

BUSINESS STUDIES

Paper 7115/11

Short Answer/Structured Response 11

General comments

The paper discriminated well between candidates of differing abilities. The format of the paper made the paper more accessible to all candidates. Candidates were clear in the number of reasons required for each question and at least attempted to provide some analysis of points raised. Often the answer given did not constitute an explanation of the point identified but was simply another statement which could only be considered as another knowledge mark. Part (e) of all questions continues to be the most challenging section for all candidates as it attempts to assess their evaluative skills. The better candidates were able to suggest and justify decisions successfully. Weaker candidates struggled to provide any judgement for many of the questions, often tending to simply list points either for or against the statement in question. Of those that did attempt an evaluative statement, many were unable to provide reasoned arguments to back up their views. The majority of candidates need to think through their responses and link their ideas together with more care.

The calculation questions remain a challenge for many candidates. Some candidates would clearly benefit from more practice with numerical questions. A number of candidates still confuse the terms stakeholders and shareholders. Many seem to think that they are the same, whereas shareholders are only one of many stakeholders for a business. Exchange rates still cause some candidates difficulty. Candidates need to learn the appropriate consequences of a currency appreciation and depreciation.

Most candidates would benefit from being reminded that:

- questions need to be read carefully
- calculations should generally include an indication of the method being used
- answers need to be in context wherever possible
- the command to 'explain' requires a development of the point, not a statement of a new point
- the command to 'justify' requires an answer to be supported with developed logic, resulting in a conclusion.

Comments on specific questions

Question 1

- (a) This calculation proved challenging for many candidates. A common error was \$5; candidates who gave this answer had identified the correct formula but had the wrong units. Others based their calculation only on variable or fixed costs, rather than total cost divided by output. The correct answer was \$5000.
- (b) Well answered by most candidates.
- (c) Generally well answered. Most candidates could identify features of flow production, although others had difficulty in explaining the points they identified.
- (d) Generally well answered. Virtually all the candidates were able to suggest three relevant advantages to Gabby of buying in components. The more able candidates were able to develop the points to show why these issues were important. Weaker candidates struggled to make this link.

- (e) Many quite competent answers were given to this question. However a significant number of answers listed advantages and disadvantages to a business of becoming larger. A number of candidates did not explain these points, and their answers ended with no clear conclusion. The question demanded a recommendation, and failure to provide one was clearly an error. It did not matter which way the candidate concluded.

Question 2

- (a) A mixture of responses. Many candidates had some idea that it was 'money made on investment'. The better candidates were able to develop this simple idea to clearly explain the term in words or by formula. However some were vague, saying that it was the return on sales or money for employees.
- (b) Well answered by most candidates. Common errors were to omit the millions or to include a partial calculation only.
- (c) Generally well handled, with most candidates aware that this might result in higher interest charges or that they would not be able to repay the debts. Many were unable to expand upon these simple observations to explain how they actually created a problem for the business.
- (d) This proved difficult for many. Most candidates were aware that in a recession customers were likely to have less money which could mean lower sales for AB. More frequent errors were:
- incorrect assumptions linking a recession with higher interest rates and inflation, thereby assuming that workers would demand higher wages and that prices would rise
 - statements that the business would simply close, but there was nothing in the question to suggest this
 - repetition of points such as less money, fewer sales and less money, lower profit
 - identification of general issues not specific to a recession
 - overlooking the context of the question. The business was a service provider not a manufacturing business.
- (e) This proved to be a difficult question for many. A number of candidates failed to grasp what the question was asking, simply discussing stakeholders generally rather than relating the effects of the government taking control to specific stakeholder groups. The better candidates did identify relevant groups, and explain the effects of the changes.

Question 3

- (a) Generally well answered by most candidates.
- (b) Answers here often lacked the correct focus. The question specifically asked for implications of a wide range of products. Answers often simply stated general points that could equally apply if the business sold only one item.
- (c) Good knowledge of sampling methods was shown by most candidates. However the development of these points was often limited.
- (d) Well answered by most candidates. Good knowledge of potential reasons was shown and most answers attempted to explain the impact of these problems on the business. Common errors were:
- repetition of points
 - some candidates included incorrect reasons, such as cost and time, which apply more to primary research
 - identifying generic problems that apply to any method of market research.
- (e) Generally well attempted by most candidates. However the majority of candidates lacked the correct focus for this question. The question specifically asked about spending more on product development. Many candidates focused their answers solely on market research. This was a narrow interpretation of the question which restricted the number of marks that candidates could attain.

Question 4

- (a) A mixture of responses. Many answers were vague, making reference to 'extra money' but not specifying what it was for, whilst others gave reasons why it might be given.
- (b) Generally well answered by virtually all candidates. A common error was to provide an explanation of what customer service was, not why it was important.
- (c) A mixture of responses. Most candidates could identify either an advantage or disadvantage of time rate. Errors contained reference to points such as lower quality, if absent no pay or work more paid more, which could apply to various payment methods.
- (d) A good standard of response was given to this question. The most common errors were:
- to consider why people left, not the problems this caused by their leaving
 - assumptions made by some candidates that this could lead to no customers and hence the closure of the business
 - overlooking the context of the question. The business was a hotel not a manufacturing business.
- (e) A sound overall level of response. Virtually all candidates were able to identify numerous methods of motivation, but were not able to effectively explain how these linked to motivating staff. Most did make some simple attempt at evaluation. Better candidates found the link easier to make.

Question 5

- (a) Generally well answered. Virtually all candidates understood that they operated 'all over the world'. Better candidates developed this to show a clearer understanding of the term.
- (b) Very well answered by virtually all candidates. A common error was to overlook the fact that it was a factory not a retailer.
- (c) This proved to be a difficult question for many candidates. More frequent errors were:
- failure to explain how the relevant actions identified would influence business behaviour
 - defining what a pressure group was, not the possible actions
 - answers which focused on benefits or problems of multinationals.
- (d) This proved to be a difficult question for many candidates. Better candidates correctly interpreted the effects of currency appreciation, showing good knowledge of exchange rate movements. Common errors were:
- misinterpreting the effect of the currency appreciation
 - not specifically relating the answer to imports and exports (the question required the impact to be applied).
- (e) Good knowledge of points both for and against multinationals was evident in most answers. However, the development of these points was usually limited and any conclusion was simple in its reasoning. Better candidates discussed the relative advantages and disadvantages of multinationals.

BUSINESS STUDIES

Paper 7115/12

Short Answer/Structured Response 12

General Comments

The paper produced a wide spread of marks reflecting its ability to differentiate effectively between candidates. The questions provided the strong candidates with opportunities to show their knowledge and to demonstrate skills of application, analysis and evaluation. At the same time, weaker candidates were able to provide some evidence of their knowledge. As usual, weaker candidates produced answers that often lacked focus on the question. They tended to produce answers that are vague and generalised and which could apply to a variety of situations. For example, **Question 2 (d)** asked candidates to explain ways in which high rates of inflation might affect a specific company. Thus answers that considered the causes of inflation or the impact of inflation on the economy were simply off the point. Such responses occurred frequently and resulted in much lower marks than the candidate could have gained if their answer had been more focused on the specific question. Candidates would benefit from being reminded that:

- Workings and methods should always be shown on numerical questions;
- Business terms need to be learned accurately;
- Questions that ask for a justification **MUST** contain in the answer an attempt to support the conclusion reached;
- The question must be read carefully to ensure that the focus of the answer is correct.

Specific Comments

Question 1

- (a) The answer was \$6000. A very frequent mistake was to produce a response of \$6. Careful reading of the data is essential if careless errors are not to be made.
- (b) Most candidates were able to identify two variable costs that the business was likely to incur. Errors included costs that would be regarded as overheads such as rent. A few candidates gave a numerical answer such as \$4000 given in Table 1.
- (c) This question was not very well answered. Many responses included features that could apply to other forms of production methods e.g. batch production is a fast method. Many candidates need to have a more secure knowledge of basic business concepts.
- (d) There were many good answers given to this question. The Examiners were careful to take into account that the term 'subcontracting' was not familiar to some students. Most candidates recognised that subcontracting might result in quality control issues and cost implications. Sometimes candidates lack accuracy in their explanations such as using costs and profits as interchangeable terms in their answers. So they talked about the prices charged by the contractor but were not sure whether this was a cost or a profit factor for Gabby's company.
- (e) The standard of response of candidates to this question was good. However many candidates produced a list type answer identifying the benefits and disadvantages of competitive markets without ever coming to a conclusion as to whether or not consumers did benefit from competition.

