www.dynamicpapers.com

BUSINESS STUDIES

Paper 0450/12

Short Answer/Structured Response

Key Messages

- It is important to remind candidates that they must read questions carefully to identify both the type of business and whom they are writing their response about. This will ensure responses are appropriate for each given situation. Information contained in the stem of each question will prove helpful in answering the questions set.
- Parts **(a)** and **(b)** of each question required the recall of knowledge or application of knowledge linked to a given context. These parts were generally done well. More precision is needed when using business terminology.
- Parts **(c)** and **(d)** require candidates to identify and explain points. To gain full marks development of each point in context is required.
- Part **(e)** requires candidates to include more developed explanations and a logical decision based on points made. Candidates should be encouraged to develop, rather than simply list, a number of points and, when possible, a two-sided argument.

General Comments

There was evidence that candidates did not understand some parts of the syllabus. Concepts such as micro finance were clearly not understood by a large number of candidates. Candidates also continue to confuse quality with efficiency, and sales with profit.

The application and analysis marks were often not awarded as the answer given did not constitute an explanation of point identified but was simply another knowledge point or a repetition of the initial point. Some candidates did not read the questions carefully and hence had the wrong focus in their responses or did not address the specific question asked. Candidates must try to use the stimulus information provided to link their answer to the business in question.

Part **(e)** of all questions continues to be the most challenging for all candidates. Only the best candidates were able to suggest and justify decisions successfully. Other candidates often provided a simple list of knowledge points. Of those who did attempt an evaluative statement, many were unable to provide reasoned statements to back up their choice.

Comments on Specific Questions

Question 1

(a) Well attempted as most candidates recognised that the total cost line started from 250 000, not zero. Better candidates were able to accurately plot all relevant points.

(b) Many candidates showed good knowledge of this calculation. A common error was to subtract cost of sales, rather than total costs from total revenue. A number of candidates did not attempt this question.

(c) Candidates were generally aware of possible economies of scale. Only the strongest responses were able to apply their knowledge of points such as 'purchasing' and 'financial' economies of scale to show how they would help this particular business.

(d) This question produced a range of responses. Many were able to identify at least one relevant advantage with 'helps planning' and 'show expected level of profit at different levels of output' being typical choices. Better candidates developed the points raised to show how they could benefit a

© 2015

www.dynamicpapers.com

business. Only the best responses linked their answers to the scenario. There were two common mistakes. Instead of development, some candidates just repeated the knowledge point or stated that this would be helpful without saying how this might happen. Some confused a break-even chart with a cash flow forecast or income statement.

(e) Good knowledge of issues was evident in most responses. Better answers identified appropriate factors, and then explained how each one might be relevant to Burnett's business. The best answers used the information provided in the stem to help support points made. Weaker answers offered a list of points, instead of developing two factors as the question asked. Evaluation in most responses was simple or not attempted. Some had the wrong focus so discussed whether the business should export or not, which was not the question asked. It is important to read the question carefully.

Question 2

(a) This question was generally well answered. A common error was to simply repeat the word 'dismissed' rather than explain the term.

(b) Well answered by most candidates.

(c) Candidates who did well were able to identify at least one way that Zoff could improve competitiveness. These candidates made good use of the source material provided to develop their answer. Many candidates struggled to apply their knowledge to the scenario. A number of candidates identified points such as 'improve motivation', but did not make it clear how such points might improve competitiveness.

(d) Most candidates were able to identify at least one relevant way. The best responses were able to correctly identify and explain how methods such as 'introducing quality control' might help achieve quality production. Few candidates made use of the source material to support the points being made. There were two common errors. Instead of development, some candidates defined the term or stated it would help improve quality without saying how this would be done. A number of candidates assumed that efficiency and quality were the same.

(e) This question was one of the most challenging parts of the question paper. Those who did well were able to identify at least one point either for or against changing objectives and tried to show how or why they were relevant issues. These candidates made good use of the source material to support the points made and a judgement was then attempted to support their view. Weaker candidates offered simple statements but were not able to develop the points to show the impact on a business. Others identified different objectives rather than discuss whether Zoff should change its objectives. Evaluation in many responses was simple or not attempted.

Question 3

(a) This was well answered by most candidates. Some candidates had the wrong focus so identified methods of internal communication rather than explain the term.

(b) Well answered by most candidates.

(c) Most candidates were able to identify at least one advantage. Better candidates did attempt to explain how 'sending information quickly' and 'saving space' might help Kapil. Application in most responses was limited as candidates offered theoretical explanations, which would apply to any business.

(d) This question proved to be a good discriminator. Most candidates were able to identify relevant methods and attempted to explain why 'retained profits' and 'bank loans' might be suitable choices. The strongest answers used the information given in the question to link their answer to Kapil's legal business. Typical weak answers focused on options such as overdrafts or issuing shares that were either not appropriate to purchase an IT system or were not options that a partnership could use.

(e) A number of candidates gained high marks on this question. The best answers considered points both for and against relocation. Such answers identified relevant information from the stem, and explained how factors such as lower costs and access to customers were relevant to Kapil's

© 2015

www.dynamicpapers.com

situation. An appropriate decision based on their argument was then offered. Weaker candidates offered simple statements but were not able to develop the points to show how or why a different location would benefit this business (or not). Evaluation in many responses was simple or not attempted.

Question 4

(a) A large number of responses showed imprecise definitions of this term, with only the most able candidates scoring both marks. There were two common mistakes. Some confused the term with 'start up capital' while others simply repeated the words used in the question. A number of candidates did not attempt the question.

(b) Well answered by most candidates. A common error was to identify ways in which a Government might support business start-ups, which did not answer the question set.

(c) Most candidates were able to identify one way, with 'controls on advertising' and 'minimum wages' being typical choices. Only the best candidates were able to explain how these controls would impact Gowri's business.

(d) Most candidates were able to identify at least one factor. Better candidates explained how or why the 'target market' and 'budget available' needed to be considered. The best answers made good use of the context to show the possible impact on Gowri's business. Some candidates had the wrong focus so identified possible methods of promotion, which did not answer the question set.

(e) Good knowledge was evident in all responses. Better answers attempted to show the possible benefits (or not) of 'more finance' against 'total control' for Gowri's business. The best answers used the context well to help support the points being made and offered an appropriate decision based on the points discussed. Weaker answers were characterised by simple statements, which were not developed. Evaluation in such answers was simple or not attempted.

© 2015

www.dynamicpapers.com

BUSINESS STUDIES

Paper 0450/22

Case Study

Key Messages

In this paper candidates are expected to apply their business knowledge and understanding to an unseen case study. There are now four questions, each of which is separated into two distinct parts. The structure of the questions has remained the same. The first part of each question requires shorter, more straightforward answers reflecting good knowledge and application of business terms and concepts, whilst the second part of the question requires more developed answers containing judgement and evaluation.

- To perform well in this paper, candidates must make clear references to the case study which is issued at the start of the examination. Specific marks are allocated throughout the mark scheme in both parts **(a)** and **(b)** for application. In this particular case study, candidates were expected to refer to a lamp manufacturing business. For example, this might include mention of the manufacture of lamps, produced using batch production, lamps sold to independent retailers, purchased by home owners and hotels, and employing a new Operations manager who needs to motivate production workers.
- Analytical skills are also tested through the case study examination. Candidates should try to give a full explanation of positive and negative consequences of a business decision. This requires developed reasoning rather than simple description; listed points generally only gain Level 1 whereas an explanation of a point could move the answer to Level 2.
- The **(b)** questions on this paper ask candidates to make justified recommendations. It is important to offer a decision based on balanced argument without full repetition of the previous analysis. The recommendation should compare and make reference to why the other alternative options were rejected as well as justifying the option which was chosen.

General Comments

This was a new opportunity to sit this examination in March and there was a strong performance from the majority of candidates. The context of a lamp manufacturer provided an accessible scenario for most candidates. No question appeared to be too challenging for more than a handful of candidates. The exam time is now reduced to one and a half hours to match the reduction in the number of questions and this did not appear to be a problem with rarely an answer left blank.

The structure of the paper allowed candidates to demonstrate their knowledge of business concepts and apply them in part **(a)** of each question. They were then expected to offer analysis, application and reasoning in answer to part **(b)** of each question. This style of questioning has become standard practice on this particular paper and it is good to see that many candidates are developing a strong examination technique and clearly understand what is expected of them.

The standard of written English was excellent. Candidates made themselves fully understood and are to be congratulated on the high quality of spelling, punctuation and grammar offered in their responses. There is no penalty for the wrong spelling of words or using incorrect punctuation.

Here are some points that might be helpful in enabling candidates to achieve higher marks by using their knowledge in a more effective way.

- Analysis and evaluation are a key part of the assessment in this subject and candidates should prepare for a question which will ask them to consider some optional courses of action and then choose the best.

  For example, **Consider the advantages and disadvantages of the following three ways Vijay could use to increase efficiency of the business. Recommend the best way to use. Justify your answer.**

© 2015

www.dynamicpapers.com

There are three levels of answer to this question and with competent analytical and evaluative skills it should be possible to score highly. There is a clear direction in the question to explain the benefits and drawbacks of each way to increase efficiency. Answers which contain simple statements such as installing automated machinery will increase total output, will earn Level 1 credit.

To earn level 2 credit the answer could explain that machinery can be operated 24/7 and does not require breaks. This helps to increase output per worker and hence wage costs are lower. However, the machinery is expensive and may require the business to borrow the money to purchase it. More level 2 credit would be gained by making a similar balanced, reasoned explanation of the other options.

Then, in the recommendation section, the answer could earn Level 3 credit if the three ways to increase efficiency are weighed up against each other and the way which would be most suitable to increase efficiency chosen. This requires the candidate to reject the other ways with justification for not choosing them as well as a convincing reason for selecting the remaining way. The final section should offer new reasoning and explanation rather than repeating previous analysis, so the candidate would be well advised to hold back some fresh ideas for that very purpose.

- In most questions there is an expectation that answers will be directly linked to the case study or insert material. This means not merely offering generic business answers but ones which demonstrate the candidate can apply their knowledge to a given scenario.

  For example, **Identify and explain four stages in the recruitment process for the Operations manager that Vijay should use.**

  Relatively easy marks can be gained for demonstrating knowledge of stages in the recruitment process, such as job analysis, job description, job (person) specification, job advertisement, review applications/shortlist applicants, interview. Further development and explanation of the stages needed to be in the context of a lamp manufacturing Operations manager. For example, a job or person specification needs to be drawn up which contains the skills and qualifications needed to manage and organise the 50 factory workers.

Comments on Specific Questions

Question 1

(a) This proved to be one of the lower scoring questions on the paper because quite a number of candidates did not appear to understand added value and confused it with finding ways to increase sales or profit. Consequently many candidates answered this question by referring to adding features, changing design and promoting the products. Where the concept was understood it was answered well in terms of knowledge marks but very few candidates were able to gain all four marks for application.

(b) The majority of candidates could identify advantages and disadvantages of increasing skills and installing automated equipment, such as increasing output per worker and the increased costs of purchasing machinery and providing training. However, several candidates were confused with lean production and some confused the term with mass production. The majority of candidates were able to score well but application was not always awarded meaning only a minority achieved full marks.

Question 2

(a) This proved to be a straightforward question in terms of the recruitment process, as the majority of candidates could give at least three stages, such as job description, job/person specification, advertising the vacancy and interviews, even if the order was sometimes confused. Unfortunately, only the most able candidates gained any application marks for this question as the majority treated it as a generic question when in fact it should have been applied to the Operations manager for the production of lamps.

(b) A large number of candidates answered this well although some did not fully understand job enrichment. The majority of candidates were able to achieve Level 2 for each option, such as considering why piece-rate would lead to increased output but possibly at the cost of reduced

© 2015

www.dynamicpapers.com

quality. Many candidates went on to outline why they had chosen a particular option, often gaining credit at level 3 for a well-argued recommendation. Application, once again, was often missing, leading to only the most able candidates being awarded full marks, for example highlighting that improved working conditions might reduce the number of accidents in the factory.

Question 3

(a) This question was reasonably well answered as a large number of candidates were able to gain marks for the knowledge of an advantage and disadvantage of e-commerce. The most popular answers were being able to target a wider potential market but at an increased cost of setting up and maintaining the website. However, very few candidates were awarded more than one application mark and this was usually for recognising that they were selling lamps. Weaker candidates concentrated on the benefits and drawbacks to the purchaser rather than the business.

(b) This appeared to be an area where candidates were familiar with the benefits and drawbacks of providing good customer service and conducting market research. There were many good answers. Customer loyalty schemes were less well understood and occasionally candidates put the same answer for providing good customer service and creating loyalty schemes, e.g. offering discounts or after sales appeared in both rather than developing alternative explanations. The majority of candidates gained Level 2 marks for each section and many went on to achieve Level 3 for the recommendation. Only better candidates developed the recommendation to fully justify why the alternatives were rejected in addition to justifying their chosen option and apply these answers to the case material to gain full marks.

Question 4

(a) The majority of candidates recognised that disposable income would be increased and this was likely to lead to an increase in the sales of lamps benefiting the business. The increase in interest rates was generally well answered; most candidates also referred to the fact that the business had loans and this would lead to an increase in their costs. Once again, only strong candidates gained the four application marks and where only one of these marks was awarded it was often for referring to the sale of lamps.

(b) The majority of candidates calculated all four correct ratios and therefore achieved full marks at Level 2, although a minority calculated only one year or only one set of ratios. Many of these answers then went on to evaluate the meaning of these ratios to the financial position of the business. However, only the most able candidates developed their evaluation to include both the figures and the business situation as a whole, to achieve full marks for including application.

© 2015