, suggesting that incorrect material has not been taught.

However for **4(a)** and **4(c)** the tasks focused on performance appraisal. It appeared that candidates expected to see tasks on recruitment and selection. Clearly some candidates did not know the answers.

There were no 'trick' tasks in the paper. There were tasks that tested the higher order skills of description i.e. describe in the candidate's own words:

3 (a); 3 (b); 4(b); 5(b). The knowledge part of these types of tasks would tend to gain 1 mark and 1 mark from a description.

Comments on specific tasks

Task 1

(a) Generally part **(a)** was inconsistent in responses and in many cases, the key requirements were not met. Candidates who did not earn the marks here generally gave examples of based on internal communication without providing the organisational benefits.

(b) A number of candidates did not answer with two-way communication and included letters, memos and reports. Those who did identify two-way communication did not expand on their answers.

(c) There were some good answers to this task. Candidates were able to explain three methods of external communication but did not gain the full 2 marks as answers were not expanded.

Task 2

(a) Required a written letter. Most candidates understood the basic letter layout, although there was great inconsistency with the company address, the recipient address, the appropriate closing salutation and the name of the author. In terms of content, candidates did get the basic message across but there remained vagueness for example the dates of the interviews (most stated this as three weeks from today rather than using the actual date). Also not many candidates included return phone numbers, email address etc. for the recipient to respond to.

(b) Again much inconsistency for an email. Many candidates failed to include the requirements for example To, date, subject and From. Some did not read the task correctly and did not send it from themselves. In terms of content some candidates were very clear on flight requirements whilst others were not. Many failed to provide an address for the recipient flight ticket.

Task 3

(a) Some very poor answers for this task. A number of candidates were not able to describe four characteristics of a meeting. There were a variety of answers which included the taking of minutes and the need for a Chairperson but many lost valuable marks.

(b) Many candidates were able to identify four factors which influence group effectiveness but did not expand on their answers.

(c) Candidates were able to list four difficulties with verbal communication within groups.

Task 4

(a) Candidates did not read the task effectively and did not identify four purposes of a performance appraisal interview. The overall impression is that candidates had not covered this.

(b) This task was generally well answered. The best candidates provided 2 correct responses, explained these and provided an example.

(c) Many candidates were not able to relate the answer to performance appraisal interviews. Most answers were related to recruitment and selection.

Task 5

(a) This task was generally well answered. The higher marks were provided for those candidates who provided an illustration of the required chart related to the case study.

(b) Responses to this task were varied. Whilst all candidates understood the task, often the answers were vague. Candidates need to name software packages not just spreadsheets etc. However there were some excellent answers.

(c) This task was probably the best answered task on the paper. There were clear and accurate answers in many cases, although some candidates just referred to “hierarchy”.

BUSINESS STANDARD LEVEL

Paper 8928/5163
Business Finance

General comments

Overall the performance of the candidates who sat the May 2010 examination paper was quite encouraging with many candidates being able to produce reasonable answers to the majority of the tasks. However, Centres are urged to remind candidates of the need for precision when defining terms and the need to provide answers that address all parts of the tasks. In doing so, the candidates will increase their chances of scoring higher marks. There did not appear to be any significant problems with candidates managing their time effectively and most candidates provided responses to all parts of the tasks. Once again, it is necessary to remind Centres that they should be encouraging candidates to provide both formulae and workings when they are undertaking tasks that involve calculations. Failure to provide this evidence of how they intend to answer the tasks often leads to the candidates losing marks if their final answer is incorrect.

Comments on specific tasks

Task 1

Overall the responses to this task were good with many candidates scoring high marks.

The answers to part **(a)** were very good with the majority of candidates able to produce a correct formula for each of the terms and as result scoring maximum marks.

The answers provided to part **(b)** were equally good with most candidates demonstrating that they knew how to apply the formula to identify the gross profit. Unfortunately some candidates did not complete the answer by deriving the selling price and therefore they scored only half marks.

The responses provided for part **(c)** were again good with the majority of candidates demonstrating that they knew how to apply the relevant formula to complete the calculation.

The answers to part **(d)** were generally good with the majority of the candidates able to provide both a relevant advantage and disadvantage of a private limited company. Weaker candidates lost marks because they did not provide examples of **financia**l advantages and disadvantages. It is important that candidates read the task carefully to avoid giving irrelevant answers.

The answers to part **(e)** were quite encouraging with most candidates being able to complete the calculation successfully. However some candidates lost marks simply because they did not explain how they were attempting to answer the task and when their calculation went wrong there was no evidence available to award part-marks for the task.

Task 2

The answers provided to part **(a)** were generally good with most candidates being capable of producing a correctly structured Profit and Loss Account and being capable of using the data to arrive at a correct financial statement.

The answers to part **(b)** were rather disappointing with many candidates appearing to confuse manufacturing costs with expenses. Expense should be viewed as costs that are the result of activities that take place after the process of production is complete rather than as part of that process.

The answers to part **(c)** were generally good with most candidates able to explain the possible reasons for conflict between the objectives. This was very pleasing as it demonstrates that the candidates have a good understanding of the subject matter.

Task 3

The answers provided to part **(a)** were rather disappointing with only a minority of candidates being able to provide complete explanations of each of the methods of raising finance. Candidates were asked to distinguish between the methods and very few of them were able to do so.

The answers to part **(b)** were very disappointing with few candidates providing answers that explained why a business would choose to raise additional finance through the variety of methods. Weaker candidates tended to repeat their answers to part **(a)** and as a result scored low marks.

The answers provided for part **(c)** were generally quite good with many candidates providing relevant responses. Weaker candidates tended to produce answers that referred to private limited company formation rather than public company formation and as a result they achieved no marks.

Task 4

Overall the answers to this task were very good demonstrating that this particular topic is well known to the majority of the candidates.

The answers provided for parts **(a) (i)** and **(ii)** were often completely correct and it was pleasing to see that most candidates provided a formula before commencing their calculation. This practice should be encouraged for the sake of all future candidates.

The answers provided for parts **(a) (iii)** and **(iv)** were not quite as good, but again many candidates did provide evidence of how they were going to undertake their calculations and even though they may have made mistakes during this process they were still awarded marks for their efforts.

The answers to part **(b)** were rather disappointing with many candidates simply explaining what the reducing balance method was rather than reasons why it would be the preferred method of depreciating fixed assets.

Task 5

Overall the answers to this task were good and it is evident that this is a topic where candidates have been prepared well. Indeed there were some excellent answers that warranted high marks as the candidates had followed the rubric of the task and they had provided answers that showed **both** a positive and a negative effect for each of the PEST factors. Weaker candidates tended to provide only the positive or negative effects or they simply listed the PEST factors with no attempt to determine the possible effects.

BUSINESS STANDARD LEVEL

Paper 8928/5164

Marketing

General comments

It is very pleasing to report that some good marks were achieved by some candidates for this paper this session. As has previously been reported, good candidates know the syllabus well, and are able to identify the relevant concepts required by each task. There is a requirement to apply their knowledge of the syllabus to the content of the Case Study, and good candidates can gain high marks from doing so appropriately.

Teachers/tutors are encouraged to help candidates develop examination technique by discussing past paper tasks during teaching sessions. The specifics of each task for this paper are detailed in the section that follows.

Comments on specific tasks

Task 1

(a) This first part of this task, as has been the case many times before, looked for candidates to give a definition of marketing. Generally, candidates were able to do so for the five marks that were available for this part of the task. A variety of definitions were accepted by Examiners and all centred on the exchange between sellers and buyers and satisfying the needs of customers.

(b) The second part of this task was also generally done well by many candidates. Most were able to identify two facts from the Case Study that demonstrated that MPT need to improve their customer focus. Some marks were lost through lack of expansion on the examples that were identified. There were five marks available for each explanation and that should indicate to candidates that more than just one sentence is required. For example, one fact that illustrated the need for better customer focus was that 'customer care was failing'. However, although this was identified by many candidates, the statement above would only attract one or two of the five marks available. Candidates were expected to expand on this by explaining that a true customer focus involved everyone in the organisation, and although the Customer Service team were trying to put things right, Accounts, Sales and Production were letting the company down.

(c) Responses to this part of the task were generally disappointing. Some were able to describe what relationship marketing was, but failed to explain how it might help. Others gave an example of how MPT needed to improve but did not link this to relationship marketing.

Task 2

This task explored the role of marketing research.

(a) This part of the task was generally done well. Five marks were available for simply listing the stages of the marketing research process. This has been examined previously and many candidates were able to list the relevant stages.

(b) This part of the task asked candidates to make a decision about whether primary or secondary research was most suitable in researching competitors. Candidates who understood the difference between primary and secondary research and recognised that it would be difficult to gather primary research from competitors were able to gain high marks here. Candidates who argued that primary research was more suitable were still awarded the marks if they justified their answers.

(c) This final part of the task asked for a description of two types of primary research that were suitable to discover customer needs. Generally this part of the task was answered well, although some confused interviews, surveys and questionnaires.

Task 3

This task explored segmentation in general, and the first part was generally answered well in defining the term segmentation. The second part of the task was answered well by candidates who recognised that it asked about business-to-business markets. Many simply answered with descriptions of the consumer segmentation bases, and this was unacceptable.

The final part of this task asked about the benefits that segmentation could offer MPT. Very few candidates addressed this part fully, with three suitable benefits explained and linked to the information in the Case Study. Some were unable to answer, and others simply listed generic benefits of segmentation.

Task 4

This task assessed various parts of the marketing planning process. Those who attempted this question generally did well, although some did not answer with clear explanations of the stages as was requested by the task.

(a) The marks for this part of the task were for an explanation of two benefits of marketing planning to MPT. Once again those who simply answered with generic benefits without explanation or a link to the Case Study were only able to gain 1 mark for each.

(b) This part of the task was split to cover four key stages of the marketing plan. It was good to see that many candidates could explain SWOT, and explaining what SMART objectives were as well as explaining the marketing mix. However, it was disappointing to see how many candidates failed to answer the final section on Control methods.

Task 5

This final task assesses the candidates' understanding of the competence relating to the importance and impact of elements of the marketing mix. On this occasion, the task linked to the Case Study, and asked specifically about Product and Promotion.

(a) This part of the question focused on two areas of the marketing mix that were vital to the company in the Case Study. Although many candidates could describe these generically it was disappointing not to see more answers that related to the specifics of the Case Study and the Task.

(b) This part of the question was done fairly well. Those who recognised why it was important to have excellent customer care and to explain two ways that it could be improved, gained good marks.

BUSINESS STANDARD LEVEL

Paper 8928/5165

Human Resource Management

General comments

Overall the majority of candidates showed a good level of understanding but poor examination technique frequently resulted in poor use of examination time which often had a detrimental affect on candidates overall grades. The most common problem is that many candidates still do not recognize that part **(a)** of each task generally only requires a list. Whilst the majority of candidates have complied with this there are still significant numbers who persist in writing copious answers for this part of the task. Candidates need to recognise that a short and focused answer is preferable to one that is lengthy and offers little substance, not just in part **(a)** but throughout the whole paper. Many candidates also fail to consider the balance in their answers on those tasks with different mark values. These candidates invariably provide answers to six mark tasks that are just as, if not more, detailed to those offering ten marks. Candidates are not required to submit detailed essay-type answers but they must write in enough detail to demonstrate to the Examiner that they understand the tasks.

It was also evident that candidates are much more familiar and have devoted more time and effort to certain parts of the syllabus at the expense of other areas. The entire syllabus needs to be covered but not in any more detail than the depth specified. This was a paper that all of the candidates were able to access, with only five per cent answering fewer than the required number of tasks.

Candidates that took the time to read both the case study and the accompanying tasks carefully generally provided more appropriate answers as they were able to understand the exact requirements of the questions asked and applied their knowledge in the appropriate context. Stronger candidates also recognised that responses that were clearly related to the case study gained higher marks. Marks were frequently not awarded because the context was not considered. A candidate's knowledge needs to be applied to the case study and candidates need to understand the importance of context.

Candidates must not underestimate the importance of time management. A significant proportion of candidates were unable to complete all the tasks to the same standard within the allotted time. In many cases the marks gained to the questions at the end of the paper were much lower than at the beginning and the nature of the answers clearly showed that although candidates had the ability to answer these questions to a better standard they had simply failed to allocate or plan their time appropriately,

Comments on specific tasks

Task 1

(a) Most candidates were capable of listing the four purposes of Human Resource Management (HRM) as requested.

(b) This task was often completed exceptionally well and very many candidates achieved full marks in this section. A large number of candidates did add additional material although this was not requested and no further marks were available which clearly resulted in them having less time to spend on other questions in the paper.

(c) Candidates were able to understand the concepts of centralised and decentralised HRM but few were able to apply their knowledge and make an analysis related to the case study. Consequently the most common mark was at the bottom end of Level 2.

Task 2

(a) This task required candidates to list four features that were actually listed in the case study; this task was completed to a suitable level by nearly all candidates.

(b) Many candidates were able to quote only the relevant section of the case study but only produced simple statements. Many chose to provide details of the contents of the employment protection legislation and therefore failed to fully understand the requirements of the question.

(c) Candidates that were able to quote the relevant section from the case study were awarded 5 marks for this task. The question did differentiate between different levels of candidate ability, weaker candidates generally provided answers that were limited to the quote or part of it whilst good candidates made reference to the need for constant training and the implications of new technology for employees in terms of lifelong learning and career changes.

Task 3

(a) Very few candidates were not able to list the four types of media used by Superior Employees (SE). Some candidates also added other elements that were not mentioned in the case study but no extra marks were available for this.

(b) Generally good explanations of both types of contract at a basic level and some candidates were able to expand their answer by providing answers that included specific examples, the very best answers including examples well linked to the case study.

(c) Almost all candidates recognised the relevant section from the case study and were able to use this in their answer. A significant number of candidates were able to improve their mark by explaining each stage in more detail and suggesting which sorts of tests would be most suitable for different jobs.

Task 4

(a) The methods for monitoring and measuring work were clearly shown in the case study and only the weakest candidates were unable to identify them. Once again a large number of candidates chose to explain each method even though the task only required a list.

(b) Candidates often repeated the relevant section from the case study and better candidates increased the marks awarded by making reference to SE and also linking appraisal to motivation.

(c) Some very variable answers to this question and evidence that a significant number of candidates had allocated insufficient time for this question. These tended to be candidates who had ignored the request for lists in previous tasks and had instead written detailed explanations. Weaker answers simply repeated the section from the case study which was not actually answering the question as they were asked to describe how the system would help SE. Good candidates explained the different systems involved and also described how each could benefit SE and also SE employees.

Task 5

(a) Again a well answered question although some candidates did not use the information provided in the case study and a significant number chose to provide explanations even though only lists were asked for.

(b) Weaker candidates, or those who had not allocated sufficient time, would merely list fringe benefits even though the question clearly asked for an explanation of why SE offered them. Some candidates were confused as to what actually constituted fringe benefits whilst others failed to answer the question as they described the fringe benefits but made no reference to the benefits.

(c) Marks awarded for this question were skewed because of the candidates who had simply not allocated themselves sufficient time to answer in any amount of detail. Candidates who simply quoted the relevant section from the case were awarded marks at the bottom end of Level 2. There were some very good answers showing good levels of evaluation skill for Standard Level candidates which applied motivational theory to the quotes from the case.

BUSINESS STANDARD LEVEL

Paper 8928/5169

Business Organisation and Environment

General comments

Poor examination technique remains a concern and still hinders the achievement of higher marks for many candidates. Teachers are strongly advised to address the subject when preparing their candidates for the examinations.

(i) Candidates are expected to read both the case study and the accompanying tasks carefully. They must ensure that they understand *precisely* what the Examiner wants them to do.

(ii) The invigilator must emphasise that 15 minutes' reading time is provided in order to help candidates become acquainted with the contents of the examination paper.

(iii) An expectation of the case study is that candidates will respond in the *appropriate context.* This means that, unless the task calls for the rehearsal of general business knowledge, answers should be clearly related to the case study. Too many responses are generic and so *marks are often lost because the context is disregarded*. It is not enough to display knowledge and teachers should ensure that their candidates understand the importance of context.

(iv) Candidates must appreciate that a *short and focused answer* is preferable to one that is lengthy and offers little substance. They need to differentiate between the demands of different value tasks. At no point in the examination paper are candidates required to submit detailed essay-type answers but they must write a sufficiency of detail to demonstrate to the Examiner that they understand the tasks.

(v) Candidates are mostly asked to *describe* or *explain*, and a typical failing is an *insufficiency* of description or explanation.

(vi) The majority of candidates sit the examination in a second language and incorrect spelling and grammatical errors are **not** taken into consideration. The demonstration of business knowledge is much more important that the quality of written language. However, it must be emphasised that a very poorly expressed answer, especially one which expects the Examiner to guess the candidate's meaning and intention, may not be marked very favourably.

(vii) Unclear or untidy scripts can present Examiners with unnecessary difficulties. No marks are deducted from scripts where candidates ignored advice about, for example, leaving margins clear, or starting each task on a separate sheet of paper, *but teachers and candidates must acknowledge that these instructions have a purpose.*

(viii) The following bullet points *summarise* the advice to be given to candidates:

(a) They should:
- pay attention to the layout of answers;
- read and make sure that the Examiner's instructions are understood;
- focus on the essentials of each task or question;
- relate the length and content of the response or answer to the task;
- manage examination time sensibly.

(b) They should NOT:
- copy out the tasks or questions;
- attempt the tasks or questions in an erratic order;
- wrongly number the tasks or part-tasks;
- write more than is required;
- include irrelevancies.

Comments on specific tasks

The case study dealt with a company called Leisure Unlimited Plc which created a large water sports holiday complex called Water-Splash in Malaysia. Each task could earn up to 4 marks.

Task 1

Dr Rahman, the Chairman of the company, identified two functions of Leisure Unlimited and candidates were asked to explain each of them:

(a) (i) The first function was that *the company should contribute to the development of the Malaysian economy*. A lengthy answer was not required but candidates were expected to make the connection between employment and the creation of demand for goods and services which in turn helped to employ others. A second issue was the encouragement of tourists who helped create a more active economy because they brought in foreign exchange and expected to spend on good hotels, restaurants and shops. Mostly the candidates understood the task but responses were not always in context.

(ii) The second function was *to raise the standard of living of the employees*. This task was clearly related to 1**(a)(i)** above. The text referred to the high level of unemployment so the business provided an economic lifeline to those who were unemployed or who were in less well paid jobs. The main line of argument was that employment enabled Leisure Unlimited's staff to keep themselves and their families. Their improved earnings meant the ability to pay taxes which in turn brought benefits to the community. Additionally, the employees were provided with medical insurance, meals, career and promotion prospects – all of which helped raise their standard of living.

(b) The two main business objectives of the company were identified and candidates were asked to explain them.

(i) The first objective was to *make a profit*. Mostly this was misunderstood as candidates offered a definition of profit which was not required. The essential point to have emphasised was that the justification for Leisure Unlimited being in business was **profit**; that it was a reward for the company's risk-taking and enterprise. Profit was also a source of internal capital and a good profit represented an attractive return on capital. Profitability (and the possibility of profit-sharing) helped to motivate employees and shareholders. Few candidates understood this task.

(ii) The second objective was to *remain competitive*. All too often the responses were limited or vague and did not address the essentials. Certainly (and obviously) being competitive helped ensure the survival of Leisure Unlimited. Price was not the only element of competition, so was the quality and extent of the provision at Water-Splash along with the professionalism of the staff. Candidates needed to say that innovation and the introduction of new ideas helped to keep Leisure Unlimited ahead of its rivals. Simply put, competitiveness = business survival = employees' jobs and pay.

(c) Dr Rahman had said that any future development of the company would be financed by ploughed-back or retained profits. *An explanation was called for of what was meant by ploughed-back or retained profits.* A surprising number of candidates did not appreciate that ploughed-back profit was also known as retained profit and so wrote about both. As it was not known which term any candidate was taught, the two terms were included in the task. A good answer would have said that it was the profit left after all other charges or deductions had been made; that it was available to be reinvested into Leisure Unlimited to finance renewal and any expansion plans; that it was an excellent and 'cheap' source of internal capital.

Task 2

(a) Candidates were asked to explain how the hierarchical structure of the company indicated the levels of authority and the channels of communication.

(i) The treatment of *levels of authority* tended to be predictable with the explanation that the hierarchical structure readily indicated who had authority and their respective positions. Better answers said it showed the chain of command i.e. to whom employees were responsible. Few suggested that it reflected accountability and the span of control.

(ii) The channels of communication were understood but not well explained. Mostly candidates appreciated that the hierarchy assumed a top-down structure for the issuing of orders and a bottom-up one for feedback but few stressed its nature as the internal route for passing orders and information. The channels indicated the means through which staff and managers communicate. In this case, there was quite a long channel i.e. many layers, through which information and instruction passed.

(b) Candidates were asked to *describe the function of the Human Resources (HR) Department of Leisure Unlimited.* Most responses concentrated on the point made in the case that the HR Department employed only the most able staff. In addition to the selection and development of personnel, other functions should have been identified such as staff training, the encouragement of managers to develop their teams, determining contracts, pay scales, pensions, and benefits. The key role of HR in the organisation should have been stressed.

(c) Dr Rahman, the Chairman, said that stakeholders other than shareholders were equally valuable to the business. Candidates were asked to explain why two particular categories should be considered as stakeholders:

(i) The first category was *employees*. Responses were disappointing since most candidates tended to pursue the wrong focus. They argued that employees were concerned about their pay and employment instead of recognising that without employees there would be no business. Leisure Unlimited relied for its success on the effort, expertise, commitment and cooperation of the employees. The employees were a major factor in the success of the business and their quality enhanced image, reputation and turnover.

(ii) The second was *the bank*. It was understood that the bank was clearly interested in the company's prospects but few responses earned a full four marks. The bank not only handled the company's business accounts but also advised Leisure Unlimited on the direction of its financial affairs. If the bank was asked to offer loans and overdrafts, it needed to know that the business was secure – therefore it had interest in the success of the business.

Task 3

(a) The case study indicated that most employees were full-time and permanent but some were casual staff or self-employed. Candidates were required to address both these latter categories.

(i) An explanation was called for *how Water-Splash benefited from recruiting international instructors who were self-employed*. The task was not very successful in that candidates generally adopted a focus different to the one intended. There was much discussion about international reputations and quality of instruction but all too little on the nature of self-employment and the way the company could use it to advantage. A signal point to recognise was that self-employed (or freelance) staff were generally responsible for their own tax, pensions, and medical care. They would not cost Leisure Unlimited the same in benefits and support as full-time, or even part-time, employees. Having self-employed staff offered the company flexibility in staffing e.g. skill requirements change, coping with peak periods, and it was relatively easy to cancel contracts of inefficient staff.

(ii) The second category was *the casual employee* and candidates were asked to define it. Answers were not very strong and, as with previous papers, the casual employee was regarded as synonymous with part-time and unskilled. Casual staff were taken on as and when required to fulfil particular short-term roles to cover staff absences or shortages, or to meet peak demand. They could be employed to cover skilled and professional jobs. They were to be paid for their work but would not necessarily have received the benefits normally offered permanent employees.

(b) This familiar task dealt with the expectations that Leisure Unlimited might reasonably have had of its Water-Splash employees. Candidates were offered three expectations to discuss.

(i) The first expectation was *appropriate skills*. This task was understood but generally limited in its treatment as there was too much emphasis on the skills of sports staff without recognising that the complex needed many categories of employee. All staff had to be appropriately skilled - this did not mean necessarily highly skilled but they must have been able to carry out the work allotted to them. Even casual staff would be given sufficient training. Leisure Unlimited expected certain categories of staff to be highly trained and experienced e.g. physiotherapists, instructors, chefs. Skills should have been updated according to changes in activities and promotion prospects.

(ii) The next expectation was *commitment to the business*. The import of the task was not clearly understood and applied. The point to be discussed was that in return for pay and benefits employees were expected to support their employer. Support for the business meant long term employment and commitment to the objectives of Leisure Unlimited should have resulted in a profitable business and wider opportunities. The most significant issue in this task, missed by most, was the recognition that success of the company and welfare of the employees were the same.

(iii) The final expectation was *the ability to work with others*. Most candidates related to this task and gave reasonable accounts. The Water-Splash complex relied on people who could fit into a team and contribute to the achievement of targets and tasks. The main points to draw on were the ability to know what any task required and the readiness to resolve problems; a cooperative attitude; and the willingness to share ideas and take advice.

Task 4

(a) Another familiar theme was the influence of PEST or external factors. The task called for an explanation of how the future of the Water-Splash complex might be influenced by three specific issues. Overall, the tasks **(a), (b)** and **(c)** were not tackled with any obvious confidence and knowledge.

(i) Candidates were asked to address the question of *environmental pressure groups*. The responses were disappointing since the role of pressure groups was not entirely appreciated. Candidates acknowledged there was growing concern about climate change and that Water-Splash would attract more overseas visitors thus increasing air traffic which would offset its daily saving of carbon emissions. It was also stated that the complex was built in an area of outstanding natural beauty and there was concern that the location would be ruined by the holiday-makers. These points were not irrelevant but mostly undeveloped. The essential issue was how the Water-Splash complex might be affected by the pressure groups. Candidates needed to report on how the pressure groups could challenge the company by demonstrating inside the resort, disrupting activities, driving away visitors, maintaining adverse publicity, influencing the Government.

(ii) The second fact was *government policies on tourism*. Candidates were left to identify any appropriate policies and measures but mostly commentaries were negative e.g. increased cost of visas. All the time the Government remained keen on tourism then companies like Leisure Unlimited had a future but clearly the removal of any incentives e.g. tax holidays, could result in the tourism sector finding it difficult to continue. Why a government, using tourism as a source of foreign exchange and the creation of employment, would want to discourage a business like Leisure Unlimited was never explained. The image of the country in terms of safety, tourist centres, infrastructure, quality of service, economic stability, and so on would determine its popularity or otherwise to foreign tourists and a government would need to monitor these issues.

(iii) The *distribution of income* was not at all widely understood. It was so often confused with the payment of salaries and dividends. The recognition was required that it was the spread of income earned by different sections of a community and that it depended on the levels of earnings, taxation and deductions. High net income levels in the target market would mean surplus income and the willingness to spend on resorts like Water-Splash. Conversely, low income levels would seriously challenge the continuance of the complex.

(b) Candidates were asked to explain why the location of the Water-Splash complex was dictated by natural resources and the supply of labour.

(i) The issue of *natural resources* ought to have been an easy one to discuss but so many candidates only identified the obvious fact that offering water sports the complex needed to be near water. The open water not only offered strong breezes or winds suitable for certain sports but also for the generation of wind-powered energy. The location was also suitable for exploiting the natural heat in the earth and the sun as another source of energy. The text made it clear that the complex used wind, solar and geothermal energy. The answer to the task was there in the case study.

(ii) The *supply of labour* was another self-evident issue. The case stated that the complex was located in an area of high unemployment. The deduction here was that a sufficiency of labour was available for the HR department to select the most suitable workers. It could be reasonably assumed that there would be a keenness to work which would satisfy the majority of the company's local labour requirement. HR would give appropriate training. Responses were descriptive and limited largely to the availability of workers.

Task 5

(a) The Chairman had said that the market for the Water-Splash complex was dictated by competition and the business or trade cycle. Candidates were asked to explain why.

(i) *Competition* was understood generically but so many responses omitted the contextual element. What was required was an appreciation that the holiday market was very competitive and it was that very competition that encouraged the company to offer new holiday experiences. Leisure Unlimited had tapped into a new and hopefully expanding market. Very few candidates remarked on the need to pay close attention to the marketing mix. The market being competitive meant that aggressive competition from other providers could result in lower turnover and profits for Leisure Unlimited – even job losses and the sale of some of its assets.

(ii) The *business or trade cycle* is not an unfamiliar task and candidates appeared to understand it but did not in all cases extend their answers beyond the descriptive. That it was the cycle of economic growth which basically moved from boom to slump to boom again was known but the answers needed to indicate the impact on Leisure Unlimited – in other words, they should have been in context. If there was a recession then the number of visitors to Water-Splash might fall significantly enough to create unemployment, lack of profitability – even a loss. On the other hand, a boom or a stable period would present the company with opportunity as there would be more money about and people would be prepared to spend on holidays.

(b) Marketing was next with candidates being asked to explain two elements of Leisure Unlimited's marketing policy.

(i) The first was *meeting current market demand*. The point to make was that Leisure Unlimited had identified a trend for water sport based holidays and made a huge investment of US$120 million in a holiday complex. It had recognised the change in taste of a growing number of holiday-seekers who were looking for something different. To meet current market demand meant market research, analysing the competition, setting appropriate price levels, and providing well organised facilities.

(ii) The second was *developing new products*. This was related to the previous task and candidates needed to recognise that a competitive business cannot stand still. Leisure Unlimited had to continually consider making improvements to its existing activities. Improvement and/or development were necessary in order to compete successfully. The tools used were market research, the study of competitors and customers' spending patterns.

(c) Dr Rahman acknowledged that customer relations were important and candidates were asked to list four ways the company could ensure customer satisfaction. The key here was that candidates should offer a list. It was only necessary to identify four ways without any explanation. Generally, candidates offered four ways but there were not always specifically customer relations' items. Those four ways could have been drawn from appropriate handling of complaints; high levels of safety and hygiene; staff courtesy and helpfulness; skilled and trained staff; high level of staff service and commitment; customer friendly enquiry and sales facility.