

# **BUSINESS STUDIES**

## **SUBJECT 9198**

### **PAPER 01**

#### **GENERAL COMMENTS**

Generally, most candidates responded well to most questions. There was enough evidence of mental preparedness in most candidates' responses.

On average, all questions were done fairly well although some candidates displayed some technical deficiencies in some questions.

The question paper appropriately covered all syllabus topics and also fairly tested all the required skills. However, although some candidates could demonstrate all the skills (knowledge, application, analysis and evaluation) quite a number could not demonstrate their evaluative skills when approaching questions in Section A (e.g. question 1 (b)).

Overall, the general candidature had prepared for the paper.

#### **COMMENTS ON INDIVIDUAL QUESTIONS**

##### **QUESTION 1**

- (a) Candidates did quite well on this question. Only a few did not bring out the aspect of 'selling' of national assets.
- (b) Good candidates were able to give both sides required by the question while the weaker ones gave the benefits only.

##### **QUESTION 2**

- (a) Only a few candidates managed to give the three features (i.e. performance appearance and economy of manufactures). Most candidates gave wrong answers such as packaging, branding, quality, etc.
- (b) One method of work study was identified by almost all candidates but some were unable to give proper explanations.

##### **QUESTION 3**

- (a) Candidates did quite well on this question.

- (b) Having identified the main features of the economic system, most candidates were able to show the advantages. However, a few candidates could not show how people benefit from such an economic system.

#### **QUESTION 4**

- (a) Although most candidates were able to give the direct taxes (e.g. income tax, corporate tax, etc), some gave indirect taxes such as sales tax or value added tax.
- (b) Generally, candidates were able to give the effects of taxation on businesses, e.g. effects on demand, profits or on investment. A few very good candidates were able to look at the effects from a positive perspective.

#### **QUESTION 5**

- (a) Although some candidates were able to define de-layering, some mistook it as lay-off workers, instead of seeing it as the removal of whole layers of management levels to create shorter structures.
- (b) Those who were able to define de-layering had no problem with giving the benefits while some could not give anything.

#### **QUESTION 6**

- (a) Most candidates were able to describe downward communication as well as giving its importance. Only a few could not give examples of information that can be communicated downwards such as goals, objectives, strategies, rules, instructions, etc.
- (b) A few candidates understood the question. It required the merits and demerits of oral communication but most were giving the merits and thus ignoring the demerits which led to loss of marks.

#### **QUESTION 7**

- (a) This question was done well by almost all candidates. Common answers included; it is cheap and fast.
- (b) Candidate did generally well and the common answers were; demand for products and changes in technology.

### **QUESTION 8**

- (a) Most candidates demonstrated their knowledge about the Boston Matrix. While some were able to show their understanding of a cash cow, some described a start which led to loss of marks.
- (b) Almost all candidates could not give the name of strategies which is 'building'. However, most obtained marks for giving the various ways of building a problem child product.

### **QUESTION 9**

- (a) Most candidates were able to give the methods of improving cash flows in a business. Only a few confused cash with profit because the latter can be attained while the business does not have cash.
- (b) Although most candidates were able to given the advantages of using debt finance, most of their explanations were very weak or non-existent.

### **QUESTION 10**

- (a) This question was done very well by most candidates. However, one common inappropriate answer was that of looking at employees' remuneration.
- (b) Most candidates were able to give the main feature of shareholders and debenture holders, but without proper distinction which focused one feature on both: e.g. a shareholder received dividends while a debenture holder receives interest. This answer focuses on one aspect – return on investment.

### **QUESTION 11**

- (a) Mean and mode were done generally well. However, only a few candidates described median in place of either of the two.
- (b) 'How useful' is a stem for a two-sided question but most candidates gave the benefits of mode in stockholding decisions leaving out its limitations.

### **QUESTION 12**

Both gross profit and net profit margins were correctly calculated for both years. Although most candidates were able to indicate the rising gross profit margin and the declining net profit margin, they had problems in giving the reasons behind in most cases.

### **QUESTION 13**

- (a) Generally, most candidates showed their ability to calculate contributions per unit. However, some left out the special packaging per unit but still they were awarded three marks out of four.
- (b) Candidates were expected to use all evidence; both qualitative and quantitative, and the question was two-sided. Most used one type of information and they had one-sided answers.

### **QUESTION 14**

Most candidates were able to give the advantages and disadvantages of MBO but some were not able to root their arguments in context. Most candidates were not able to give a conclusive judgement hence failure to hit the highest level of response.

### **QUESTION 15**

The majority of the candidates could not give a detailed and integrated marketing strategy. They were expected to highlight the marketing mix variables (4 Ps), the firm's objectives as well as an adequate budget to finance the strategy. Other factors like competition or government legislation were supposed to be included for evaluation purposes.

However, most candidates narrowed down their discussions to just one of the marketing variables (e.g. advertising). Most of their responses had no reference to the text and there was conclusion.