BUSINESS STUDIES

SUBJECT 9198

PAPER 2

GENERAL COMMENTS

There was an improvement in the quality of answers by most candidates in comparison to the previous year. Candidates demonstrated some degree of examination preparation and preparedness, especially in Section B of the paper where free responses were required. However, examiners are concerned by the fact that candidates are still not comfortable with questions that require quantitative analysis. Centres are encouraged to put emphasis in areas of the syllabus that require mathematical manipulation of data.

COMMENTS ON INDIVIDUAL QUESTIONS

QUESTION 1

The generality of candidates did not do well on this question by virtue of its quantitative nature.

(a)   This was poorly done by most candidates. Reversing the ratios was common, e.g. 1:0,55 instead of 0,55:1. Some simply calculated the rations but chose not to comment on their implications to the liquidity position of the business. To earn full marks, examiners expected an appropriate comment on the business's liquidity position.

(b)   Calculations for contributions were generally well done by the majority of candidates. However, some candidates were not aware of how the contribution concept can be used to make management decisions. Some candidates even failed to note that calculation of contribution was the basis for part b (ii).

(c)   This part of the question produced long-winded responses which were by and large out of context. This question required qualitative information – e.g. factors such as economic recession, strategic location (at the border); how to deal with retrenched workers; capacity to under price competitors, etc.

QUESTION 2

(a)   Quite a popular question but candidates lost marks because they have general problems faced by small firms instead of effect of economic constraints.

To score higher marks, candidates should have explained effect economic constrains such as inflation, interest rates, exchange rates, etc.

(b)   As a result of failure to identify economic constraints in part (a) of the question, most responses given in this part of the question were irrelevant. Some candidates even dwelt much on what the government can, or should do, to asset small firms, instead of discussion measures that small firms themselves might undertake to minimise effects of economic constraints.

QUESTION 3

(a)   This question was not popular. Candidates who attempted it did not do well. Centres are encouraged to treat areas of the syllabus that require quantitative analysis with the due respect that they deserve. They should take note that Section B, compulsory as it is, is largely based on quantitative data.

(b)   Performance of candidates was fairly better than on part (a). Candidates were able to discuss such methods as debt factoring, reduction of the credit cycle, more effective utilization of fixed assets, reviewing of stick levels, improved use of budgeting, etc.

QUESTION 4

Quite a popular question which produced good responses. Candidates were able to explain why many businesses develop new products. They were also able to discuss importance of factors that might influence the success of a new product, e.g. elements of the market mix; competition; accuracy of market research; importance of brand image; test marketing; government policy; pressure groups, etc.

QUESTION 5

(a)   The question was relatively popular and produced a mixed bag of answers. Benefits of privatization were well articulated by most candidates. A few candidates confused privatisation with converting a public limited company to a private limited company.

(b)   The question was done well and candidates were highly rewarded by examiners.

QUESTION 6

One of the most popular questions which was attempted by many candidates. Candidates performed relatively well, with very good candidates making use of appropriate theories to support their answers.

A few candidates forgot to evaluate the methods they suggested as promoting co-operation between management and workforce.

QUESTION 7

This was the least attempted question. It also produced very poor responses from the few who attempted it. Candidates were not aware of the demands of the question. Some did not even know the functions of the Production Department. Examiners expected candidates to evaluate the full range of tasks of which the Production Department is responsible, e.g. production planning; stock control; work study programmes; value engineering; quality control; R & D; etc.

QUESTION 8

By far the most popular question for this examination session. It also produced very good responses and candidates were duly rewarded. There were a few candidates who highlighted the barriers to communication but chose to ignore solutions to those barriers. Such candidates lost marks in the process.

QUESTION 9

(a)   This part of the question was done well with most candidates managing to raise and developing the required points, e.g. to attract/lure investors; facilitate SE listing; evade taxation; inability of personnel to manipulate data; etc.

(b)   This was not done well. Candidates were expected to discuss the pros and cons of decision tree analysis for higher marks. Many candidates simply described decision trees without discussing their importance and limitations as required by the question.

QUESTION 10

(a)   Candidates managed o describe both flexible budgets and zero budgets. Better candidates went further to explain circumstances that they might be appropriate.

(b)   This part of question was also done well by most of the candidates who attempted it. They were able to discuss the importance and shortcomings of budgets to a large manufacturing firm.