

BUSINESS STUDIES

SUBJECT 9198

PAPER 2

GENERAL COMMENTS

There was a general improvement in the quality of answers presented by candidates in most centres. However, examiners were worried by a few centres whose candidates failed to capture 'rubric' of the question paper. Of particular concern were centres where candidates attempted two questions in Section B instead of the required three questions.

There are still some parts of the syllabus which still appear to be creating some difficulties in the minds of the candidates. Examples include those that require numerate analysis of data and those that involve important concepts such as elasticity of demand, sampling and financial statements.

Centres should be congratulated for importing examination skills to candidates on how to tackle essay type questions.

INDIVIDUAL QUESTIONS

QUESTION 1

Most candidates did very well on question 1. However some candidates failed to calculate gross profit and cost of goods sold. Others confused the two and reversed their answers – they lost marks this way. The meaning of 'top heavy management' posed problems to candidates even though there was a hint on its meaning in the passage "... the ratio of senior management to junior staff was too high..."

For parts (C) and (d) candidates raised the main points but a great deal of them gave one-sided responses. Examiners expected candidates to explain circumstances in which Pat Fancy Management might worry about high rate of labour turnover as well as circumstances under which they might not worry.

On question 1(e) the recommendations made by the two managers were supposed to be evaluated.

QUESTION 2

This was the most popular question and it produced a variety of responses from candidates.

- 1(a) Examiners expected reasons why some firms might decide to remain small e.g. retention of control, avoidance of diseconomies of scale, limited capital, need to maintain personal touch, etc.

Candidates concentrated on advantages and disadvantages of small firms. They lost marks as a result of that.

- 2) Most candidates identified criteria for determining business size e.g. size of workforce, size of capital, level of turnover, profitability, market share, etc but a good number failed to discuss limitations of the above criteria e.g. difficulties resulting from whether a firm is capital – intensive or labour-intensive.

QUESTION 3

A fairly popular question. Part (a) was done very well, with most candidates being able to note that workers could react both positively and negatively. Good candidates went on to justify the reasons for workers' reactions.

- (b) This was not done well. Examiners expected candidates to realize that push factors are significant to relocation as pull factors are significant to relocation.

Candidates who could not realize that push factors were a hub to this question lost marks. The main point to be discussed might have included: dying market for shoes; exhaustion of raw materials e.g. hides; competition, etc.

Context of the question was very important and candidates who presented their answers in context were highly rewarded.

QUESTION 4

The question was popular but performance in part (a) was better than that in part (b). candidates should study questions carefully before attempting them. This helps to provide a balanced answer on both parts of the question. On part (b) candidates should have evaluated the usefulness of own price, income cross and promotional elasticities in relation to market segmentation, price determination, revenue maximization, classification, evaluation of promotional campaigns, etc. Effects of government controls on prices should have been discussed as well.

QUESTION 5

Another popular question that produced dismal responses. Candidates discussed advantages of on-the-job and off-the-job training as well as their disadvantages but these were not required.

Factors required included; ability of workers to impart knowledge to others, training costs, availability of training facilities, nature of the job, capability to handle production disruptions, etc.

Part (b) was done well by most candidates.

QUESTION 6

Candidates did well on this question. Factors such as reliability of suppliers, nature of product, lead time, level of demand, production methods used and stock-holding costs were well discussed.

On part (b) benefits and drawbacks of holding stock were also well- articulated.

QUESTION 7

This question was not popular and did not produce good responses either. This area of the syllabus seems to be creating problems in the minds of candidates. Centers are encouraged to devote more time and effort to such areas as this one.

(a) Importance of balance sheet

Show a firm's assets, capital and liabilities, ratios can be calculated to assess liquidity of a business, fulfils legal requirements, etc.

Importance of Trading and Profit and Loss Accounts shows turnover gross profit and net profit. Profitability ratios can be calculated. Can be used for external report purposes, etc.

(b) On part (b) candidates were supposed to explain the two methods of depreciation and then discuss their advantages and disadvantages.

QUESTION 8

A relatively popular question. Candidates raised good indicators of poor performance but could not make an assessment of such indicators. Indicators include low sales, missed targets, declining market share, high labour turnover, customer complaints, etc. The extent to which these indicators reflect poor performance should have been discussed.

QUESTION 9

The least popular question. Candidates who attempted it could not describe quota and stratified random sampling methods.

For part (b) candidates were expected to evaluate effectiveness of such methods as focus groups, retail audits, observations, test marketing, consumer panels, interviews, etc. this is another example of an area of the syllabus that requires the attention of centres.

QUESTION 10

- (a) Points to be explained include; plans are particular associated with new start-up businesses; are required when seeking finance; provide a means to appraise objectives, etc. Some candidates discussed the significance of planning in general – as a result they lost some marks.
- (b) Candidates could not distinguish between short-term and long-terms sources of finance. They thus discussed long-term sources instead of short-term sources. The short-term sources might have included debt factoring; overdraft, trade credit and short-term loans.