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## FOREWORD

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This booklet contains reports written by Examiners on the work of candidates in certain papers. **Its contents are primarily for the information of the subject teachers concerned.**

# BUSINESS STUDIES

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## GCE Advanced Level and GCE Advanced Subsidiary Level

Paper 9707/01  
Short Answer/Essay

### General comments

There was a much less confident response to **Section A** on this paper than in previous sessions. The result was that many candidates were unable to produce a high mark platform or foundation to support the Essay mark. In particular the knowledge and understanding of 'work study' in **Question 4** was quite weak. While there were confident responses to all of the questions in **Section A**, from a minority of candidates there was a general lack of precision and accuracy relating to business studies concepts addressed in this paper.

There was also some evidence of candidates spending too much time on **Section A** leaving insufficient time to respond to a 20 mark essay question in **Section B**.

In **Section B** of the paper, while there was much interesting material and relevant theoretical discussion, there was often a reluctance to contextualise answers. Each of the three essay questions required a significant reference to the activities of a 'business'. Many candidates put too little emphasis on the notion of a 'business' and missed opportunities to develop a more relevant discussion. Candidates as always are encouraged to select questions where they have a fundamental basis of knowledge and understanding. It appeared in some instances that a number of candidates were attracted to **Question 6** but yet lacked sufficiently detailed knowledge and understanding to do justice to it. In consequence such candidates may well have significantly limited their ability to gain credit in **Section B** of the paper.

### Comments on specific questions

#### Question 1

- (a) Most responses commented on the limited extent of government intervention and/or on the degree of private ownership. Strong answers mentioned the role of the market price mechanism in a free market economy. Some weaker candidates confused the term with the concept of free trade and protectionism.
- (b) Some candidates were unable to identify specific legal controls and simply referred to general issues such as macro economic policies. Other candidates were able to identify legal controls relating to such areas as employment, laws of contract with suppliers, and citizen and customer protective legislation.

#### Question 2

Most responses included a definition of working capital which related to the money required for day to day trading. Fewer candidates recognised the significance of the word 'importance' in the question. Those that did, discussed what might happen if management control of working capital failed. Strong answers included discussion of overtrading and the opportunity cost of having capital tied up in unproductive uses. Few candidates were able to provide a manufacturing context for their answers.

#### Question 3

- (a) The vast majority of candidates were able to state two different measures of business size. The measures given included number of employees, turnover sales revenue, amount of capital employed, market share, level of profits and market capitalisation.

- (b) Niche Marketing involves aiming a product at a particular, often small segment of a market whereas Mass Marketing involves products being aimed at whole markets rather than particular parts of them. Strong answers made this distinction and gave examples to illustrate the definitions given. Weaker candidates confused mass marketing with mass production and consequently drifted from a relevant response to this question.

#### Question 4

- (a) Few candidates were able either to accurately define 'Work Study' – attempts to find the 'best' or the most 'efficient' way of using labour, machines, and materials – or to identify the techniques of work study – method study and work measurement. Many candidates confused the concept with market research, home study or worker motivation.
- (b) Those candidates who did not understand the term were unable to apply the concept and identify productivity improvement opportunities. Strong answers explained how standard times and/or best methods could provide a basis for assessing future performance and workforce planning. Mention was also made of training needs and opportunities together with performance related pay possibilities.

#### Question 5

- (a) Many candidates simply wrote a descriptive essay on definitions and models of communication for this section rather than focusing on what benefits effective communication brings. While an introductory definitional section was appropriate, there was a need to clearly identify and discuss the relationship between effective communication and business performance. Strong responses to this question connected effective communication to specific business activities and processes such as decision making, motivation and morale, delegation, links between levels of management and activity, and relationships with suppliers, customers and other external stakeholders.
- (b) The response to this section was rather variable – weaker candidates were unable to identify specific communication barriers and were thus able to give only limited suggestions to improve the effectiveness of business communication. As in (a) candidates often ignored the word 'business' in the question and consequently did not discuss business issues and problems. Stronger candidates identified business barriers to effective communication such as noise, language, Jargon, perception, and attitude. Often however the solutions to these communication barriers were quite limited.

#### Question 6

This was not a popular question. However, there were some interesting responses with the better answers giving a focus on a particular country context. Strong answers to this question resulted from a balanced discussion of the advantages of technological change acknowledging for example that technologically advanced mechanisation could lead to higher quality products, greater economic returns for some businesses and unemployment and the demise of some businesses. For some candidates there was a quite restricted interpretation and understanding of 'technological change' – often limited to a discussion of computers and/or mobile phones.

#### Question 7

- (a) Most candidates were able to respond with some confidence to this question. Some made use of the product life cycle, while most examined such concepts as pricing strategies (such as penetration, destroyer, skimming, discrimination strategies), the nature of the competition in the market, cost considerations, marketing mix, customer expectations and legal constraints.
- (b) Unfortunately a considerable number of candidates either misread or misunderstood this part. Rather than discuss how a business's pricing decisions might affect the other elements of the marketing mix (the impact of price on promotion activity, distribution channels chosen, and aspects of the product itself for example) a review was given of how the other 3 P's affected price. This response was not an acceptable answer and those candidates who adopted this approach were able to be awarded only a maximum of 4 marks for this part. Strong candidates recognised the implications of a fixed price, high or low, on marketing mix decisions – with a focus on such questions as how much cash is available for promotion? What kind of promotion is appropriate given perception of the customer of this product in terms of the price fixed? What outlets to use for a very highly priced product?

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| <p><b>Paper 9707/02</b><br/><b>Data Response</b></p> |
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**General comments**

Performance on this paper was, in some respects, disappointing, although there was evidence of continued improvement in some Centres. Generally, candidates performed less well on part **(a)** of each question than in previous sessions. Greater precision is required in these definitional questions than was demonstrated by most candidates.

Some candidates still find difficulty putting their answers into context – essential on a data response paper for all but part **(a)** of each question. Candidates also find difficulty identifying opportunities to demonstrate evaluation skills.

There was little evidence of lack of understanding of the data response material nor of the questions asked, although there was some evidence of Centres from which candidates were unable to tackle the Critical Path Analysis question. Although this topic will be on the A Level paper from 2005 onwards, it remained on the AS Syllabus for this session. Centres are reminded that when there are syllabus changes, the year on the front of the syllabus is the year for which the exams are taken.

There was some evidence of a few candidates finding time a problem, with later parts of **Question 2** done less well than the rest of the paper. Usually this was as a result of too much detail in part **(a)** of each question.

As commented on previous occasions, candidates' use of language in their answers is generally very good, and there were few instances in which Examiners found difficulty understanding the candidate's answer.

**Comments on specific questions****Question 1**

- (a)(i)** A large number of candidates defined profit (revenue – costs) rather than profit margin. This was disappointing. Candidates who achieved higher marks recognised that profit margin involves expressing net profit as a percentage of sales with further developmental explanation, perhaps through an example.
- (ii)** Most candidates explained that organisation charts demonstrate employees' position within an organisation. Better candidates developed the explanation through reference to responsibilities, accountability, spans of control etc. Good explanation was often achieved through the use of a diagram.

*Teaching tip*

On this paper, part **(a)** of both questions will require an explanation of a business studies term. These terms will appear in the syllabus. Candidates need to be prepared to define and explain all terms that appear in the syllabus. Explanations could come from providing illustrative examples or diagrams. There is no need to relate part **(a)** to the case but this can, sometimes, be helpful.

- (b)(i)** Many candidates demonstrated very good understanding of critical path analysis (CPA) and were able to calculate both the critical path (BCDE) and the project duration (25 weeks). A number of candidates seemed unable to recall the technique in the examination.

*Teaching tip*

In future, from June 2005 onwards, CPA will be an A Level topic.

- (ii) Many candidates were able to comment on the usefulness of CPA in general terms; however, Examiners were looking for answers in context. The better candidates recognised that the 25 weeks calculated in the CPA was exactly the same period required by the government, so that the analysis showed that there was no scope for delay, and, therefore that the use of CPA as a monitoring and management tool was, therefore, critical to the success of the project.

*Teaching Tip*

Candidates should be encouraged and given opportunities to comment on calculations within a specific context. As well as recognising strengths and weaknesses in general terms, application should be made to the context in which the data is given.

- (c) Stakeholders are groups of people who have an interest in the well-being of a business. Although they usually include shareholders, they also include other groups such as customers, suppliers, employees, the government, the community etc. In the context of the data supplied for this question, shareholders were a particularly inappropriate group to consider as the business is operated as a sole trader, so that there are no shareholders. A significant number of candidates, however, answered this question only in terms of shareholders rather than stakeholders. Better answers included references to the government wanting the project completed on time, and being able to meet poorer peoples' housing needs, workers wanting security and pay, Baljir the owner seeking profits or, perhaps, survival or growth and so on. The answers that achieved evaluation marks (the highest marks possible) were able to demonstrate the critical stakeholders, those on which the future of the business depend most, and how their objectives differ from other stakeholders.

*Teaching tip*

The concept of stakeholder is of great importance in business and within this syllabus. Candidates should be able to recognise the stakeholders within a particular business and be able to discuss differences between their likely objectives.

- (d) The data in the case presented a clear picture of a small business with the opportunity to completely change the nature and scale of its operations. Most answers demonstrated an understanding of the impact of change on organisations (mainly focused on the concept of diseconomies of scale and the need for additional finance), however disappointingly few answers did so within the context of Baljir the Builders. Important issues that candidates could have raised included the facts that currently Baljir operates as a sole trader (which has particular implications for the availability of finance), the expansion could well threaten the family atmosphere of the business, and that management of larger projects/workforce might create difficulties. On this paper, parts of questions with 10 marks require candidates to demonstrate evaluation skills. Few candidates demonstrated evaluation skills in this question. These skills might have been demonstrated in this instance by arguing for the most important or critical problems, or those that might be most difficult to solve.

*Teaching tip*

Candidates need to be given opportunities to develop evaluation skills, in context, and to recognise situations in which evaluation can be demonstrated. Exercises in which students have to prioritise factors, develop strategies or identify critical features of problems within specific businesses will help students to develop the right skills.

## Question 2

- (a)(i) Most candidates were able to state that capacity utilisation related to the efficient use of resources, but many candidates referred, incorrectly, to maximum capacity. A few candidates stated that capacity utilisation was measured by relating current use of resources with the maximum available. The best answers explained the concept either with an example, or by briefly explaining the consequences of low (or high) capacity utilisation.
- (ii) Many candidates were able to define direct costs, but few were able to explain the concept or its use. A number of candidates stated that direct costs were associated with the business, rather than an activity within the business, such as production. A few candidates confused direct costs with fixed costs.

- (b)(i) A pleasingly large number of candidates were able to calculate capital employed as net profit/capital employed expressed as a %.
- (ii) Most candidates were able to offer some comment on their calculation. Those candidates who had calculated correctly could comment that ROCE had fallen from 25% to 5%. Better candidates went on to say that this large fall, which was undesirable, was due to increases in various costs and a decline in revenue. Those candidates who calculated incorrectly in part (i) could still be rewarded in part (ii) through the “own figure rule” used in marking.

*Teaching tip*

As well as teaching how to calculate accounting ratios, candidates need practice in interpreting the results and/or explaining why they have changed.

- (c) Answers to this part of the question were generally disappointing. Many candidates discussed methods of collecting information (such as surveys) and other candidates discussed types of information (such as primary and secondary). Few candidates discussed the information needed and where it might be found. The best answers recognised that the information needed related to the tastes and buying behaviour of young people and the developments in fashion. Suitable sources were then identified. Few candidates demonstrated evaluation skills by justifying which were the most important pieces of information and their sources.

*Teaching tip*

Answering the question set and in context are critically important.

- (d) Few candidates were able to develop a marketing strategy. However, most candidates were able to come up with useful ideas from the marketing mix. Many weaker candidates provided marketing ideas that could have applied in many circumstances and not particularly to Riteon. Key issues that enabled candidates to answer in context were the focus on the youth market, the risk and short life of fashion products, and the lack of experience Riteon have in the new market. A few candidates recognised that a strategy requires marketing objectives and the means to achieve them. Fewer candidates demonstrated evaluation skills (always the aim of 10 mark questions) by recommending and justifying a strategy or identifying and discussing the key factors in the marketing mix.

*Teaching tip*

The concept of strategy is important in this subject, and develops further at A Level, candidates should be able to develop strategies that involve objectives and how to achieve them in a suitable timescale.

**Paper 9707/03**

**Case Study**

**General comments**

It is pleasing to report further sustained growth in the entries for this Advanced Level qualification. More and more Centres seem to be appreciating the accessible but challenging nature of both the course, as specified in the syllabus, and the examination papers. There were clear signs of some outstanding teaching and learning being undertaken at both established CIE Centres and those quite new to this subject and qualification. There were, rather disappointingly, also a large number of candidates who seemed ill-prepared for the scale and depth of understanding demanded by this paper.

It is important to remind all Centres that this was the final session for the two separate examination papers for Advanced Level. From June 2005 there will be one three hour examination paper based on a slightly extended case study. Candidates will have to answer six questions – five compulsory ones of a similar degree of difficulty as at present, and one essay question from a choice of two. A specimen paper and mark scheme is available for Centres to study and to use as a possible “mock” examination with their candidates. There is no need for any Centre or individual candidate to worry unduly or to over react to this change. The decision to use the extended case study paper is based on best practice at both UK and other universities and at all of the UK Advanced Level awarding bodies.

### Comments on specific questions

- (a) This proved to be a most accessible question with virtually all candidates making a reasonable attempt to answer it. Nearly all answers made reference to motivational theorists and some of their conclusions for motivating and involving a workforce. As is so often the case with “People” or “HR” questions, so many candidates believe that as long as they have listed the theorists and their findings then full marks can be guaranteed. This is never true on a case study paper. The question made specific reference to Neema and Min Chul’s business and the better answers analysed which of the motivational techniques would be most appropriate within this business. These answers showed real application – an important assessment skill. Some candidates discussed how the newly expanded workforce might be split into teams or groups for more effective involvement. Other answers looked at how the two owners might encourage two-way communication which could encourage the staff to make reasonable suggestions that the business might adopt. Training was a key point identified in many answers and the better responses explained that existing staff need to induct the new employees fully into the ways of working of the business, including the emphasis on quality.

Surprisingly few answers came to an overall conclusion as to which might be the most appropriate methods of motivation and involvement in this case. It is always recommended that, with a question that carries marks for evaluation, candidates are encouraged to provide a final paragraph which rounds off their answers and gives a final conclusion – or recommendation, if this is specifically asked for.

- (b)(i)(ii) These two parts can be considered together – although the few candidates who just used the calculation method of arriving at correct answers for part (ii) received full credit for these results, despite the graph not being completed. There were a pleasing number of completely accurate graphs. Credit was awarded for an accurate Total Cost line even if Variable Costs were not shown separately as correct Total Cost implies correct calculation of Variable Costs. The most common reasons for lost marks included:
- not taking the lines up to 15000 units – new maximum capacity
  - incorrect calculation of Total Cost and therefore a wrong slope to this line
  - Total Cost being drawn from the old Fixed Costs not the new, higher Fixed Costs figure. “Own figure rule” marks were awarded for correct readings taken from an incorrect graph.

It was clear that candidates from a few Centres had never been exposed to the break-even model and they were, consequently, unable to make much of an impression on this question at all.

- (iii) Answers to this style of “decision making” question have improved quite dramatically from some Centres in recent years. This is exactly how it should be. If Business Studies is not focused around the taking of important decisions and the potential consequences of these – then what is the subject for? Many candidates were able to use their results from the graph (again, own figure rule applied) and to discuss the decision in the light of these calculations. Fuller answers also calculated the old and new safety margins and analysed the potential risks of the new contract. Qualitative factors were also aired by the most well prepared candidates. Would this move destroy the USP of “hand-made” quality foods? Could the expansion be afforded? What were the long term objectives of the two owners? These, and other issues, were effectively incorporated into the best answers to this question.

- (c)(i) All accurate versions of the gearing ratio were accepted – although the endorsed textbook makes clear which ratio is most commonly employed. It was pleasing to note that not only were there many correct answers but that nearly all candidates started with a statement of the ratio they were using. This, and the workings that followed, indicated that perhaps previous Principal Examiner’s reports have been read and acted upon. It is so important for ratios and workings to be shown so that credit may be given even for answers which do not arrive at the accurate figure.
- (ii) It was expected that candidates would see the link between the gearing ratio calculation and the need to raise additional finance. Unfortunately, this was often not the case, yet candidates have no doubt been taught the relevance of gearing – and the risks of high gearing – when additional finance is being sought. There were very few answers indeed that attempted a recalculation of the gearing ratio on the assumption that all of the additional finance was borrowed. Attempts to apply the sources of finance that were listed were also rather sporadic. For example, many answers focused on just short term sources of capital when the uses to which the capital was to be put clearly demanded long term sources.
- The most well rewarded answers focused on just two or three possible sources of capital and then proceeded to analyse and discuss these clearly within the context of this relatively small private limited company. Again, few definite recommendations were made but the best answers suggested that a full evaluation could not really take place without more information about the owner’s objectives – e.g. with respect to diluting control by admitting more shareholders. This was an excellent way to conclude the answer.
- (d) This proved to be a highly effective discriminator. From some Centres there were many candidates who were unable to even accurately define depreciation let alone consider the two methods referred to in the syllabus. Most candidates, however, gained credit for some understanding that extended into weak analysis of the key differences between these two methods in terms of annual depreciation and the impact they have on declared profits. There were few significant attempts to apply to the case but those that did were well rewarded. The key issue concerns the new high technology equipment. Would this prove to be reliable? Would it quickly become obsolete. Would it be more prudent to depreciate this using the diminishing balance method? These were some of the points that could have been discussed in the final recommendation.
- (e) This question also led to a wide range of answers. Many contained just a long list of factors that could affect demand. The only application that was apparent in many answers was the inclusion of the word “meals” in several sentences. This type of answer gained few marks. The most effective responses highlighted just a few points relevant to this case. For example, would the meals be able to retain their “hand-made” and high quality image with this new range? Would selling through a supermarket destroy this USP? How would the supermarket display and promote this product and how many competitors’ products was it also selling? It was pleasing to see the use of income elasticity in some answers when the issues of economic recession and changes in disposable incomes were being discussed. The best answers also concluded with an attempt to identify and justify the most important factor(s) which might influence future demand.

### **Overall**

There was little evidence of a major time constraint problem for most candidates. In fact, time seemed to have been well allocated between the questions by most candidates. This will be an important ingredient in the success of future candidates with the new style Paper 3 too. Although the time allotment increases to three hours, there will be a slightly longer case study with more quantitative data to interpret. In addition, the essay question should lead to extended answers that may take up around fifty minutes of a candidate’s time.

There is growing evidence that the importance of using the case study material is being impressed upon candidates. They should be encouraged to realise that true application does not involve stating the name of the company or its owners several times on each page. Application should be shown by rooting each answer in the context of the case, the business described in it and the problems that it faces.

Lastly, skills of evaluation and judgement are still frequently not evident in many answers. Too many candidates still prefer to stay in the “comfort zone” of textbook material and lists demonstrating Business Studies knowledge. Unfortunately, the real world usually does not contain problems that can be solved by mere knowledge. Subject knowledge needs to be applied to situations and problems in such a way that a candidate can start to make supported judgements and make some conclusions regarding how a business should act in a given situation. This is the challenge for all teachers of the subject. To enthuse candidates to take Business Studies beyond a textbook coverage, however important this is for building foundations, into the real decision making world into which they will have to build their careers and make their living.

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| <p><b>Paper 9707/04</b></p> |
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| <p><b>Essays</b></p> |
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**General comments**

This year the majority of candidates were able to make a good attempt to answer two questions in the time available and there was a significant improvement in the focus on the context of the question which allowed candidates to achieve higher marks. Very few misunderstood the rubric and answered more than was required. This year there were fewer candidates who answered only one part of the question. Obviously this must be highlighted to the candidates in order that maximum marks can be achieved.

The general level of knowledge displayed by the candidates was encouraging and provided clear evidence of candidates who had prepared well for the examination. However, there is still evidence that candidates are failing to achieve evaluation. This was particularly true of **Question 4** and **Question 2** where candidates dwelt on the knowledge and failed to evaluate in context.

**Question 6** was extremely popular and generally well answered, however it once again reflects the general principal of not using theory when it is irrelevant rather than focusing on the aim of the question. Candidates must be encouraged to spend time reading through all the questions and selecting wisely. In some cases, such as **Question 1** and **Question 3**, candidates embarked on answering the first part of the question with little consideration as to whether they would be able to give equal attention to the second part.

**Comments on specific questions****Question 1**

- (a) This was quite a popular question. Most candidates answered the first part well and showed good knowledge of the purpose of HRM especially in its modern role. However, only a minority went on to consider the effect HRM has on business and very few made comments indicating a critical understanding of the importance of the department. Best answers included the importance of manpower planning in terms of making sure that a business plans for the future needs of the business in terms of size and skills of the workforce and how this affects business success. In order to achieve evaluation the candidates needed to discuss the relative importance of the HRM department on the success of the business.
- (b) Many candidates found value analysis much more difficult to explain and therefore lost marks in this part of the question. Some candidates identified the three components of value analysis but many answers only alluded to the idea of value or quality against cost and therefore gained limited credit. A few good candidates explained how the process of value analysis improves product design and functionality and why this is important in competitive markets. These answers also emphasised the idea of lowering costs in order to achieve improved profit and the use of teams in the consultation process to improve the efficiency of the production and marketing processes.

**Question 2**

This was a very popular question with the best candidates using the context when selecting factors relevant to the location. Fewer managed to do this in terms of the use of investment appraisal techniques.

- (a) Many candidates had a good understanding of factors involved in location but a number failed to use the context provided and lost valuable analysis marks. Best answers identified the type of product being produced and related appropriate factors such as supply chains of raw materials, areas where electronic industry already existed and the idea of skilled labour involved in computer manufacturing.

- (b) The majority of candidates had some idea of payback and were able to explain how it was calculated. Some were able to use this knowledge to analyse the use of the method in terms of the location decision but again far too many ignored the context and therefore achieved no analysis marks. The best candidates used the context and evaluated the method in terms of the extent it would be useful to the relocation decision.

NPV was tackled in a less satisfactory way. There was some confusion about the use of discount factors with a noticeable minority regarding the choice of discount factor as being subjective. This was an example of a question which candidates should avoid if they are not completely sure of the answer to the whole question. Proper reading of the questions and consideration of the answer would overcome this problem.

### Question 3

This was not a popular question and was one that produced very few good answers. This was due to misunderstanding the question and failing to focus on the purpose of the question.

- (a) Most candidates were able to give objectives for business but fewer were able to identify state objectives and to comment on the extent to which conflict occurred. There were a number of candidates who wrote about state organisations/enterprises rather than the state objectives such as lowering unemployment, lowering inflation, welfare, environmental concern and in some cases ethical considerations. Those who correctly identified these objectives often went on to explicitly explore this, giving examples and commenting on the extent to which conflict occurs. Some considered how the objectives of the two might coincide as well as conflict and these scored highly.
- (b) This part of the question was not answered well with many candidates explaining 'fluctuations' in general with little reference to whose currency was moving or in which direction. There was some understanding of how a change in exchange rates would affect relative prices but which contained no responses by firms to this which restricted their ability to achieve analysis/application marks. The best candidates gave well illustrated considered responses with an argument to back up suggestions such as looking for new markets with more favourable exchange rates, increasing stocks of cheaper raw materials and, in one case, hedging in the forward market.

### Question 4

One of the least popular questions on the paper. However, of those who attempted this question the majority had a good idea of the Boston Matrix as a model and could describe the elements and use of it. Unfortunately a number of candidates did little more than this and failed to explain the model in terms of the context. Some candidates engaged in a long discussion about the Product Life Cycle with some link to the Boston Matrix but with no application to the long-term issues involved.

Better candidates were able to consider the concept using each section of the matrix to explain how they would contribute to the firm's product portfolio management in terms of marketing strategy. Only a small number considered the merits of the matrix and its relative importance as an aid to the marketing process – this was necessary to achieve evaluation marks.

### Question 5

Very few candidates answered this question and of those who did the vast majority wrote about decision trees. Many of the candidates who wrote about decision trees were able to explain the main features of the technique and to give a reasonably accurate diagram with some explanation of how it could be used. However, many of the candidates failed to achieve the higher levels due to a lack of evaluation of the techniques in terms of decision making. There were a few very good answers that used specific examples to illustrate the use of the technique and to evaluate its likely success.

Centres should endeavour to encourage their candidates to use models such as these in several contexts in order that their usefulness can be properly assessed.

### Question 6

This question was attempted by the majority of candidates and most were able to approach each part with a reasonable level of knowledge and understanding. However, once again many candidates failed to understand the purpose of **(b)** and therefore lost marks due to irrelevance.

- (a)** This part contained a full range of responses. Most gave a good description of the meaning of 'poor motivation', which was a good starting point for the answer. Some candidates misconstrued the question and talked about the causes of poor motivation rather than the effects of it. Candidates did however come up with a number of effects and in many cases analysed the impact of these on the business. Candidates should be encouraged to look at fewer problems in detail rather than trying to cover many factors which tend to give the impression of a list.

However the responses in general were very encouraging and showed an improvement in the candidates' focus on what was required in the answer.

- (b)** Many of the candidates managed to give an answer which contained some schemes that managers might use, but a significant number did not link these to widening participation and simply expanded lists of possible actions managers might take when managing the workforce. This may have been due to the fact that candidates thought that the question was about motivation and improving it rather than participation. This meant that once again far too many candidates wasted time on motivational theory which in most cases was irrelevant.

The best answers gave an indication as to what participation actually means and thus the schemes suggested such as decentralisation, delegation, quality circles and MBO were directly linked to improving it. These candidates then went on to evaluate each of the suggested schemes in terms of how successful they may or may not be in increasing participation.