



**Location Entry Codes**

As part of CIE’s continual commitment to maintaining best practice in assessment, CIE has begun to use different variants of some question papers for our most popular assessments with extremely large and widespread candidature, The question papers are closely related and the relationships between them have been thoroughly established using our assessment expertise. All versions of the paper give assessment of equal standard.

The content assessed by the examination papers and the type of questions are unchanged.

This change means that for this component there are now two variant Question Papers, Mark Schemes and Principal Examiner’s Reports where previously there was only one. For any individual country, it is intended that only one variant is used. This document contains both variants which will give all Centres access to even more past examination material than is usually the case.

The diagram shows the relationship between the Question Papers, Mark Schemes and Principal Examiner’s Reports.

Question Paper	Mark Scheme	Principal Examiner’s Report
Introduction	Introduction	Introduction
First variant Question Paper	First variant Mark Scheme	First variant Principal Examiner’s Report
Second variant Question Paper	Second variant Mark Scheme	Second variant Principal Examiner’s Report

**Who can I contact for further information on these changes?**

Please direct any questions about this to CIE’s Customer Services team at: [international@cie.org.uk](mailto:international@cie.org.uk)

# BUSINESS STUDIES

---

Paper 0450/11

Short Answer/Structured Response

## General Comments

As usual the paper produced a wide range of marks demonstrating its ability to differentiate effectively between candidates. The entry for the subject continues to grow and generally the standard of candidates remains constant. Better candidate's answers are characterised not just by greater detail but by a much greater focus on the demands of the question. Thus a question that asks for a suggestion that requires justification produces a range of answers. These can best be summarised as follows.

- The weaker candidates perhaps produce a suggestion that is often inappropriate given the context and make no attempt to explain or justify the idea.
- Slightly better candidates produce an appropriate suggestion but fail to show why it is appropriate. Again no attempt made to explain or justify.
- Stronger candidates attempt to explain their suggestion in an effort to support their idea. However the explanation can often lack precision or accuracy.
- The strongest candidates support their suggestion with an explanation that is logical and well applied to the context of the question.

Such differences carried out throughout the whole paper can result in mark spreads of often 40 – 50 marks in total. Centres would be well advised to remind their candidates that:

- It is not good enough to simply list points.
- Answers should be in the context of the scenario of the questions.
- Examples must be provided if specifically asked for.
- Explanation questions demand the development of answers in order that understanding can be demonstrated.
- Justification of an answer is often required when a question asks for an opinion or 'to what extent?'

## Specific Comments

### Question 1

- (a) Most candidates gained marks for the calculations. Many gained two out of three. The most common error occurred in (iii) where (\$4000) was either incorrectly calculated or its negative value was not shown.
- (b) Although most candidates had some idea as to why credit terms were offered, many failed to develop their answers in order to gain full marks. Common errors were to confuse debtors with creditors and to focus the answer on the situation of the retail shops, not on the wholesale business.
- (c) Knowledge of cash flow forecasts was generally good. However many answers failed to consider why such forecasts would be of use in the management of the wholesaler's business. Failure to read the question carefully produces the wrong focus in an answer.
- (d)(i) Advantages of a partnership form of organisation were well known. However, too many answers simply stated the advantage but failed to make any attempt to explain how it produced an advantage. For example, answers often said 'it would increase the cash in the business' but there was no attempt made to show why this might be the case.
- (ii) Again potential problems of partnerships were well known. However, once again some candidates merely made a statement such as 'might cause arguments' or gave two or three problems.

- (iii) Many answers were able to identify another source of finance that might be used by the business. Better answers explained the implications of the source in terms of cost/ownership implications/risk/duration. Some answers gave more than one source and explained none of them.

### Question 2

- (a) The question posed problems for many candidates. **Few answers showed understanding of the concept of a profit margin.** Most assumed it meant that the business simply did not make very high profits. **The difference between profits and profit margins is important and needs greater emphasis in the teaching in many Centres.**
- (b) There were far too many generic type answers given to this question. Thus candidates merely reproduced a list of learned factors such as nearness to the customer, nearness to suppliers or away from competition, without giving sufficient thought as to whether such factors really applied to a restaurant. Such answers gained half marks. The top scoring answers explained why such factors mattered to a restaurant business e.g. nearness to wholesale food suppliers might be important to ensure that stock is fresh.
- (c) (i) Many good answers were given here, with a sound understanding of the role of sponsorship demonstrated. Some had difficulty in explaining the link between sponsorship and sales and a few felt that the business was trying to sell football shirts.
- (ii) Although many candidates were able to demonstrate good knowledge of promotional methods, many failed to justify their proposals in order to show their appropriateness. There is some confusion in the minds of some candidates regarding the role of pricing as a promotional tool. Some answers talked about permanently lower prices. Others discussed pricing methods like penetration pricing and price skimming strategies. The Examiners accepted lower prices provided that the focus was on a promotional offer.

### Question 3

- (a) Most candidates were able to identify some differences in the organisational structures of the two businesses. Thus they were able to see that the span of control differed, but surprisingly found it difficult to explain what this difference actual meant.
- (b) Methods of communication between public limited companies and their shareholders proved an accessible question for many.
- (c) (i) To gain full marks reference to both the concepts of communication and internal had to be made. Answers sometimes failed to explain what is meant by communication.
- (ii) As might be expected, some candidates found it difficult to make the link between communication and business efficiency. Thus some answers confined themselves to discussing what is meant by good communications while others focused on the idea of business efficiency. Better candidates combined the two to show how good communication impacted upon the efficiency of a business. So they showed that poor communication can result in misunderstanding and confusion and that this leads to inefficiency through the misuse of resources and time.
- (d) Answers to this question were somewhat mixed. Too many focused solely on the organisational structures of the businesses and failed to consider that they were competitors. Better candidates discussed the possibility of gaining larger market shares and the chance to enjoy economies of scale. Alternatively the potential diseconomies of scale might have been considered. Whatever the focus of the answers the candidate needed to have identified factors that might result as a consequence of the take-over and then to have analysed them in order to generate an evaluative conclusion.

**Question 4**

- (a) (i) The requirement to provide an example of a business decision caused problems for some candidates. Others produced answers with a number of different examples that resulted in a disjointed response where points were not properly considered or explained. Many produced answers based on past questions concerning chemical plants and their actions. Candidates need to be encouraged to think about issues and not to simply reproduce taught responses.
- (ii) Answers here were very good. Most candidates were able to refer to methods such as legislation and financial penalties. Many referred to permits. A number of answers focused solely on relocating businesses away from urban areas although it was not too clear how such methods actually reduced the impact on the environment.
- (b) This question proved challenging for many candidates. Better ones were able to identify the likely impact of interest rate changes on business costs and consumer demand. They were therefore able to see that the effect on a bakery was likely to be small while the impact on a car manufacturer was potentially much greater. Some answers failed to make a distinction between the two types of business and said that their costs would rise equally. This question was a very effective discriminator.
- (c) The question as a whole was well answered. In a minority of cases there still remains confusion between the public sector and public companies. The objectives of public sector organisations were well known and many candidates could develop their answers to explain what these were.

**Question 5**

- (a) (i) Although most candidates had some knowledge of the concept of 'human needs' many found it very difficult to show how work helps satisfy such needs. The Examiners were hoping to see reference to work creating the opportunity for achievement, recognition, social interaction and financial reward. Many answers confined themselves to saying that work gives you money and this helps satisfy your needs.
- (ii) Many answers produced an overlap with the previous part of the question. Better candidates recognised that the question demanded a different focus. Clearly if people do have needs such as social, ego or self-actualisation then money alone cannot satisfy them, hence Kim's father is incorrect in his assertion. Many candidates have some knowledge of this part of the syllabus but only a limited understanding.
- (b) (i) Often well answered with many recognising the potential for productivity gains or the existence of previous over manning.
- (ii) Many rather simple answers were given in response to this question. Most candidates saw the reduction in wages as potentially beneficial. Few saw the potential danger in such an approach as it might lower morale and result in longer term problems with recruitment.
- (c) (i) Although there were many good answers to the question, candidates from some Centres were unaware of the nature of employment contracts. Some assumed that they contained items to be found in job descriptions or personal specifications. Others gave answers like name or address.
- (ii) Many answers failed to focus on the demand of the question to explain benefits to the employer and just wrote about possible implications. Some found it difficult to explain a benefit identified.

# BUSINESS STUDIES

---

Paper 0450/12

Short Answer/Structured Response

## General Comments

As usual the paper produced a wide range of marks demonstrating its ability to differentiate effectively between candidates. The entry for the subject continues to grow and generally the standard of candidates remains constant. Better candidate's answers are characterised not just by greater detail but by a much greater focus on the demands of the question. Thus a question that asks for a suggestion that requires justification produces a range of answers. These can best be summarised as follows.

- The weaker candidates perhaps produce a suggestion that is often inappropriate given the context and make no attempt to explain or justify the idea.
- Slightly better candidates produce an appropriate suggestion but fail to show why it is appropriate. Again no attempt made to explain or justify.
- Stronger candidates attempt to explain their suggestion in an effort to support their idea. However the explanation can often lack precision or accuracy.
- The strongest candidates support their suggestion with an explanation that is logical and well applied to the context of the question.

Such differences carried out throughout the whole paper can result in mark spreads of often 40 – 50 marks in total. Centres would be well advised to remind their candidates that:

- It is not good enough to simply list points.
- Answers should be in the context of the scenario of the questions.
- Examples must be provided if specifically asked for.
- Explanation questions demand the development of answers in order that understanding can be demonstrated.
- Justification of an answer is often required when a question asks for an opinion or 'to what extent?'

## Specific Comments

### Question 1

- (a) The calculations were generally carried out successfully with the majority of candidates gaining at least two marks. The calculation of net current assets proved the most problematic for candidates. They represent current assets – current liabilities and hence were \$80000. A common mistake was to record them as being \$120000. Answers were (i) \$45000 (ii) \$80000 (iii) \$130000.
- (b) Better candidates were aware that the business might make use of creditors to ease cash flow problems. However they often had difficulty in showing exactly how this was achieved. Weaker candidates became confused between creditors and debtors.
- (c) This question differentiated well. Some candidates failed to distinguish between different stakeholder groups. Others found it difficult to show the use of a balance sheet to such groups. Better candidates were able to relate the information provided in balance sheets to the needs and interests of groups such as creditors and shareholders.
- (d) The distinction between a bank overdraft and a bank loan was known to the majority of candidates. The differentiating part of the question lay in explaining when a company might find a loan more appropriate.

- (e) (i) Well answered with most candidates aware that dividends represented profit distribution to shareholders.
- (ii) This question proved more challenging. Better candidates saw the distribution of dividends as being beneficial to shareholders in the short run. However they recognised that it meant that retained profit would be reduced and this might cause the company longer term capital problems. Weaker candidates contented themselves with a more simple approach of yes it was a good idea.

### Question 2

- (a) The question posed problems for many candidates. **Few answers showed understanding of the concept of a profit margin.** Most assumed it meant that the business simply did not make very high profits. **The difference between profits and profit margins is important and needs greater emphasis in the teaching in many Centres.**
- (b) There were far too many generic type answers given to this question. Thus candidates merely reproduced a list of learned factors such as nearness to the customer, nearness to suppliers or away from competition, without giving sufficient thought as to whether such factors really applied to a restaurant. Such answers gained half marks. The top scoring answers explained why such factors mattered to a restaurant business e.g. nearness to wholesale food suppliers might be important to ensure that stock is fresh.
- (c) (i) Many good answers were given here, with a sound understanding of the role of sponsorship demonstrated. Some had difficulty in explaining the link between sponsorship and sales and a few felt that the business was trying to sell football shirts.
- (ii) Although many candidates were able to demonstrate good knowledge of promotional methods, many failed to justify their proposals in order to show their appropriateness. There is some confusion in the minds of some candidates regarding the role of pricing as a promotional tool. Some answers talked about permanently lower prices. Others discussed pricing methods like penetration pricing and price skimming strategies. The Examiners accepted lower prices provided that the focus was on a promotional offer.

### Question 3

- (a) Some candidates struggled with this question. They did recognise that company A was geographically structured while company B was product based. However they often found it difficult to explain this. The companies also differed in that the functional responsibilities were geographical in company A but were product based in company B.
- (b) Most candidates were able to identify features of public limited companies.
- (c) (i) Reasons for companies potentially stopping trading were generally well identified. However many candidates struggled with explaining why these factors might result in ceasing to trade. So answers might say 'fall in demand for products'. This would gain a mark. The second mark would be awarded for explaining why a business might cease to trade if the demand for its products fell. Reason might be that the sales revenue failed to cover costs and the lack of profit meant that it was no longer viable to continue.
- (ii) Most candidates saw this as a question about limited liability. The shareholders might have a maximum loss of the total value of their share investment. However it might be less if the disposal of the assets of the business prove to be greater than the value of secured and unsecured creditors.
- (iii) Many good answers given here showing a sound understanding of some of the issues in such a decision. Justification of an answer always proves difficult for weaker candidates.

**Question 4**

- (a) (i) The requirement to provide an example of a business decision caused problems for some candidates. Others produced answers with a number of different examples that resulted in a disjointed response where points were not properly considered or explained. Many produced answers based on past questions concerning chemical plants and their actions. Candidates need to be encouraged to think about issues and not to simply reproduce taught responses.
- (ii) Answers here were very good. Most candidates were able to refer to methods such as legislation and financial penalties. Many referred to permits. A number of answers focused solely on relocating businesses away from urban areas although it was not too clear how such methods actually reduced the impact on the environment.
- (b) This question proved challenging for many candidates. Better ones were able to identify the likely impact of interest rate changes on business costs and consumer demand. They were therefore able to see that the effect on a bakery was likely to be small while the impact on a car manufacturer was potentially much greater. Some answers failed to make a distinction between the two types of business and said that their costs would rise equally. This question was a very effective discriminator.
- (c) The question as a whole was well answered. In a minority of cases there still remains confusion between the public sector and public companies. The objectives of public sector organisations were well known and many candidates could develop their answers to explain what these were.

**Question 5**

- (a) (i) Although most candidates had some knowledge of the concept of 'human needs' many found it very difficult to show how work helps satisfy such needs. The Examiners were hoping to see reference to work creating the opportunity for achievement, recognition, social interaction and financial reward. Many answers confined themselves to saying that work gives you money and this helps satisfy your needs.
- (ii) Many answers produced an overlap with the previous part of the question. Better candidates recognised that the question demanded a different focus. Clearly if people do have needs such as social, ego or self-actualisation then money alone cannot satisfy them, hence Kim's father is incorrect in his assertion. Many candidates have some knowledge of this part of the syllabus but only a limited understanding.
- (b) (i) Often well answered with many recognising the potential for productivity gains or the existence of previous over manning.
- (ii) Many rather simple answers were given in response to this question. Most candidates saw the reduction in wages as potentially beneficial. Few saw the potential danger in such an approach as it might lower morale and result in longer term problems with recruitment.
- (c) (i) Although there were many good answers to the question, candidates from some Centres were unaware of the nature of employment contracts. Some assumed that they contained items to be found in job descriptions or personal specifications. Others gave answers like name or address.
- (ii) Many answers failed to focus on the demand of the question to explain benefits to the employer and just wrote about possible implications. Some found it difficult to explain a benefit identified.

# BUSINESS STUDIES

---

Paper 0450/02

Case Study

## General comments

The overall outcome of the examination was broadly in line with the performance of candidates in previous years. Candidates responded well to the paper and no question appeared to present problems. On the whole, candidates were well prepared in terms of knowledge and understanding required but application of this knowledge continues to let down many candidates on this paper. Although it is pleasing to see that an increasing number of candidates do apply their knowledge well to the context provided. Also, lack of attention to the command words used in the questions meant that some questions proved difficult to score full marks but there was opportunity for all candidates to score some marks. The revised arrangement of the exam paper with headings to assist in the structuring of the written answers in **1(a)** and **2(a)** seems to have assisted more specific responses but most candidates were able to cope by providing whole-page answers and some scored high marks from these.

The case study itself appeared to be within the understanding of candidates. Time did not appear to be a problem for candidates and there were very few blank spaces on papers as nearly all candidates at least attempted an answer to all questions. The standard did vary between centres.

The general standard of English was good and it did not prove a barrier to the performance of most candidates even though it is the second language for most of them. As is normal, candidates were not penalised for weaknesses in grammar, punctuation and spelling, providing that Examiners could understand what candidates intended.

Here are a number of points that might be helpful in enabling candidates to achieve higher marks by using the information they know in a better way.

- Candidates need to pay careful attention to the wording of the question and the command words used. If the question says 'How useful would break-even analysis be to Abdul in helping him choose between the two business options?' then the answer must just refer to usefulness of break-even analysis and not just describe what a break-even chart shows to gain full marks. If the question says 'Discuss the most important factors that will affect this decision of where to locate his furniture shop' then the candidate must consider the location factors for a furniture business and not just describe location factors in general. Candidates should also include consideration of which location factors will be more important than others in making the final decision of where to locate. Encouraging candidates to write in full sentences and give a paragraph for each point being discussed will often mean they write more detailed explanation than if just bullet points are used and consequently the candidates will be more likely to increase their marks.
- Paper 2 is a case study and the majority of the questions will be in the context of the business in the case study. For example, 'How would the information (in Appendix 3) help Abdul when deciding on the marketing for his business?' Marks are awarded for applying these concepts to the business in the case and failure to do so will mean these application marks are not achieved and this could have a significant effect on the candidate's final grade. It is essential in preparing candidates for this paper for them to be exposed to case studies on a regular basis in class. Theoretical knowledge of business terms and concepts alone is unlikely to lead to the highest grades being gained on this paper. Spending time in class doing case studies would develop the candidates' ability to apply their knowledge in many different situations and would enhance the quality of their answers in the exam.
- Where a question carries 10 or 12 marks then usually some of the marks will be for demonstrating knowledge of the business terms/concepts in the question, some will be for applying the answer to the business in the case study, some will be for analysing the advantages, information, etc. and finally some marks will be for evaluation, if judgment is called for in the question. Candidates need to realise that marks will often be awarded for all these assessment criteria when they are



constructing their answer to the question. They should try to demonstrate all these assessment criteria in their answers if they are to achieve full marks, depending on the command words used in the question of course as evaluation is not always asked for. For example, 'Abdul will need to employ sales staff if he opens the furniture shop. Advise him on the best ways to recruit and select new staff', some marks will be for demonstrating knowledge of the ways of recruiting and selecting staff. However if these points are just stated then only a few marks will be awarded. The candidate should go on to explain these points and why they might be a better or worse way of recruiting and selecting sales staff and finally a judgment needs to be made as to which ways would be most effective in this context to gain all the evaluation marks and hence achieve full marks.

### Comments on specific questions

#### Question 1

- (a) The majority of candidates could come up with valid questions but some threw the mark away by only providing a one word answer. Some developed typical responses in **(ii)** included relating to payback time, interest rate, short medium and long term, risk factors, collateral, whether an overdraft was also needed. Weaker candidates found it difficult to explain why the bank manager would ask the question and the question was often just rewritten in **part (ii)**. To earn 3 marks the answers needed detailed development and it was rare to see answers score 3 on all 3 questions. A lot of the answers tended to be repetitive for example, 'to ensure that the bank would get its money back'.
- (b) Most candidates appeared to understand the break-even concept and better candidates explained the wisdom of choosing the business which achieved break-even in the shortest possible time. Many also described the unreliability of break-even calculations as being mere estimates. It was rare to see an answer where the candidate evidently knew nothing about break-even. Not many candidates scored application marks on this question. There were some good answers that also talked about the disadvantages of break-even analysis and some even applied it well to the case to state that the two businesses being compared were totally different in nature and how difficult it was to predict the revenue of a car repair business.

#### Question 2

- (a) Scores were quite high, often 4/5 for each part as the majority of candidates knew what a franchise was and their advantages / disadvantages. Advantages often focused on the benefits of the help from and reputation of the franchisor but also economies of scale in purchasing by the franchise operator were also mentioned by better candidates. The weakest answers had a very rose tinted view about franchisers' generosity suggesting they would provide all training, location, service and trouble shooting. On the second part however there were some good comments about the costs involved, loss of control, the need to standardise products and restrictions on future expansion. A minority of candidates misinterpreted **Question 2(a)** and compared the advantages and disadvantages of a furniture franchise versus owning a car repair business.
- (b) A straightforward location question where many candidates could see the importance of relevant factors such as the need to be near the competition, transport, security, low rent and tax. However the development of the factors as to the consequences for cost and enhanced sales were often absent and so it was rare to see full marks awarded. Weaker candidates often gave text book answers for location e.g. near their raw materials etc., and forgot they were talking about a retail furniture business in a city centre. Many candidates managed to get some application marks for including consideration of the rent, delivery services and bulky furniture, high unemployment in the country. Some good answers also included reference to external economies of scale and why the business should be located near competitors and infrastructure.

#### Question 3

- (a) Quite a large number of candidates scored high marks with all the ratios given and useful analysis concerning the trade-off of ROCE versus the high net profit of the more secure franchise. The weakest candidates went off at a tangent to write about location again and Abdul's skills, the experience of his wife or the advantages and disadvantages of a franchise vs. ownership. It was pleasing to see that there seemed to be more candidates actually providing a recommendation; there was a time when candidates wrote about both sides but never offered a conclusive decision.

However, many candidates just compared the information in Appendix 1 and did little else with the information, e.g. 'the furniture franchise has a higher net profit than the car repair business' consequently scoring less than half marks.

- (b) Many candidates mentioned unemployment, economic growth, paying taxes but only better candidates went on to explain the reasons this would help the Government. Better candidates built upon these points for taxes, government expenditure, improved infrastructure, provision of merit goods and multiplier. There were a number of textbook, economic answers which were not in context with Abdul's small car repair business with a tendency to explain how they would help but not why. Some candidates did not read the question and talked about the advantages to Abdul. Exports and balance of payments (import substitution) were often seen as well but the context did not lend itself to these points.

#### Question 4

- (a) Most candidates were able to construct the graph correctly and gain 2-3 marks, but few included the title to achieve the full 4 marks.
- (b) There were too many vague references to 'competition', 'prices', 'advertising' etc. with too little mention to the data which should have directed Abdul's policies e.g. most people chose garages which were up to a mile away and so Abdul's garage should be within that distance and even some better candidates failed to recognise the need for this approach. The question asked candidates to comment upon **how** it would help and a lot of candidates did this but they did not then go on to examine the use Abdul would make in his own plans of the result. For example – the questionnaire information would help Abdul set the price, but then candidates did not go into detail about what the price should be or whether a strategically low price would be best or whether a competitive pricing strategy should be used. Many simply went through the list of questions and repeated what they had shown. A minority of candidates seemed to miss the point of actually using the information and just wrote about market research in general.
- (c) Generally well answered. Many candidates realised that with car repairs, a service industry, there were fewer opportunities to buy and sell on the Internet, although many suggested that spare parts could be obtained. Better candidates could see payment online, details to find the garage location – maybe ecommerce and business to business use is something useful. Lots of candidates picked up on the fact that the business is local and stated that the Internet might not be that effective. Quite a number of candidates said the Internet was of little use, having used the market research results to prove that newspapers were the most popular form of advertising. Some candidates were blunt and dismissed the idea with no real rationale at all, appearing to see it as a very expensive 'add on' of promotion. Most understood clearly the impact which the Internet has had on business especially in advertising. Weaker candidates thought the Internet would reach a wider number of customers, even in other countries.

#### Question 5

- (a) Abdul could have been looking for anyone as far as many candidates were concerned. Most answers gave lists in a text book style answer to how to recruit. However, the answers did demonstrate a high knowledge of recruitment and selection methods. Very few candidates achieved the higher marks. Answers were mostly descriptive, with little explanation of the list of how to recruit staff with a focus on what to do rather than why it would help him recruit appropriately. Very few candidates achieved over half marks. Many wrote at length about job analysis, job description, job specification, advertising, etc. but only a handful of candidates gained marks for explaining **why** they are used. Some candidates mentioned employing a Recruitment Agency and went on to talk about Internal and External Recruitment. A minority of candidates wrote about the training of staff once they had been recruited which was not relevant to the question.
- (b) The vast majority of candidates knew about financial and non-financial incentives, with examples, and better candidates did explain why they might be effective. However, there were quite a lot of lists and descriptive answers, ending with 'this would make them work hard'. Application marks were rarely achieved on this question; even very good candidates missed out on these marks as the answer could have referred to any employees and was not specifically focused on sales staff. A number of candidates talked about piece-rate and producing goods rather than selling them. Rather as above in **5(a)**, weaker candidates gave lists of methods but little about sales staff and

actually making the technique a motivator. Some candidates did offer good references to theorists, such as Taylor, Maslow or McGregor, but the answers often lacked explanation of how these theories could be used to motivate sales staff. A number of good critical points about money not being a motivator were offered but often in a too general sense. A minority of candidates discussed the benefits to the business of well motivated staff but this was not what the question asked and therefore gained no credit.

### **Summary comments**

Overall the quality of the answers from the majority of candidates was very good. Although candidates continued to lose marks through lack of application, analysis and evaluation, nevertheless the depth of understanding was apparent in many cases. There were few examples of low scoring candidates and many examples of high scoring candidates where they had not only applied their answers well but also made judgments which were fully justified.

# BUSINESS STUDIES

---

**Paper 450/03**  
**Coursework**

## **General comments**

The coursework option was mainly undertaken by Centres previously taking this option in the past. It was also pleasing to see some new Centres enter candidates for coursework and the standard was high. Once again the coursework titles set by candidates covered just a few popular sections of the syllabus and the standard of work submitted was good with very few low scoring assignments.

## **Assessment criteria**

Candidates chose a similar variety of sources of information which included questionnaires; visits to businesses; interviews (with parents, peers, teachers, business people, the general public); gathering information such as maps, advertisements, official documents, and photographs. Questionnaires continued to be the most popular form of gathering primary research for the majority of candidates. In addition textbooks and the Internet were also used by the majority of candidates.

Assignment titles were usually analytical and encouraged a wide range of research. Where the titles were descriptive it still encouraged a wide range of research to be undertaken by the candidate but their analysis of this information was often lacking detail and consequently marks were often lower than they might have been had a different title been set.

The presentation of assignments was of a high standard with effective use of IT being made to produce a variety of graphs, charts and spreadsheets to show questionnaire findings, break-even charts and financial information. The majority of candidates presented their findings in a logical manner.

## **Application of the Assessment Criteria**

In the main, Centres accurately applied the assessment criteria and this was a reflection of their experience in assessing coursework. If Centres were slightly generous it was in the awarding of analysis and evaluation marks. The discussion by candidates, in a few cases, was brief and lacked depth and therefore could not be awarded marks in the highest mark bands. Conclusions need to include a justified answer to the question posed in the title, based on the information gathered.

The data collected was converted to appropriate and alternative forms of presentation and it is important that some evidence of the research undertaken supports all information used in the assignment. A sources of information section at the end of the assignment is a useful way of referencing the sources used. However, it should be clear in the assignment itself where this information has been used; a detailed list of sources alone should not attract high marks for research if it is not clear what information has been gathered and how it has been used to answer the coursework title.

## **Appropriateness of Assessment Tasks**

Most candidates had a clearly stated question at the beginning of their assignment and these were questions that encouraged analysis and evaluation of the data collected. Where an analytical title was not set at the start of the work the candidate found it very difficult to analyse their findings and draw conclusions, consequently marks were not gained for analysis and evaluation in the higher mark bands of the assessment criteria.

Successful assignments included

- Motivation: candidates studied several workers in a business to see what motivated them; more able candidates went on to compare their results with motivation theory. Candidates posed

questions such as 'How can ..... keep their employees from leaving?' or 'How can the motivation in ..... be improved?'

- Setting up a new business: candidates found this interesting and it encouraged a variety of methods of research. This was usually undertaken as a feasibility study, e.g. 'Would a ..... be successful in .....?' 'Is there a market for ....in .....?' It should not be written up in a narrative form describing the steps necessary to set up a business as this does not encourage analysis and evaluation of the data gathered. A conclusion is needed which fully justifies the recommendation as to whether or not the business should be set up.
- Is expansion possible for .....?

Less successful assignment titles due the descriptive nature of the question were:

- What are the factors that led to low sales of .....?
- What effect does advertising have on ....?

The majority of assignments submitted by candidates were feasibility studies for setting up a new business. These allowed both breadth and depth to the research undertaken and for analysis and evaluation of this research.

### **Administration**

Administration by Centres was usually good. However, **Centres are reminded that the candidates with top and bottom marks must be included in the sample submitted for moderation.** The good administration by Centres assisted the moderation process. Notes or annotations on the work by teachers as to why marks were awarded were also very helpful to the moderation process and are to be encouraged.