

BUSINESS STUDIES

SUBJECT 9198

PAPER 2

GENERAL COMMENTS

The overall quality of answers presented by candidates was lower as compared to that of last year. Centres are reminded that paper two tests candidates' ability to evaluate and make judgements using business studies concepts and situations raised by the questions.

As such, unrequired theoretical information is not rewarded. There was widespread presentation of long-winded answers but with little or no required information. Such answers could not score high marks.

Of concern to examiners among such answers were candidates who failed to interpret the question and went off-topic. The following steps could assist candidates in improving the quality of their answers:

- (a) Identify what the question requires.
- (b) Identify the main points.
- (c) Develop the points.

COMMENTS ON INDIVIDUAL QUESTIONS

Question 1 is compulsory and should therefore be treated with the carefulness it desires. General performance was not pleasing on this question. Most answers were presented out of context because some candidates chose to ignore the passage in presenting their answers.

QUESTION 1

- (a) The general explanation of the term 'staff turnover' was given but candidates could not draw an example from the passage to authenticate their explanation. The exit interview given to one worker leaving Farm Tools Limited was one such example.
- (b) Candidates were able to calculate both the payback period and the NPV but some lost marks for failure to express their answers in millions of dollars.
- (c) To earn full marks, candidates were expected to use both quantitative and qualitative information from the passage as a basis for their recommendations.

- (d) This part of question was not done well by most candidates. This is because the discussed solutions to worker motivation problems instead of communication problems. Methods to be evaluated might have included meetings, consultations, newsletter, IT, etc.

QUESTION 2

- (a) A general discussion of ratio analysis was given without identifying those ratios related to working capital. A few good candidates managed to identify the ratios, e.g. current ratio, acid test ratio, debtors' ratio, creditors' ratio, etc. Examiners also expected candidates to discuss limitations of ratio analysis.
- (b) Short-term methods were more applicable to this question. Candidates who came off with long-term solutions/methods were not highly rewarded. Methods to be evaluated might have included: debt factoring; better stock management; better credit control procedures; discounts; increasing cash sales, etc.

QUESTION 3

This is an example of a very popular question where many candidates could not answer the question. Long-winded answers were very common on this question. Unfortunately, many of the answers outlined various motivation theories without addressing the question asked. Strategies that should have been evaluated include: work study, training of workers, team working, delegation, quality circles, MBO, financial incentives, etc. Reference to appropriate theories should then have been used to support the candidates' argument.

QUESTION 4

- (a) A very unpopular question. Those who attempted it confused ethical issues with legal constraints and/or corporate culture. Examiners speculated that candidates who chose this question might have been hoodwinked by part (b).

Answers should have discussed a range of ethical issues such as: environmental concerns, treatment of employees, nature of products, etc and the extent to which these concerns might influence the objectives of business e.g. growth objective might be limited by environmental concerns such as its effects on pollution.

- (b) This was done well, with good candidates outlining main principles of MBO and fully explaining the extent to which it can be used as a means of ensuring and developing a more effective management team.

QUESTION 5

- (a) Candidates who attempted this question raised very good factors such as: to gain economies of scale; to be more competitive; to gain market dominance; to share expertise; to improve ability; to raise finance, etc. A few who could not identify context of the question, i.e. "giant supermarkets", raised irrelevant factors, e.g. raw materials and production methods.
- (b) This was done well. Both the positive and negative impact of the merger was discussed to each of the stated stakeholders.

QUESTION 6

- (a) A relatively popular question. However, most of the responses on this question were generalized. Some candidates end issued effect of changes in technology to a country at large instead of its effect on businesses.

Positive effects might have included: improved productivity through use of CAD/CAM, robotics, etc; facilitation of JIT through information technology links; marketing effects such as internet selling, e-commerce, electronic payments, etc.

- (b) This was a challenging question, though a common question, candidates managed to bring out benefits or advantages without the drawbacks of desk-research.

Negative effects might include: impact on Human Resources Management, e.g. motivation problems, loss of traditional skills and need for training/retraining; financial implications of new technology, especially to small businesses, etc.

QUESTION 7

- (a) This was one of the most popular questions which also produced very good answers. Candidates managed to raise and discuss relevant factors.
- (b) Also done well although a few candidates lost marks for failure to recognize and appreciate that purchase of machinery was a medium to long term decision which required medium to long term financing. Candidates who evaluated short-term sources of finance were not highly rewarded.

QUESTION 8

- (a) A relatively popular question which produced fairly weak responses to very good responses. Weak candidates raised relevant reasons but could not develop the raised points further. Some of the reasons why a manufacturer might not use flow production include: nature of the product; demand factors; customer-built versus mass appeal; availability of resources, etc.

- (b) Good answers considered the three major aspects of value analysis, namely aesthetics, performance and economy of manufacture before discussing its usefulness and limitations.

QUESTION 9

- (a) Was very popular with candidates many of whom seem to have misinterpreted what the question required. Candidates discussed very good marketing strategies, forgetting to discuss factors likely to influence such a strategy. Others forgot, or chose to ignore the context of the question, i.e. "fashion market".

Factors to be discussed might have included: risky nature of the fashion industry; competition, legal requirements; market research findings; etc.

- (b) Market research collection methods such as consumer panels, opinion polls, observation, test marketing, focus groups, retail audits, etc were evaluated and most candidates scored highly on this part of the question.

QUESTION 10

- (a) A fairly popular question where a substantial number of candidates could not demonstrate knowledge and understanding of the concept of benchmarking. Benchmarking is setting minimum standards of performance and quality based on identifying the best method and practice used in other organizations. Benefits and drawbacks of benchmarking should have been discussed.
- (b) Most candidates were at home with the contribution of product quality to the success of a business. They were accordingly rewarded.