BUSINESS ADVANCED LEVEL

Paper 8929/5172
Effective Business Communication

Key messages

- Overall candidates would improve their marks if they focused on the letter and memo as they are still very weak in terms of layout and content.

General comments

The tasks on the paper were fair, clear and unambiguous. Examiners felt that the standard, apart from the letter, memo and Appraisal Interview, had improved this year. The syllabus has been clearly covered by the majority of candidates. In some instances candidates did not understand what an Appraisal Interview is. **Task 5** was well answered and this supported some candidates in achieving a higher grade.

Comments on specific tasks

Task 1

(a) Many candidates identified ‘consequences’ rather than ‘causes’.

(b) Generally well answered.

(c) There was some confusion regarding the concept of ‘metacommunication’. Some candidates had an idea of what it was but this was not conveyed in the example given. The second part was well understood.

Task 2

(a) Letter Layout.

There were some attempts to draw a logo but the address on the letterhead and that of the addressee were not realistic and not in the context of the case study.

The salutation and the complementary close in most cases did not correspond and the signatory was incorrect and not in context.

Letter Content.
Date – not in context,
Date, time and place of the meeting not given or incorrect.
Agenda was often missing or incorrect.
The names of ‘Richard Lomas’ and ‘Ying Tien’ were often mixed up.

(b) Memo Layout

A common error was the ‘from’ name often it was ‘Ying Tien’ rather than the candidate’s own name. Also in many cases there was no signature.

Memo Content.

Generally vague, candidates failed to stress the urgency and importance of the meeting. Including why it was called and that attendance was not optional.

Task 3

(a) Some very weak answers with many candidates writing at length about location, seating arrangements, refreshments, who should be attending, date and time of next meeting, and not enough on the actual task.

(b) Candidates were aware of virtual groups and were able to answer the task well.

(c) The majority of candidates did not understand this task on rules which groups comply with if they wish to be successful.

Task 4

(a) Many candidates did not understand what an Appraisal Interview is. Similar tasks have been on previous examination papers. Candidates either did not understand the task or misread it or answered with information about employment interviews.

(b) Generally well answered, some candidates mixed up the examples but these were in the minority.

Task 5

(a) Candidates were able to name four types of graphs and able to justify the use of them to analyse data.

(b) Many candidates were awarded full marks for this task.

(c) Candidates were able to achieve at least 2 marks for this task. As this was the last task on the paper it was therefore not answered in great detail.

BUSINESS ADVANCED LEVEL

Paper 8929/5173
Business Finance

Key messages

- Centres should encourage candidates to provide both formulae and workings when they are undertaking tasks that involve calculations. Candidates need to provide this evidence of how they intend to answer the tasks to ensure that candidates gain some marks even if their final answer is incorrect.

General comments

Overall the performance of the candidates who sat the May 2010 examination paper was satisfactory, with some many candidates being able to make relevant responses to all parts of all of the tasks. However, Centres are urged to remind candidates of the need for precision when defining terms and the need to carefully study the rubric of the tasks to ensure that their responses are relevant. In doing so, the candidates will increase their chances of scoring higher marks. There is also a need for candidates to manage their time more effectively and Centres should instruct their candidates on the need to study the mark allocations more closely in order maximise the returns for their efforts.

Comments on specific tasks

Task 1

Overall the responses to this task were rather disappointing, with many vague or irrelevant answers being provided.

The answers to part **(a)** were often quite good with many candidates being able to explain what goodwill is, but the reasons why goodwill is included in the fixed assets often attracted a vague response.

The answers provided to part **(b)** very generally good with the vast majority of candidates explaining the link between rising costs and increases in the level of production.

The responses provided for part **(c)** were again generally good with most candidates providing a sound explanation of break-even output, but the answers to the second element of the task tended to be rather vague.

The answers to part **(d)** were very disappointing with only a minority of candidates providing a correct explanation of the term. Many candidates mistakenly provided an explanation of a rights issue rather than a scrip issue. Centres are urged to address the issue of methods of financing.

The answers to part **(e)** were again rather disappointing with many vague answers being provided.

The answers to part **(f)** were either very good or very poor, indicating that candidates from some Centres were unfamiliar with the concept of discounted cash flow techniques. Centres are urged to address this issue.

Task 2

Overall the answers to this task were patchy, with some reasonable attempts and some poor attempts. A major weakness in many cases was that candidates did not address all parts of the tasks and as a result lost marks.

The answers provided to part **(a)** of this task were rather disappointing. Most candidates could provide a reasonable explanation of the books of prime entry, but very few could provide a good explanation of the role that they play in the accounting process and in the worst cases this part of the task was completely ignored.

The answers to part **(b)** were also rather disappointing. As with part **(a)** the second element of the task tended to attract vague responses or was completely ignored.

The answers to part **(c)** were equally disappointing and the comments given above apply once again.

Task 3

Overall the answers to this task were patchy, with some reasonable attempts and some poor attempts. A major weakness in many cases was that candidates did not address all parts of the tasks and as a result lost marks.

The answers provided to the first element of part **(a)** were generally good with relevant explanations of why fixed assets should be depreciated, but far too many candidates completely ignored the second element and failed to link the process of depreciation with the principles of accounting.

The answers to part **(b)** were disappointing. Many candidates merely provided a description of the reducing balance method and made no attempt to explain the circumstances when it should be used.

The answers provided for part **(c)** were much better with the majority of candidates being able to provide a correct response. It was also pleasing to see that most candidates provided a formula before they commenced their calculations and this ensured that even if they did not produce the correct answer, they would receive some of the marks.

Task 4

Overall the answers to this task were very satisfactory and the concept of the balance sheet is clearly well known to the vast majority of candidates.

Part **(a)** was generally answered well with candidates identifying the errors and omissions, but the explanations of these errors and omissions tended to be rather vague and/or too short.

The answers provided for part **(b)** were rather better with most candidates demonstrating that they were aware of the correct structure for a balance sheet. It was, however, surprising that some candidates who had correctly identified errors in part **(a)** of the task did not correct these errors when they were drawing up their amended balance sheet.

Task 5

Overall the answers to part **(a)** of this task were good and it is evident that this is a topic where candidates have been prepared well.

The answers to part **(b)** were disappointing with many candidates being unable to provide an explanation of what is meant by standard costing or how variance analysis can be used to control finances. Centres are urged to address this issue.

BUSINESS ADVANCED LEVEL

Paper 8929/5174

Marketing

Key messages

As has been mentioned previously, there still appear to be some common reasons for poor candidate performance, and these are as follows –

- Some candidates appear not to know the whole of the syllabus, and so answer incorrectly and inappropriately for the situation described. This is particularly relevant to Task 3 this session.
- Some candidates do not attempt all the tasks on the paper.
- Teachers/tutors can help candidates to improve the application of their answers and in using the material in the Case Study, through more discussion of past case studies during teaching sessions.

General comments

It is pleasing to report that some Centres achieved very good marks for this paper this session. Examiners report that good candidates know the syllabus well, and are able to identify the relevant concepts required by each task. The Case Study was based on a global distribution company, PDS, and those candidates that were able to apply their knowledge to the tasks and link these to the Case Study were awarded high marks.

However, there were unfortunately still a considerable number of fail grade candidates, and Centres should note the Key messages above.

Comments on specific tasks

Task 1

(a) This first part of this task required candidates to use examples from the Case Study to explain the term 'customer-focused'. This was generally well done, but some candidates simply listed evidence from the case that they were undertaking marketing, rather than explain how these lead to being focused on the customer.

(b) The second part of this task proved more difficult to many candidates. Some were able to describe two responsibilities of marketing, but some were very tactical, rather than looking at key responsibilities as asked. Even those who could identify key responsibilities could improve in terms of describing how these contributed to meeting the organisation's objectives.

Task 2

(a) This part of this task asked for the two areas to be identified where research would be beneficial. Many were able to do this, linked to the content of the Case Study. Some identified PEST and SWOT as areas for research. These are part of the marketing audit, and while research might be used to inform this analysis, answers should have been focused on customer needs or competitor activity and the PDS plan to launch new products.

(b) Again, in this part of the task, many candidates were able to identify the stages of the marketing research process, although fewer were able to explain and justify the stages in the context of the task – suitable promotional media for the new product range. For example, secondary research could have been used to identify the media that exists before using primary research to identify what the target market read.

Task 3

This task explored segmentation in the early sections, and then looked at the business-to-business buying decision making process.

(a) The marks for the first part of the task were easily achievable as all that was required was an explanation of the term segmentation. Many were able to achieve this.

(b) This part of the task proved more difficult for candidates. When asked to identify the actual segmentation method that was used by PDS, many reverted to standard business-to-business segmentation methods – demographic and geographic. PDS segmented by customer need, recognising that customers showed different degrees of urgency in having their parcels delivered, and building their segments to meet these different needs.

(c) This final part of the task asked for the business-to-business buying decision process to be linked to PDS. Many candidates were able to list the stages in this process but very few were able to apply it to the situation in the Case Study.

Task 4

Answers to this task were generally good, with most candidates being able to explain the purpose of the marketing audit and identify two examples from the Case Study to expand their explanation.

The second part of the task asked about the use of specific parts of the marketing mix in the launch plan for a new product. Once again, stronger candidates were able to link these elements to the launch of the new product. Teachers/tutors can help candidates who are only able to describe each element generically through discussion of past case studies during teaching sessions.

Task 5

(a) Strong candidates were able to explain the elements of the extended marketing mix (7 Ps) and explain the implications of putting together a mix without coordinating all of the elements.

Many candidates simply described the 7Ps in a generic way, and did not make any attempt to address the requirement of the task. The recommended teaching approach shown above in Task 4 will help candidates here as well.

(b) In this final part of the last task candidates were asked to explain pricing methods that were appropriate to the situation described in the Case Study. PDS segmented on the basis of the urgency of customer need to have a parcel delivered and their pricing policies reflected this. Many candidates were able to explain that a premium price was charged for an urgent delivery and pricing was then scaled according to that urgency.

BUSINESS ADVANCED LEVEL

Paper 8929/5175

Human Resource Management

Key messages

- To achieve higher level marks candidates need to appreciate that their answers must refer to the case study in order to demonstrate that they can analyse and apply their knowledge.

- Teachers should ensure that their candidates understand the importance of context.

General comments

Many candidates attempted to analyse the content of the case study rather than simply relying on repeating their subject knowledge and there was evidence that increasing numbers of candidates possess skills in applying and interpreting the case study scenario. However, there was a very significant number of candidates who clearly lacked any proper preparation or understanding of the subject. The number of candidates scoring less than 20% of marks caused great concern as these candidates would have been far better suited to the Standard level paper although quite possibly struggling with the subject matter at that level as well.

Overall, many candidates possessed some skills in applying and interpreting knowledge but frequently misread the task so failed to achieve more than the marks in the Level 1 band. A very common error was not answering the task from a HRM perspective but from a marketing or general business view point, possibly further evidence that although candidates possess the analytical skills necessary for Advanced level they are lacking in knowledge of the HRM function.

The majority of candidates showed good examination technique and candidates generally allocated suitable time to answering each task. Overall candidates seemed to avoid the usual problem of providing very lengthy answers to tasks at the start of the paper and not leaving sufficient time for later tasks. Some candidates are providing answers in bullet-point format, this is acceptable providing candidates fully justify the items in the bullet points and are not simply providing lists. 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.

Level 3 answers show that the candidate was able to understand the requirements of the tasks and apply their knowledge in the appropriate context ensuring that responses are clearly related to the case study. The most able candidates will also end their answer with a conclusion summarising their answer and making recommendations where appropriate. Teachers should ensure that their candidates understand the importance of context.

Comments on specific tasks

Task 1

(a) Candidates were expected to provide a definition of Strategic and Operational policies. A number of candidates confused the "meaning" of HRM with the "purpose" of HRM whilst others provided a general definition of HRM. Many weak candidates tended to copy out large sections of the case study without any reference to the task. Level 2 candidates were able to provide examples of where Cukz had made both strategic and operational decisions.

(b) Many candidates were able to provide an explanation of how the management of Cukz had changed from being decentralised to centralised. Candidates achieving Level 2 marks expanded their answers to suggest what effect this would have on the motivation and communication at Cukz.

Weaker candidates frequently wrote about all of the changes at Cukz from a marketing perspective and ignored the effect on employees. The best answers provided conclusions assessing the likely effect of the changes.

Task 2

(a) This task required candidates to identify the legislation that would affect the changes at Cukz. Able candidates recognised that the changes would be likely to contravene laws relating to employment protection, equal opportunities, pay related laws and health and safety requirements. Level 3 candidates mentioned the probability of fines and industrial action whilst the most able also recognised the significance of age discrimination because of the age profile of the workforce. Weak candidates ignored the word "legal" in the task and discussed the influence of environmental issues such as pollution.

(b) Candidates were expected to identify the labour market relevant to Cukz's business and the problems of finding suitably qualified workers. Answers that simply explained general labour market features were not really answering the task. Top level candidates were able to recognise the implications of the aging profile of the workforce and the role played by external organisations in putting pressure on Cukz. Good conclusions stressed the importance of working with external organisations.

Task 3

(a) A significant number of candidates were unable to identify any of the ways in which contracts could be ended. Many weaker candidates provided answers suggesting how Cukz could "increase" the number of employees even though the case study made it clear that they needed to reduce the number of workers. The most suitable method of ending contracts would be through redundancy, although many candidates did identify dismissal and retirement as well. Level 3 answers explained how early retirement might be appropriate in this instance as most employees were aged between 50 and 60 or considered the effect of the job losses on motivation for the remaining staff.

(b) Candidates simply had to identify the relevant section about changes to the employment contracts to obtain Level 1. Level 2 candidates provided further explanations of the differences between the contracts and many expanded their answers to consider the effects on staff morale and the union position. Top level answers provided conclusions which considered the benefits obtained by Cukz such as improvements in flexibility compared with reduced employee motivation and job satisfaction.

Task 4

(a) A significant number of candidates were able to describe the systems for communicating and resolving conflict. Level 1 answers provided a general definition or list of consultation and information systems without much reference to the case study. Improved answers at Level 2 would also suggest some of the problems that would arise from scrapping the existing systems and how this would affect both workers motivation and productivity in the long run.

(b) Candidates simply had to identify the relevant section about changes to the working patterns to obtain Level 1. Level 2 candidates provided further explanations of the benefits obtained such as improvements in motivation and job satisfaction. Most candidates achieved some marks at Level 1 by describing the working patterns and the change from day work to shift and flexitime working. Better answers considered the unsociable hours involved in shift systems whilst recognising that shift and flexitime may be preferable to some employees. The most able candidates made recommendations that Cukz needed to make better use of its production facilities and how the managers would need to overcome resistance from some staff.

Task 5

(a) A quite well answered task with a lot of candidates showing some understanding of methods of payment and rewards. Many candidates correctly identified the changes proposed by Cukz and the relevance of piece rate, bonuses and sick pay in their answers. Level 2 answers fully explained each method with reference to how each change might affect the workers at Cukz. The most able answers were able to consider the changes from both the employer and employees perspective.

(b) Level 1 candidates provided general definitions of motivation and made reference to factors such as ***job satisfaction, working relationships, recognition, variety, leadership style, levels of responsibility, working conditions***. Better answers made good links to Cukz and pointed out that many of the conditions needed to motivate staff did not exist at Cukz. The most able candidates provided balanced answers which recognised that many of the changes could be both motivators and demotivators for different types of worker; the best answers also provided recommendations on how Cukz could improve motivation.

BUSINESS ADVANCED LEVEL

Paper 8929/5179

Business Organisation and Environment

Key messages

- Teachers are advised that previous examination papers and the Principal Examiner's reports are readily available and it is recommended that they are used as resource material during the important revision period.

General comments

Addressing the subject of *examination technique* is a vital part of any candidate's examination preparation process.
Points to bear in mind include:

(i) Candidates must not underestimate the importance of *time management*. An examination will clearly put candidates under pressure but they need to be instructed how to pace themselves and not panic because of the time constraint.

(ii) Candidates are expected to read both the case study and the accompanying tasks carefully in order to understand precisely what they are required to do. All too often, candidates fail to do justice to themselves simply because they either misread or fail to comprehend a task.

(iii) *The purpose of having the case study is to expect candidates' responses to be made in the appropriate context.* This means that responses *should, where appropriate, be clearly related to the case study. Marks are often lost if the context is disregarded.* It is not enough to display knowledge; it needs to be applied to the case study. *Context is important!*

(iv) Candidates must be advised that a succinct and focused answer is preferable to one that is lengthy and offers little substance. At no point in the examination paper are candidates required to submit lengthy essay-type answers but they must write a sufficiency of detail to demonstrate to the Examiner that they understand the tasks.

(v) There are those candidates who answer tasks with bullet points. A series of bullet points may well contain the correct information or data but they do not conform to any instruction to 'describe' or 'explain'. *It is likely that only 1 or 2 marks will be awarded for bullet points.*

(vi) *It must be acknowledged that 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.*

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

Invigilators should note that:

(viii) Candidates need some guidance before the start of an examination. The information on the front page needs *to be read out aloud in a clear voice* by the invigilator so that candidates fully understand how they should proceed.

(ix) Prior to the start of the examination, the invigilator must draw attention to the fact that 15 minutes' reading time is provided in order to help candidates become acquainted with the contents of the examination

(x) Where candidates use loose sheets rather than an examination booklet, invigilators should check that the sheets have been assembled in the *correct order*.

<u>Comments on specific tasks</u>

The examination paper dealt with a business located in Bangladesh called Bangla-Print which, faced with insufficient local trade, managed to expand into a busy and lucrative overseas market. Bangla-Print changed from being a sole trader to a general partnership and then run by just two partners, Kaz and Moklis.

Task 1

(a) This task called for an explanation of two of the business objectives of Bangla-Print.

(i) The first was *economic survival* and most responses were generic and tended to discuss how businesses fared in a slump. Many candidates responded that it was quite appropriate to state that economic survival was a concern to all businesses but it could have been assumed, and the case study gave reason for that, that Bangla-Print was in a fairly competitive market. It was not the only Bangladeshi firm looking for printing business in the UK. The firm enjoyed a price advantage and saw a gap in the market and was exploiting it. That particular gap would be filled by Bangla-Print until a similar provider came along with a better quality and/or price. Very few responses attempted to develop an answer in context.

(ii) The second addressed the objective of *making a profit*. Too many candidates explained the basic equation that revenue minus costs = profit. *That was not the point of the task*. While profit making was the essence of the business, like any business, it was a reward for the risks taken by Bangla-Print. Profit should also have been seen as: a measure of success; a cheap source of internal capital which would allow the partners to expand or re-equip; a means to accumulate funds for future development; and an attractive return on capital.

(b) When Moklis inherited Bangla-Print he had to borrow $20,000 to modernise it. *Candidates were asked to explain to his brother Kaz how he might finance any future development of the business*. This task expected the candidates to rehearse knowledge of sources of funding. It specifically asked for an *explanation* and four or five marks were only awarded if one was given. Candidates could select from these likely sources: retained profits/ploughed-back profits; venture capital; private loan; bank loan; or overdraft. Many responses focused on retained profits or a bank source but a disconcerting number of candidates discussed selling shares especially to family members. There seemed to be no appreciation of the nature of the business.

(c) Bangla-Print was changed into a general partnership when Kaz joined his brother Moklis in the business. *Kaz wanted the protection of a Deed of Partnership*. An explanation of a Deed of Partnership was required. This task was quite well tackled and most candidates indicated a good understanding. It required the explanation that the Deed was a written legal agreement setting out the rights and responsibilities of the partners. The Deed also provided, for example, the way the profits and losses were to be divided or shared; the specific responsibilities and duties of the partners; the procedure for introducing or removing a partner; the continuation of the business following the death of a partner. There were only a few scripts which confused the Deed with a Memorandum of Association.

Task 2

(a) Bangla-Print was regarded as having *a flat structure*. Candidates were asked to explain what was meant by a flat structure and to suggest one advantage of it to Bangla-Print. This was not a difficult task and most candidates were able to offer a reasonable explanation of a flat structure although few related it to Bangla-Print. There were some candidates who described the flat structure as a matrix which was not appropriate. Essential points could have been drawn from the following: few layers of management; a wide span of control; improved vertical communication; easier delegation of tasks; encouragement of motivation. The context could have been provided by reference to Bangla-Print having only two layers – partners and the employees – so horizontal rather than vertical communication would have been improved. There were only 21 employees plus 2 partners in the business so a flat structure enabled all to know what was going on. There were three marks for the flat structure and two marks for the advantage.

(b) Because the new partner**,** Kaz, wanted to introduce *quality circles*, candidates were asked to explain what a quality circle was and to identify one likely benefit of it to Bangla-Print. Although there were some very good responses, many were limited and ignored the issue of context. Some candidates erroneously explained that quality circles dealt with a wide range of issues rather than focussing on quality issues within the business's operations. Few acknowledged that sometimes a quality circle met to consider 'what if?' situations. All too often the contextual element was absent. Bangla-Print, might involve all the staff in, say, three quality circles. It might have been said that it would encourage employee participation in problem solving by using their knowledge and experience – it would also have made them feel valued. Kaz would have argued that better staff motivation and performance meant better company performance.

(c) Kaz accused Moklis of being authoritarian and a Theory X person.

(i) Candidates were asked, firstly, to e**x**plain what was meant by an *authoritarian leader*. There was evidence that the idea of an authoritarian leader was understood and appropriate features were rehearsed such as: an authoritarian leader exercised strict control; had a close hands-on approach; lacked trust in others; believed decision-making was best made in his/her hands; gave instructions without expecting challenge. A good candidate, recognising the need for context, may have suggested that Moklis, as senior partner, marginalised Kaz i.e. kept him 'out of the loop', or else why did he say Moklis was authoritarian?

(ii) Secondly, candidates were asked to e**x**plain what was meant by a *Theory X person*. Predictably there were those responses which confused the features with those of a Theory Y person but overall candidates understood the idea of a Theory X person. The more familiar and generic points were made i.e. that a Theory X person believed that people disliked work, had to forced or coerced to make an effort, preferred to be directed. The context would recognise that Moklis probably thought his employees accepted direction since their main concern was security of employment. His attitude was dismissive of employees so perhaps Kaz was right in accusing Moklis of being a Theory X person.

Task 3

(a) Candidates were asked to provide descriptions of three obvious expectations that Bangla-Print had of its workforce. This was a familiar task but was not tackled entirely satisfactorily largely because the case study was not used to full advantage.

(i) The first was *loyalty and cooperation.* Candidates needed to acknowledge that Moklis felt employees owed him loyalty and cooperation in return for good wages and a job. His view was that employees should support the firm i.e. have a clear commitment to Bangla-Print. This expectation rather demanded that employees undertake any task reasonably required of them and that they should not challenge orders. It all rather underlined Moklis' theory X attitude.

(ii) The second was e*ffective and efficient work.* The responses to this expectation were mostly generic and very few attempted some degree of context. The features to call upon were straightforward e.g. good time-keeping; willingness to work long hours and to meet deadlines; perform well as a part of a team; have high standards of work and expertise. Some definition would have been helpful: efficient = competent or capable, and effective = having an effect, i.e. delivering high standard work.

(iii) The final expectation was *appropriate skills.* There was a clear reference to skills in the text. All staff had to be appropriately skilled – this did not mean necessarily highly skilled but they should have been skilled enough to carry out the work assigned to them. Clearly the employees actually doing the printing should have been skilled. Moklis expected employees to have the appropriate skills when they joined the firm. There was also the issue that skills should be updated according to changes in technology. Some contextual comment might have been made as to how he could maintain a skilled workforce if he was not willing to provide or encourage training.

(b) Moklis was against offering his employees any incentives other than their pay. *An explanation of an incentive* was called for along with a description of *just one* incentive that could be offered to Bangla-Print's employees. This was a relatively easy exercise. Three marks were available for the explanation or definition which ideally would have read: an incentive is a reward or an inducement to encourage staff loyalty and/or better performance – it can be either individual or a group scheme. To complete the task and earn two further marks, candidates needed to identify a suitable incentive along with a brief description. Incentives could be financial or non-financial and include, e.g. annual bonus, pension scheme, profit sharing, performance bonus, and medical insurance. There were a number of responses which were unrealistic given the circumstances and offered company cars, holidays, and housing allowances.

Task 4

(a) Every business is affected in some way by external or PEST factors that influence its activities. Candidates were asked to explain how Bangla-Print might be influenced by exchange rates and competition**.**

(i) The main argument about *exchange rates* was that Bangla-Print was not really an international trader as such so the movement of currencies was not likely to be of major concern. The only currency Moklis and Kaz really needed to worry about was Sterling, although the Euro and the US Dollar were not to be ignored. They were obviously concerned about the value of their own currency, the Taka. Bangla-Print only needed to monitor a small number of currencies so it did not receive payments which had lost their value. Essentially these points constituted the answer as it indicated, in context, the extent to which the exchange rates impacted on the business. There were many attempts to explain currency movements and how they might affect the business but generally those responses were quite weak.

(ii) The second point to be addressed was *competition.* This was more familiar territory for candidates who tended to appreciate competition could sharpen Bangla-Print's focus on the market. Ignoring the competition could potentially cost the firm sales, profits, even the closure of the business. It would depend on how may other printers there were in the market. Competition may have encouraged Moklis to monitor and review such issues as prices, costs, quality, customer service, and employment policy. Overall, this task was quite well tackled.

(b) Bangla-Print was located in the poor outskirts of Dhaka and *an explanation was required of how important, or not, this location was to Bangla-Print.* The clue to this task was accessible in the text but many candidates did not fully exploit the opportunity. The location was in fact readily accessible to all clients. It could be assumed that it was accessible to local clients and that the firm was served by a reasonable infrastructure and enjoyed low occupancy costs. As far as the UK based clients were concerned the location may not have been important as repeat orders were possible via the Internet or through family members living in Dhaka. The importance of the location, therefore, depended upon the nature of the client i.e. the local client needed an accessible location while the UK based client largely unconcerned. Most responses did not really acknowledge the electronic link.

(c) Descriptions were required for two examples of what Moklis called '*suitable incentives'* that the Government should have given to Bangla-Print. Generally speaking this task was fairly well tackled although some responses confused it with 3**(b)** i.e. incentives to employees. There were not many examples to choose from and candidates were expected to support their choices. Examples of likely 'suitable incetives' were: employment grant/allowance; investment allowance; modernisation subsidy; and preferential business tax. Moklis was of the view that he should have been offered some incentive for having developed Bangla-Print. The two examples chosen should have been discussed in context.

Task 5

(a) Moklis believed the business was successful because the *4Ps* were in the right balance. Candidates were asked to explain what he meant. Candidates were required to give a detailed breakdown of the 4Ps although some reference was clearly required – the clues were in the text. The business was doing well so that generally justified the claim that the balance was right. As only five marks were allocated so a general response was required just to prove or disprove the point. As it happened, most candidates chose to identify and, in some cases, briefly describe the 4Ps (which were the standard price, product, promotion, and place). Few candidates earned four or five marks in tackling what was quite an easy task.

(b) Market research was not undertaken by Bangla-Print as it served a niche market.

(i) Candidates were asked to explain the meaning of *a niche market.* Mostly the candidates gave a fair definition but avoided any contextual observation. The idea of a small market segment within a much larger market framework was well understood. Contextually, Bangla-Print's niche market was specialist in that it mostly targeted the expatriate community in the UK. It enabled Moklis to operate in a market perhaps dominated by larger printers or those which were not interested in the niche.

(ii) The second explanation was of *market research*. Again, candidates understood the basic definition in that it was the process of collecting information about a market in terms of the potential customers (age, earnings etc.). The basic idea of this research was to inform marketing decisions. However, the better candidates ought to have acknowledged that the partners were probably right in thinking market research would not serve any useful purpose simply because they had managed to stumble upon an appropriate market to work in. Given a change in their fortunes, however, they may then need to undertake some market research.

(c) Kaz said *that customers were their main resource and an explanation of that comment was expected.* This was a case when a mainly generic response was acceptable since the essential and universal point to make was that without customers there was no business. The money spent by customers gave employment, profits, business growth, and success – in other words, the very existence of Bangla-Print. Several scripts just referred to the lack of profit which did not indicate a grasp of the situation. The long term future relied on satisfying customers. Customers were major stakeholders and should be treated with respect and importance.