

BUSINESS STUDIES

Paper 3177/12
Short Answer/Data Response 12

Key messages

- Many candidates would benefit from a more precise understanding of key business terminology when answering questions requiring definitions.
- Candidates should be reminded to use information from the stem to help answer **part (c)** and **part (d)** questions as this provides the basis for application. Candidates should not repeat the same application for both points. The same analysis point should not be used twice in the same question.
- Effective evaluation is an area which requires attention. Candidates should be reminded that evaluation must include a justified decision that follows on from the points raised in the answer, not a repetition of points already explained. An example of an answer which includes evaluation can be found in mark scheme for each **part (e)** question.

General comments

Overall, there were some good scripts seen as well as a number of weaker ones. Many candidates showed good knowledge, but most found it more difficult to access the application, analysis, and evaluation marks.

Questions requiring definitions and knowledge, such as **part (a)** and **(b)** of each question were generally well attempted. Most candidates lacked the necessary precision when defining concepts in **Questions 3(a)** and **4(a)**.

For most **part (c)** (excluding **2(c)** which only assessed knowledge) and all **part (d)** questions, it is important to link each point to the context. To do this, candidates should use the information from the stem to ensure that points raised are appropriate to the business. A different point of application should be used for each point.

It is important to remind candidates that **part (e)** is a general question. Many candidates included application in the **part (e)** questions. This was unnecessary and these candidates lost valuable time trying to apply their answer to the case study.

Part (e) questions assess evaluation. Candidates are required to make a supported judgement. This should follow on from points raised in the answer but not provide a summary of points already made. Most candidates were unable to provide developed statements to justify the decision made. To access the evaluation marks, one approach that candidates could use is to make a choice, provide a reason for this decision, and then explain why it is better than the alternative option or viewpoint discussed.

Comments on specific questions

Question 1

- (a) Most candidates could identify at least one method with interviews a typical answer. Others incorrectly identified stages of the recruitment process or characteristics that employers might consider when selecting potential employees.
- (b) Generally well attempted. Weaker responses included vague statements about reducing costs without clearly referring to cost of materials or input costs.

- (c) Most candidates could identify either one advantage or disadvantage with high output and high set-up costs typical answers. Better responses were then able to apply both answers to the scenario. Common mistakes were to identify features rather than advantages of flow production. Some had the wrong focus so answered the question from the viewpoint of employees rather than the business. Others used the same application for both answers, which can only be credited once.
- (d) This question provided a range of responses. Many responses identified one reason. Better responses were able to apply answers to the scenario with flow production and 3500 workers often being used to help link points to the context. All candidates found it difficult to develop points such as better working conditions to show how it benefited employees. Instead of analysis many repeated the knowledge point. Others identified problems such as poor pay but did not specify why employees would want to join a trade union.
- (e) Most candidates struggled to answer this question successfully. Many misunderstood the question so discussed the relative merits of internal and external recruitment. Others incorrectly focused on describing other stages of the recruitment process. It is possible that they missed the significance of the word 'new employees' in the question which shows the importance of reading the question carefully and identifying the key words. Only a minority of candidates were then able to explain and compare methods such as recruitment agencies, national newspapers, and specialist magazines which the question required.

Question 2

- (a) This question was well answered. A common error was to confuse characteristics of an entrepreneur with features of a manager or an employee. Some candidates developed their answers further which was not needed and took up time which could have been used on other questions.
- (b) Many candidates were able to identify two correct examples. Weaker responses tended to offer descriptions instead of identifying the economy of scale. Some answers were imprecise and incorrectly used words such as 'managing' or 'technology' instead of 'managerial' and 'technical' respectively, which were too vague to be credited.
- (c) To gain full marks, candidates were required to identify four different methods of promotion. Many did so, with gifts, discounts, and free samples typical choices. The most common mistake was to repeat different examples of advertising such as television, social media and posters which can only be awarded once. Some listed more than five answers, but candidates must be made aware that only the first four will be marked. Others incorrectly referenced other elements of the marketing mix such as adding new features to the product.
- (d) Good knowledge was evident in many responses. Better answers were applied but most candidates struggled to develop points made to gain analysis. Instead of analysis, many repeated the initial knowledge or identified another point. Some had the wrong focus so discussed advantages and disadvantages of being a sole trader rather than why a business might remain small.
- (e) Most candidates struggled to answer this question effectively. Good knowledge was evident in some responses, but most candidates needed to develop their answers to gain the analysis or evaluation marks. Some discussed other elements of the marketing mix, namely promotion and place, which the question did not require. Weaker responses made vague statements about the right price or the product being important, but these points needed further explanation to be credited. Others discussed different pricing methods or focused on the potential impact on profit. None of these answers were awarded.

Question 3

- (a) Many candidates provided a clear and precise definition of the term. Weaker responses were vague. Most understood that liquidity was about the ability of a business to pay back its debts but omitted the short-term element. Another common error was to confuse liquidity with cash flow.
- (b) There were many correct answers to this question. A common mistake was to calculate working capital. Others expressed the answer as a fraction, rather than as a ratio, which was incorrect. Some candidates provided more than one answer so could not gain maximum marks.

- (c) The best answers showed good knowledge of reasons for long-term finance. These answers made good use of the context to also gain application marks. There were several incorrect answers. Many candidates outlined short-term reasons such as managing cash flow or paying day-to-day expenses. Others assumed that long-term finance was used to pay off debts, improve profit or help avoid bankruptcy. None of these answers were credited.
- (d) Most candidates could identify one way that either the bank or an investor would use the accounts to help make decisions. Better candidates developed their answers in context. Instead of analysis, many repeated the knowledge point. Others had the wrong focus so answered the question from the viewpoint of the business, rather than the user of accounts.
- (e) Good knowledge was evident in most responses. However, the majority of candidates needed to develop their answers to gain the analysis or evaluation marks. Instead of analysis, many identified additional knowledge points. Others simply repeated that it would improve efficiency without explaining how the chosen way would achieve this. Evaluation, where attempted, was often a repetition of earlier statements and did not offer anything new.

Question 4

- (a) This question was poorly answered with many candidates focusing on general marketing activities such as setting price, or simply identified different elements of the marketing mix.
- (b) A well answered question. A common mistake was the lack of precision when using the terms private sector and public sector. Phrases such as private individuals cannot be accepted as an alternative to private sector as individuals are found in all types of economy.
- (c) The best responses recognised reasons such as higher wages or difficulty recruiting workers. These answers also gained at least one application mark for recognising the business produced rice or that it had 120 employees. There were several incorrect answers to this question. Some candidates incorrectly answered on the basis that there would be more, rather than fewer, employees available because of high levels of employment. Others focused on other factors such as exchange rates and depreciation of the currency. Some candidates made vague statements about higher prices or identified ways to cut costs, which were potential consequences of a stage, which had not been outlined.
- (d) This question produced a range of responses. Better candidates were able to explain in context how tariffs might be used to help protect domestic businesses or generate tax revenue for the government. Most candidates found this question challenging. Some confused tariffs with exchange rates or discussed general economic objectives a government might have such as increase GDP rather than considering why tariffs might be introduced. Others explained the consequence of introducing tariffs without identifying the reason first. Analysis in most answers was limited or not attempted.
- (e) This was one of the most challenging questions on the paper. To access the marks candidates needed to explain the effect on import and export prices which many candidates did not do. Candidates who understood the depreciation would result in cheaper exports and more expensive imports did well. Weaker responses tended to include vague statements about the effect on demand or costs without identifying the reason for the change or omitted to say whether the effect was on imports or exports. Some candidates defined the terms which was unnecessary. Others confused the term with an exchange rate appreciation or discussed trade restrictions. Instead of development, some explained the impact on the country not the businesses. Evaluation was rare. Where attempted, candidates tended to repeat earlier points made.