

BUSINESS ADVANCED LEVEL

Paper 8929/5172
Effective Business Communication

Key Messages

- There should be more attention to letter writing both in terms of business layout and in content.

General Comments

The standard of responses to the tasks has improved this year. There were very few poor scripts with unanswered tasks. It is evident that most Centres are teaching to the syllabus. However, more attention should be given to letter writing both in terms of business layout and content. It is important to stress the importance of candidates stating the key message and then making sure that the letter provides adequate information for the recipients.

Responses to Tasks:

Task 1

- (a) Candidates did not relate their answers to The Big Bus Company and their stakeholders. Candidates need to think more about what is in the syllabus and the context of the task.
- (b) The majority of candidates were able to gain marks on this task by giving three benefits of the intranet to employees of The Big Bus Company. Also many candidates gave their answer in context of the case study.
- (c) There is an expectation that at Advanced Level candidates are able to adapt their answers fully to the case study. Many candidates did not access all the marks available as they only listed four consequences of poor communication and then did not develop their answer.

Task 2

- (a) Many candidates constructed the letter quite well and provided some of the detail from the case study. However, whilst there appears to be an improvement over previous papers, candidates still fail to put themselves in the position of the recipient. Some candidates set out their answer out as a memo and also did not personalise the recipient e.g. Dear Mr Penn.
- (b) and (c) The majority of candidates were able to gain full marks for both these tasks.

Task 3

- (a) The task was very clear as to what was expected in the answer but candidates did not seem to read the task correctly and their answer was related to a meeting and not specifically to the reason why an agenda is drawn up prior to the meeting. In the second section of the task candidates were able to achieve marks by identifying three standard items which are included in any meeting agenda.
- (b) Candidates were able to gain marks from both sections of this task.
- (c) This task was asking for four common causes of conflict that arise when working in groups. There were some excellent answers to this task.

Task 4

- (a) Candidates were able to gain at least two marks from a possibility of four marks for this task.
- (b) Candidates did not seem able to describe the preparations required for a disciplinary interview. Many in fact discussed selection interviews. Candidates did not seem prepared sufficiently to be able to put their answer in to a context of a disciplinary scenario.
- (c) However most candidates were able to give an example of a task which would be asked in a disciplinary interview.

Task 5

- (a) The majority of candidates were able to gain marks from this task on organisation charts.
- (b) Candidates were able to identify four software packages which could be used to enhance a presentation.
- (d) This task was straight forward for candidates allowing them to identify four types of graph and many candidates gained full marks for their answer.

BUSINESS ADVANCED LEVEL

Paper 8929/5173
Business Finance

Key messages

- Candidates should be reminded that it is essential to read the rubric of the tasks carefully. If the task requires that an explanation is given then a simple definition of terms cannot attract the higher order marks and if the task asks for examples to be given, then they must be provided.
- Where the task asks for a judgement or recommendation it is essential that reasons are provided to justify the answer.

General comments

Overall the performance of the candidates who sat the May 2013 examination appeared to be similar to that seen in previous examination sessions. The majority of candidates appear to have good knowledge of the subject and they appear to understand what is required in order to be successful. There was clear evidence that the majority of candidates had managed their time well and had attempted all parts of all of the tasks.

However, Centres and candidates are once more reminded of the need to provide a formula when undertaking numerical tasks that require a calculation as a failure to do so can result in the loss of marks should their solution prove to be wrong. Candidates should provide evidence of their workings as this will contribute to their overall marks.

Centres and candidates are reminded of the need for precision when defining terms as vague responses will only attract low marks.

Comments on specific tasks

Task 1

Overall the majority of candidates scored reasonable marks showing that they were aware of the subject matter covered by the task. However, some candidates lost marks because they provided vague responses or they provided irrelevant answers.

The answers to part **(a)** were generally good with candidates being able to distinguish between the roles of both types of directors. Better candidates provided answers that referred directly to the information provided in the case study and therefore scored highly

The answers to parts **(b)** were generally good with the majority of candidates taking the information from the case study and using it to frame a good explanation of premium pricing strategy.

The answers to part **(c) (i)** were generally good with the vast majority of candidates providing sound explanations of both terms.

The answers to part **(c) (ii)** were very disappointing with very few candidates being able to explain why using a variety of methods is useful or sensible. This task required candidates to discuss the advantages to both the company and the finance providers and many answers only provided a discussion of the advantages to one party.

The answers to part **(d)** were rather inconsistent. Many candidates were able to extract an example of an external factor from the case study but few candidates went on to discuss how the factor would affect the

profitability of the company. Candidates need to show how an external factor is likely to affect costs and/or revenues, and thus the level of profits, and this was seldom the case.

Task 2

The answers to part **(a) and (b)** were very disappointing because the majority of the candidates simply did not provide complete answers to the tasks. The tasks required candidates to calculate **both** the closing stock figures and the value of stock issued. Although most of the responses provided the closing stock figures, there were fewer answers that showed the figures for stock issued. This was very disappointing simply because the candidates had completed the calculations correctly but they had not provided a final answer. Candidates need to be reminded that they should read the rubric very carefully to ensure that they do not lose marks unnecessarily.

The answers to parts **(c)** were generally poor with the majority of candidates being unable to provide a reasoned explanation as to which method of stock valuation should be employed by the company.

The answers to part **(d)** were generally good with candidates providing sensible answers for both advantages and disadvantages of holding stocks.

Task 3

The answers to this task were again inconsistent, with some good answers and some poor answers. In many cases candidates did not access all the marks available because their answers were too brief. Centres should remind candidates that they should study the mark awards in order to provide the kind of answer required.

The answers provided for parts **(a)** and **(e)** were often the strongest with candidates demonstrating that they knew the range of activities that would be undertaken by both the bookkeeper and the auditor.

The answers to parts **(b)**, **(c)** and **(d)** tended to be weaker with many candidates repeating their answers for each of the accountants. Candidates needed to demonstrate how each of the accountants undertakes different activities in order to achieve the higher order marks.

Task 4

The answers to part **(a)** were generally good with the majority of candidates showing that they were familiar with the method of calculating the breakeven points. However, there were a number of candidates who did not provide any workings within their answers and therefore could not access any of the marks available if their answers were incorrect. Candidates should provide a relevant formula and show how they have arrived at an answer in order to avoid the problem of not gaining any marks if their answer proves to be incorrect.

The answers to part **(b)** were reasonable with most candidates providing relevant answers that related back to their answers to part **(a)**.

The answers to part **(c)** were patchy with many candidates providing sensible discussion of the information that would be relevant to the investment decision. Weaker candidates tended to repeat their answers to parts **(a)** and **(b)** and as a result scored few marks. Candidates should be reminded that where there are multiple tasks to be completed there are likely to be different answers required for each part of the overall task.

Task 5

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

The answers to part **(a) (i)** and **(iii)** were generally good with the majority of the candidates simply clearly aware of what the prime books and the year end statements are.

The answers to part **(a) (ii)** were patchy with many vague explanations of the interim accounts. This is clearly something that Centres need to address.

Also, the tasks required that candidates provide examples of each of the accounts and a failure to do so resulted in lost marks.

The answers to part **(b)** were reasonable with most candidates producing relevant answers. However some candidates did not discuss the financial advantages/disadvantages of computerisation and as a result scored lower order marks.

BUSINESS ADVANCED LEVEL

Paper 8929/5174

Marketing

Key messages

- It was pleasing to see some candidates achieving very good marks this session, although many explanations needed to be expanded and applied to achieve the highest marks.

General comments

Generally, **Tasks 1** and **2** were done well. However, the other tasks assess key areas of the syllabus and candidates need to be prepared by their tutors/teachers for different approaches to tasks.

It is pleasing to report that time management now seems to be a strength of candidates for this Unit – most candidates finished all five tasks.

Comments on specific tasks

Task 1

- (a) Most candidates were able to describe both market orientation and product orientation, showing the difference between the two organisational orientations.
- (b) This task asked for an explanation of three activities that the new marketing team would be responsible for. Most candidates could identify three activities relatively easily. However, to gain higher marks the activities need to be fully explained in the context of an industrial setting to meet the needs of Northeast who sell to other businesses. Five marks were allocated to each activity and this required an in-depth explanation of those selected.

Task 2

This task was set to assess the candidates' knowledge and understanding of market research.

- (a) This part of the task was generally done very well; with most candidates able to not only describe each stage of the market research process, but also to describe what the company would do at each stage.
- (b) This part of the task required candidates to give a reason why Northeast might carry out market research (following on from the first part of the task). Those who linked it to the Case Study in terms of checking customer satisfaction more broadly, or identifying customer needs or identifying marketing activities that were appropriate generally did well. Some candidates read this as being a project looking at internal processes and improvements and so were not able to attract all of the marks available.

Task 3

- (a) This part of this task required a list of the roles in a theoretical decision-making unit. Those who knew this framework did well.
- (b)(i) This part of the task asked candidates to identify which of the employees of PENTOS played each role identified in the framework in (a) above. Those who knew the model were able to do this.
- (ii) This final part of the task asked for the influences on the individuals in the decision making unit. Those who had not identified the roles in (a) were still able to do this, by linking to the named

individuals in the case study. Full marks needed candidates to identify how marketing could be used to respond to the influences on the buyers. Some candidates identified relevant influences on these personnel and then explained marketing's role. For example, Andreas, the R & D Manager, is probably influenced by internal objectives and wants to deal with an innovative company that will respond to their needs when developing new products. Marketing can be used to communicate the fact that Northeast is considered innovative and responsive in its advertising, on its website and through discussions with its sales people.

Task 4

- (a) (i) and (ii)** The first two parts of this task asked for SMART objectives to be stated or written. There were five marks for each, one mark for each of Specific, Measurable, Achievable, Relevant and Timebound elements of the objectives that were put forward. The difference between the two was that the first was strategic and the second was to be in respect of the customer PENTOS.

A SMART objective starts with a verb – e.g. to develop, to grow, to raise..... So an example of a suitable strategic objective would be 'to grow worldwide market share of the specialist chemical market by 10% by the end of 2014.

Some candidates did this well. Others did not 'state' objectives – they explained what each part of SMART meant and gave some examples. Full marks were only awarded to candidates who stated a relevant objective for Northeast, but those who used explanations and examples were awarded a few marks in each case.

- (b)** Part **(b)** of this task continued to look at the marketing planning area of the syllabus. Moving on from objectives this task asked about Ansoff's growth strategies, and how this model could help the company move forward. Most candidates were able to draw the diagram of the model and gain six marks for labelling it correctly. The final four marks were for explaining how it could help Northeast move their business forward. Answers to this part of the question might have included new product development or improving market penetration.

Task 5

This final task asked candidates to describe the new product development process and linked to the case study, saying that the new marketing department would be developing new products after carrying out research with existing customers. It also asked about the 'People' P of the marketing mix and how this could be improved.

- (a)** Many candidates were able to demonstrate knowledge of the NPD process and what is involved in each stage. A few candidates described the marketing mix here and were not able to gain marks as they did not address the task.
- (b)** Finally, most candidates identified the mistakes that the employees of Northeast were making when dealing with customers and made relevant recommendations for improvements to both customer service and sales teams through training and recruitment processes.

BUSINESS ADVANCED LEVEL

Paper 8929/5175

Human Resource Management

Key messages

- At this level candidates should appreciate that simply repeating subject knowledge is not usually sufficient to achieve more than minimum Pass marks. Candidates should be able to analyse the case study to then make relevant, practical evaluations in their answers. In order to clarify this for candidates the layout of the paper was slightly altered this session and tasks were broken into sub-tasks so that candidates could apply their general subject knowledge in the first part of the task and then apply this knowledge to the case study in the subsequent parts of the tasks.
- It is acceptable to use bullet point format in answers providing candidates recognise that all bullet point items have to be fully justified and not simply lists. Detailed essay-type answers are not always required but candidates must write in enough detail to demonstrate to the Examiner that they understand the tasks.

General comments

The case study situation chosen for this paper did appear to be one that many candidates could relate to and whilst many candidates were able to show evidence of applying knowledge and interpretation there were still a significant number of candidates with very poor understanding of the subject who achieved less than 20% of marks. The Standard level paper would have been a better choice for very many of the candidates sitting this paper.

Many candidates provided their fullest answers to **Tasks 1** and **2** and these candidates then frequently produced much shorter and less detailed answers for **Tasks 4** and **5**. This would suggest that this was due to poor allocation of examination time as the topics assessed in **Tasks 4** and **5** are generally the most popular amongst candidates. There is strong evidence that many candidates need more guidance on examination technique. The more able candidates were those that showed good examination technique and also allocated sufficient time to answering each task.

Those candidates gaining higher level marks submitted answers that referred to the case study and demonstrated skills in analysis and application of knowledge. Providing generic examples in answers shows knowledge sufficient for a Pass level mark but Advanced level candidates are expected to be able to interpret their knowledge and apply it to new specific case study situations for higher level marks. Distinction answers showed that the candidate was able to understand the tasks and apply their knowledge by ensuring that responses were clearly linked 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) In part (i) many candidates were able to list the items in both the Operational and Strategic purposes of HRM. **Operational:** providing and deploying the right mix of skills, knowledge and experience; controlling the costs of employment; maintaining systems for motivating and developing individuals; replenishing human resources. **Strategic:** contributing specialist expertise to medium and long term development (future); creating the ability to react to change; handling growth efficiently. Full marks were only awarded to candidates who explained each item.

Part (ii) of this task required candidates to provide examples of both Operational and Strategic purposes relevant to SBC, the business in the case study. Good answers quoted **Operational**: right mix of skills – staff skilled in each area; controlling costs - recruiting from different regions; systems for motivating – payment and fringe benefits; replenishing human resources – using local agents. **Strategic**: medium and long term development – planning future employment needs/cruises; ability to react to change – network of agents in different countries, analysing past records; handling growth efficiently – using employment data, network of agents. Only a small number of candidates were able to provide suitable answers.

- (b) In part (i), as a minimum, candidates were expected to provide a definition of **decentralised** and **centralised** methods of human resource management. Candidates were usually able to explain that in Centralised all decisions are taken at Head Office and in Decentralised are decisions taken by local managers. Full marks were awarded to answers that also described the use of formal procedures in centralised and that in decentralised not all managers would be trained in HR although it would result in quicker decision making.

Part (ii) of the task required candidates to explain why SBC used both approaches and candidates. Only the best prepared candidates were able to recognise factors such as **centralised**: need to have central management of local recruitment agents, control of costs and procedures (e.g. Health & Safety, employment legislation), ensuring suitable staff recruited and **decentralised**: crew cannot be managed whilst in mid cruise, quick decisions often needed, communicating with staff.

Task 2

- (a) Candidates were expected to describe the features of global employment markets for part (i). Candidates were only required to provide answers that explained general labour market features and whilst many were able to provide simple lists only the more able candidates were able to describe the features of **sectors of employment; age and gender; full-time versus part-time; unemployment rates; skill levels; regional variations**.

Candidates then had to explain how SBC had analysed the employment markets for part (ii) of the task. This required greater understanding and although most candidates gained some marks only the best prepared candidates achieved high marks for considering factors such as **regional variations; specific jobs; most efficient/skill levels; type of contract; age profile; costs of employment**.

- (b) This task asked candidates to explain why SBC used other organisations, such as the local agents, to help recruit employees. Most candidates explained that it was difficult for SBC to recruit staff so far away from its Head Office and additional marks were awarded for answers referring to the agents having **specialist knowledge/experience; being on-site/located near to workforce; speaking the same language; and reducing overhead costs**.
- (c) Candidates were asked to explain the laws relating to employment and the effect on SBC. Some basic marks were awarded to candidates who listed the relevant areas of legislation such as equal opportunities, health and safety, minimum wages, employment protection and maternity leave. Few candidates were able to explain how the relevant laws would affect SBC but the very well prepared candidates also added the problems associated with the cruise ships operating in many different countries all with their own laws.

Task 3

- (a) A significant number of candidates simply provided lists of the typical contents of a job description with no attempt to describe each item. Marks were awarded for lists but not generally sufficient to achieve Pass level. Suitable answers would include **Job title – e.g. chef: main duties involved - preparing meals; responsibilities – chef is in charge of staff; accountability – the person the chef reports to**. There were also numerous candidates who provided details relevant to Person Specifications rather than Job Descriptions. Candidates were not required to demonstrate any application skills in this task and it was an easy 4 marks for those candidates who were familiar with the syllabus.
- (b) Very many candidates were unsure what historic employment data would be so failed to gain any marks on this section. Other candidates simply provided lists in their answers so only gained half the available marks. There were some very competent candidates who provided comprehensive

explanations of **turnover and retention rates; absenteeism; length of service; job satisfaction; health & safety records; exit interview data.**

- (c) Part (i) required candidates to describe different types of employment contracts. This was well answered and most candidates described contracts that were **Permanent; fixed term; temporary; part-time; contracts for specific tasks, jobs or services.** Full marks were only awarded for descriptions and not for answers that were lists.

In Part (ii) candidates were required to explain why SBC only offered permanent contracts to officers and maintenance staff. This did produce some good answers from many candidates who commented on factors such as officers/maintenance staff having **more skills and more experience.** The most able candidates also referred to them; **being harder to replace; high cost of replacing; less supply; better trained; management/ professional ability; improving loyalty; so staff have better understanding of systems/procedures.**

Task 4

- (a) This task clearly identified those candidates who had received reasonable preparation. These candidates were able to list working patterns such as **functional, product, matrix, territorial, permanent/temporary project teams** and the most able also added suitable explanations as required by the task. Poorly prepared candidates were confused by this task and often gained no marks.

- (a) Candidates simply had to describe information based systems to gain a Pass on this task. Candidates who provided general explanations not applied to SMC were still able to gain marks around Pass level where their answer explained **briefing structure; newsletters; bulletin boards; emails; company website; electronic notice boards.** There were many good answers that used the information in the case study to suggest **how each of these would be relevant on board ships such as bulletin boards – can be viewed by staff each day; Emails; company website; electronic notice boards – not all staff may have access to computers/ limited Internet access whilst at sea; walkie-talkies;**

- (b) In part (i) of this task candidates were asked to explain in general terms what is meant by the standards, targets, key accountabilities and key competences. This was well answered and candidates usually explained **standards – amount of work person should be capable of achieving; targets – agreed target of amount of work to be done; key accountabilities - main responsibilities of each job; key competences – knowledge and skills required by employees to do job effectively.**

The part (ii) task required candidates to give examples of each of these items that would be relevant to SBC employees working on cruise ships. Only well prepared candidates were able to make suggestions such as: **standards – amount of meals to be cooked/rooms to be cleaned targets – drinks sold by waiters/meals prepared on time/ arrival and departure times key accountabilities – meeting deadlines in ports/ensuring all meal and drink sales are recorded; key competences – minimum standards of English, numeracy skills for calculating bills, ability to work as a team in kitchen or dining rooms.**

Task 5

- (a) A poorly answered task on a topic that has produced difficulties in the past. For part (i) candidates had to explain why SBC recruits staff from different countries. Most candidates identified **regional variations in skill levels; different skills in different countries;** for some basic marks whilst the well prepared candidates also explained **the importance of wage rates** (some countries will accept lower rates); **supply of workers with necessary skills not always available; plentiful supply of unskilled workers willing to do menial jobs; workers with prior knowledge of ships.** In part (ii) candidates were asked to explain why some groups of employees will have greater bargaining strength. Pass level answers explained that large groups of workers were more likely to have a **trade union.** Higher marks were awarded for candidates that also explained the bargaining strength of different groups –**more skilled workers are generally in more demand; unskilled workers have over supply; skilled workers are generally better educated/professional so able to negotiate more effectively; unskilled workers lack communication skills; skilled workers are on permanent contracts so more time to organise themselves; employer keen to retain skilled workers.**

- (b) Candidates again tended to provide lists for task (i) instead of the explanations asked for but most candidates did gain marks for quoting **salaries, wages; fixed rates; piece-work; payment by results; annualised hours; productivity bonuses; profit-sharing schemes; share option schemes; pensions**. The better candidates often gained full marks by providing the basic explanations required. In part (ii) a similar answer was required but describing suitable fringe benefits such as **cheap loans; subsidised food and accommodation; health care; social activities; discounts on company products**. Lower marks were awarded for answers comprising of lists only. More able candidates applied their answers and suggested benefits more appropriate to cruise ships such as **holidays on other boats; cheap rates for family; transport to and from docks**.

BUSINESS ADVANCED LEVEL

Paper 8929/5179
Business Organisation and Environment

Key messages

- The paper consists of a case study and a series of tasks which should be answered based upon the knowledge acquired in studying the syllabus, and applied wherever possible to the case study.

General comments

Addressing the subject of *examination technique* is a vital part of any candidate's examination preparation process. 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.

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 on how to pace themselves and not panic because of the time constraint. Some candidates are still copying out the task at the start of their answer; this is not necessary and often leads to the candidate not having time to answer all tasks.
- (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 understand 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
- (v) Bullet points should not be used as they often result in brief answers with no description or explanation.
- (vi) *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 do not result in the deduction of marks.* The demonstration of business knowledge is much more important than the quality of written language. The Examiner must be able to understand the answers and cannot be expected to guess the candidate's meaning and intention.

Comments on specific tasks

The case concerned Sarpal Shoes Ltd (SSL), a shoe manufacturer located in Delhi, which sold its shoes worldwide.

Task 1

- (a) The need for SSL to have employees to work in the business was widely quoted as was the rise in living standards resulting from earning the wages. Not many candidates stated the positive effect of the government having to pay out less in benefits, and the advantages to SSL of being seen as a good corporate citizen.
- (b) Common sources of capital are ploughed back profits, bank loans, selling shares, venture capital and sale and leaseback. Overdrafts were widely given as an answer despite the fact that they are really a source of short term finance, although some credit was given by the Examiners for overdrafts.
- (c) Positive cash flow is an advantage to SSL because it means that all bills should be paid as they fall due without having to resort to an overdraft. This could lead to cash being available for capital expenditure or the banks looking favourably on SSL if they required a loan for capital expenditure.
- (d) Growth in the Indian economy will lead to a better standard of living and more disposable income for the population generally. This in turn will enable more people to purchase the fashionable shoes manufactured by SSL.

Task 2

- (a) Many candidates described the hierarchical structure of SSL, which gained some credit, but the Examiners were looking for an understanding that the complex varied jobs of the senior management mean that fewer subordinates are usually supervised. On the shop floor however, the jobs are very similar meaning that a wider span of control is practical.
- (b) Almost all candidates had a good knowledge of McGregor's Theory Y although some did not apply it to SSL. Other motivators such as the chance of promotion and job enrichment should be introduced.
- (c) Good candidates easily scored well, but others only referred to oral and written communication, or one or two-way communication, without specifically mentioning a method. Methods such as general meetings, notice boards or e-mails were available and high marks were obtained for outlining the advantages and disadvantages.
- (d) Team working was generally understood and the motivational and productivity advantages were well explained.

Task 3

- (a) Bonuses and health insurance were commonly stated as practical incentives, although good reasons why they might prove motivational were not seen as often.
- (b)(i) Fixed term contracts are often used to obtain workers with specialised skills for a particular project, such as developing a new IT system. Disadvantages include the fact that they are often more expensive than employing full time workers, and that at the end of the fixed term the worker may leave even if the work is not completed.
- (ii) The term 'Casual workers', who are often employed for peak periods and are usually unskilled, was widely understood.
- (c) The advantages of SSL working with a Trade Union were not as well outlined as the disadvantages. The advantages include the ability to have only one set of negotiations and the fact that the union may be more realistic than an individual employee. Some candidates lost marks because they did not read the task carefully, and stated the advantages and disadvantages to the employees instead of to SSL.

Task 4

- (a) Higher direct taxes on the business would mean less internal cash available to fund expansion plans. Higher direct taxes on individuals would reduce disposable income which would reduce the demand for SSL shoes, thus making expansion less desirable. Many candidates mentioned one of these effects but few mentioned both.
- (b) Higher interest rates would increase the cost to SSL of borrowing money. It would also reduce consumer's disposable income for the same reason. Higher interest rates also tend to strengthen a currency which would mean that SSL's products would become more expensive in their export markets. Very few candidates understood the effect on currencies.
- (c) Some candidates understood the effects of moving to a planned economy with the greater control the state would exert over all aspects of business. Other candidates realised that a change of government would affect SSL, but did not seem to understand planned economies.
- (d) In order to encourage investment and create jobs, governments will use incentives such as tax holidays, grants, subsidies, training of new employees or provide land. Many candidates only listed two of these with no description.

Task 5

- (a) Reasonably well answered although many candidates did not expand on the fact that local agents would know the local market. The fact that they would usually be paid a commission was hardly ever mentioned.
- (b) Most candidates knew what the break-even point meant but were less sure about how it could be used. Market research at the projected price should be carried out to determine whether in excess of 10,000 pairs can be sold. They can also carry out break-even analysis to show the effect of various prices on the break-even point.
- (c) Descriptions of customer service were widely seen and better candidates realised that SSL could improve product quality and service as a result of customer complaints.
- (d) Many candidates suggested Market Research but did not give any suggested methods such as secondary research using widely available government statistics. Primary research using their agents could also be used. SWOT analysis would be of limited use but some reward was given for mentioning this type of analysis.