

Examiners' Report/ Principal Examiner Feedback

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Business Enterprise

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Introduction

It was pleasing to see significant progress in the exam techniques in a higher percentage of the candidates. More students are attempting to include application in referring to the business in the question or case study.

Once again, the standard of handwriting for some students made it extremely difficult to read some of the scripts in this series.

In the Supported Multi Choice section (Questions 1-6), most students were able to identify the correct answer most of the time. However, a significant number of students were then unable to gain further marks for fully explaining their correct choice of answer. Many simply repeated the words from the question stem in their answers. It was pleasing to see many students have adopted a structure to demonstrate:

Knowledge and understanding (definition)

Application, in relation to the business or issue in the question and

Analysis, the results of any decisions, actions from the application.

Whilst a significant number of marks for these multi choice questions were awarded for explaining why other distracters were wrong, there were some missed opportunities for extra marks. For example, some students often just state 'X is wrong' and then give a definition. Distractors still need to be applied in relation to the business or issue in the question. For example, X is wrong because - then explain how or why it does not apply.

In the Data Response questions, there was evidence of many students having been well taught regarding how to access the 3+3 mark scheme for Q7 and 8

The vast majority of students attempted the standard data response questions 7; 8a and 8b with a small number of blank scripts

A majority of students attempted questions 9a; 9b; 10. However, Q10 and Q11 were not attempted by a few students but it is not clear whether this was due to a difficulty in responding or if it was due to time restraints before the final questions.

Question 1

Most students were able to score well on this question and offer an accurate definition of stakeholders. The development of these responses were often lacking in application and most limited this to employees having to work longer. Some students misunderstood the likely effects on wage rates and any further impact this may have on employees.

Distracters were usually well explained and were developed as to why they were incorrect rather than just a definition of the incorrect answer.

Question 2

A significant number of students offered the correct response of the bank loan and developed this to a good definition which demonstrated understanding of the inclusion of interest rates and an agreed repayment schedule. Some confusion between short, medium and long term relevance. Distracters usually explained well.

Question 3

A significant number of students gave confused definitions of a partnership, not establishing the fact that this is in relation to those who own the business rather than those who just manage or control it. There was a significant number of incorrect answers from students who believed financial capacity was the main disadvantage of a partnership because profits would have to be shared. There was no demonstration of clear understanding of the difference between capacity and liability in these cases. Stronger students were able to differentiate between shared liability and unlimited liability. Distracters were usually explained well and with application

Question 4

Stronger students performed well with this question recognising the difference between predatory pricing as being the offering of goods and services below cost for a set period of time. Where this question was understood, the development of the response was usually excellent. However, a significant number of students offered explanations that would refer more accurately to competitive pricing. There was often a lack of *application* in the explanation of the distracters and many students repeated the phrase 'to force other companies out of business' from the question.

Question 5

This question proved challenging for many students and was a good differentiator of A grade responses. The strongest responses gave clear definitions of Health and Safety legislation and recognised that this legislation includes measures to protect a wide range of individuals and groups in the workplace, including customers and visitors as well as employees. Application in how health and safety measures might be applied in the workplace was very often weak. A significant number of students did not relate health and safety legislation to protecting people in the work place, but rather to the food being prepared by Kraft. Distracters were explained too often in a vague and confused manner and without reference to how these issues are covered by specific alternative legislation.

Question 6

Many students misconstrued the question to ask what the causes of unemployment are or what caused the factory to close. Students who did not score in part A were often able to pick up at least 1 mark by providing the correct definition for a knowledge mark. However, most students often found it difficult to explain why their answer was correct and specifically to develop their answer beyond assertions or restatement of the stem/question. A lot of students were not able to explain the distracters. Many students thought that the unemployed would buy/switch to local goods as opposed to imported goods which would become more expensive. Many also thought that if the factory closed down then local wage rates would go up because employers would pay more to keep the staff they had.

Question 7

A significant number of students incorrectly stated that family and friends was an internal source of finance. For development many students could identify it was an 'easier to access' source of finance but not so many linking to 'cheaper/costs'. A significant number did say that Magatte would not have to pay interest or even pay back the \$2million. A few linked to high risk and no business history so banks would not be interested.

Question 8a

A significant number of students discussed determinants of supply rather than determinants of demand. Application to the case study was limited. A lot of students did make an attempt at defining demand but many did not come up with full definitions including all the factors of quantity, willingness, ability, price and time.

Question 8b

A surprising number of students did not know the definition of a Business Plan; several defined a Marketing Plan only. Most students did however understand the need for a business plan in order to gain finance and were able to gain marks by developing this argument in context. Ability to provide 'Analysis' directly related to understanding the requirements of a business plan and this definitely pointed to higher level candidates. Some students often made assertions that did not relate back to the cause/consequence of having a business plan.

Question 9a

A break even calculation question: Well answered by a significant majority of candidates. Some students missed their final mark because they stated their answer in \$ or forgot to add "unit" to their final calculation. This was required to demonstrate understanding that the breakeven analysis was in terms of units. A few students clearly did not know the Break Even formula at all.

Question 9b

The biggest issue with a great many responses was that they were usually generic, with no reference back to case study. Most students offered well defined and analysed responses but lost the opportunity for application marks which limited their marks to the previous level. Evaluation was much less prevalent as students were unclear how a product trial may not be so beneficial to this particular business because of the size and diversity of the US market. Many students offered the possible problem of time and money but failed to develop this to include an explanation of how or why this might be a problem.

Question 10

A significant number of students were able to clearly define market mapping and relate this to the product rather than the business. Most students who offered good definitions were able to gain analysis marks for recognising that this would have the consequence of helping to find a gap in the market. A significant number were also able to offer evaluation. Application was weak and therefore often led to marks limited to the previous level.

Question 11

This was a question which offered great opportunities for stronger students to gain marks by demonstrating the understanding of sources of motivation and the limitations that profit and particularly profit maximisation often offered as a motive to Magatte. There was an issue with a number of students giving generic responses about profit generally rather than as a motivational factor. Better responses included multiple references to the context at L3, although less so at Level 4.

