

# Examiners' Report Summer 2008

GCE

## GCE Business Studies (8076/9076)

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# 6121/01 - Business Structures, Objectives and External Influences

## General Comments

The context this year of IKEA was handled well by many candidates. Many were familiar with the information provided but had also obviously undertaken their own research into the organisation. Evaluative answers are still thin on the ground at this level.

## Comments About Individual Questions

### Question 1

#### 1a

On the whole most candidates were able to give a description of the tertiary sector providing both goods and services, many with valid examples. However, there were a number of candidates who just said it was the third sector or left the question blank.

#### 1b

The majority of candidates were able to describe the way in which IKEA interacted with the primary, secondary and tertiary sectors. However, many failed to develop these responses to explain the fact that IKEA was primarily a tertiary sector business which worked closely with both primary and secondary sectors.

#### 1c

On the whole a well answered question. The majority of candidates showed good knowledge of the environmentally friendly aspect of IKEA, and a clear understanding of profit maximisation. Quite a few candidates discussed how being environmentally friendly would help IKEA's profitability, linking this to customer perceptions and the effect on IKEA's sales and thus profits. Some candidates did address how profit maximisation would aid IKEA's environmental work.

### Question 2

#### 2a

This question was not answered particularly well, what was being looked for were the aspects identified in the specification ie manufactures (production), marketing, finance and human resources. Very few candidates were able to come up with two of these.

## 2b

Even though the question said ‘Analyse ONE factor, other than price’ a number of candidates insisted on discussing more than one factor, or the importance of IKEA’s pricing policy on demand. Candidates should be reminded to read questions carefully; these responses achieved either marks for one of the factors they wrote about or no marks whatsoever.

Those candidates who answered the question correctly did well; nearly all were able to explain a factor that affects IKEA’s demand. Most popular factors discussed were design, place and promotion.

## 2c

Many candidates answered this question by splitting their answer in two, outlining the effect of low costs and then explaining the effect of product differentiation. Candidates often gave one sided answers for this question, but showed good knowledge and application. Candidates who accessed levels 3 and 4 addressed the effect of competition and how the quality of the products might suffer.

## Question 3

### 3a

This was a question that should probably have been anticipated in some form since there was more than one reference to Kamprad’s style in the context. It was therefore very disappointing to see the number of candidates who did not attempt this question or if attempted then failing to apply other than by using Kamprad’s name.

Those answering the question reasonably well showed a good understanding of autocratic leadership style and went on to explain the effects, both positive and negative on IKEA. The general assumption was that this style of leadership was not good for employee motivation. However, surprisingly although it was noted that Kamprad was autocratic, few commented on the success of his leadership style and the belief and motivation his employees showed in him, contradicting the candidates’ comments.

### 3b

A number of good level 2 answers here, frustratingly candidates failed to analyse the problems of communication for a global corporation. However, there was evidence that some candidates clearly understood what was required to get to level 4, discussing language and time zones issues in relation to IKEA stores and catalogues, Canada, in communication issues over glass sizes, geographical dispersion and chain of command in the context of IKEA.

# 6122/01 - Marketing and Production

## General Comments

The majority of candidates attempted all questions and were able to complete the paper within the time limit. However, a significant number failed to write their responses within the context of IKEA and thus limited their mark achievement to the Level 1 band. Candidates need to be made aware that they must develop their responses in relation to the context, and that in order to achieve Level 4 they must present a two-sided argument before arriving at an appropriate conclusion.

The quantity which candidates write is an issue. Centres should try to encourage candidates to be precise and not give irrelevant detail. This year more lines were allocated for each response but still some candidates used additional sheets.

The quality of written communication has improved, although some candidates still seem to think that it is acceptable to use 'text' language. Many candidates fail to use paragraphing in their responses; this, together with poor structure and spelling limits the amount of marks that can be awarded for QWC.

## Comments About Individual Questions

### Question 1

#### 1a

Some candidates were able to provide a full definition of capacity utilization. Others accurately repeated the capacity utilisation equation, but were unable to display an understanding of what this represented.

Many stressed points relating to storage and space but often were unable to complete the response by referring to a measure of productivity or efficiency. However, many scored 2 marks as they accompanied an explanation with a good example.

#### 1b

Most candidates offered a general view on what efficient capacity utilisation entails but often failed to make good use of the context to explain this. A better level of response would have made specific reference as to how flat pack furniture fitted into the concept. Comments that simply referred to IKEA's "automated system" of stock control without attempting to develop the points raised, would only have allowed candidates to access the level 2 mark range. An explanation of, for example, the consequences of using such a system was necessary to achieve the Level 3 marks available. Some candidates detailed the reduction of unit costs in relation to IKEA's policy of reduced prices.

Some candidates focused their responses solely on an explanation of Just in Time (JIT), without attempting to explain how this could support efficient capacity

utilisation; others struggled to apply the concept to distribution centres, and simply talked about capacity efficiency and the production process.

### 1c

Many candidates displayed a strong theoretical knowledge of lean production techniques, such as Kaizen, Kanban and TQM, however, a significant number failed to recognise any evidence of these techniques being used by IKEA. Consequently, it was difficult for these candidates to get beyond Level 1. However, a significant number did make reference to JIT as an example of IKEA using lean production and were able to achieve Level 2 for mentioning, for example, the re-use of leftover materials. More able candidates understood that there was a range of issues, including the website that could be used as context. Those who then went on to analyse the implications for the IKEA group scored marks at Level 3.

There were some good responses where candidates had attempted to include a conclusion. However, this had been arrived at without a discussion of both sides of the argument; this is essential if they are to achieve a Level 4 mark.

## Question 2

### 2a

A significant number of candidates achieved the full 2 marks available for this question. They were able to recognise the differences between market orientation and product orientation and could provide full explanations.

### 2b

The majority of candidates displayed a sound knowledge of the Marketing Mix elements of Product and Price. Those who used examples from the context to illustrate their responses easily achieved the Level 2 marks. The more able candidate analysed these elements and discussed how they both work together in the Marketing Mix.

### 2c

There were many excellent responses to this question with many candidates displaying a sound knowledge of primary research. Unfortunately a significant number failed to analyse the usefulness of such techniques and often failed to provide a reasoned evaluation. Many did pick out that the IKEA group do not carry out much market research and a few identified the reason being that they are the market leader.

A number of candidates did not use the context to support their knowledge; however, many did identify some of IKEA's previous problems relating to lack of market research, such as the Canadian vase incident, and so were able to access the Level 2 mark range.

### Question 3

#### 3a

There were some good quality responses where the benefits of IKEA's choice of distribution channel, such as the elimination of intermediaries, were discussed. These candidates frequently related their responses to the number of distribution centres compared to the number of stores and to their geographical distribution world-wide. However, it was rare to see responses that displayed an understanding of why IKEA have placed stores on main motorways. A few candidates simply discussed stock control and clearly had no knowledge of distribution channels, others focused on marketing.

#### 3b

Candidates generally displayed sound knowledge of brand identity and were able to give examples relevant for IKEA, such as the use of 'design and quality' labels on the furniture. However, only a small number were able to successfully develop and analyse IKEA's brand image and its relationship to competitiveness before evaluating the brand image issues of Ikea. Responses tended to focus only on the positive aspects of a strong brand identity rather than discussing the negative aspects as well.

The more able wrote about the importance of branding when expanding or franchising and many were able to achieve 7 marks for L3. A limited number of candidates were able to present a balanced answer to this question; those that did frequently mentioned the negative effect of the 'Edmonton' incident. Others discussed how these aspects were influential in opening new stores and overcoming bad press of queues, etc.

# 6123/01 - Financial Management

## General Comments

The context appeared to be accessible to candidates and one or two of the questions were fairly predictable given the financial Appendix 2 'Barnsley Beds' in the Pre-release. However, it was also clear that candidates had not been prepared to answer questions on certain areas of the specification, such as question 1(c) on overtrading.

Candidates performance overall compared quite well with the summer of 2006 where similar questions had been asked, but based around the context of Royal Mail and the Post Office, eg the break even question 2(d). Candidates were able to show a reasonable degree of knowledge and understanding across a number of aspects of financial management from basic terminology such as working capital to debenture and also generally go on to appreciate how and why financial management is important for a relatively small, private limited company's (Barnsley Beds) success.

## Comments About Individual Questions

### Question 1

#### 1a

There was a marked variety in the range and depth of knowledge shown. Candidates seemed to understand that a debenture was some sort of long term loan, but not all candidates showed a solid understanding of the other key features: it carries fixed interest; it is secured; it is a loan between businesses, etc.

#### 1b

This question was largely answered successfully. The vast majority of the candidates made accurate calculations, showing good knowledge of working capital in the process to determine the value of £250 000. Credit of 1 mark was given to candidates who provided the correct formula or chose to provide the current ratio value of 1.3 since this show that working capital is the liquidity measure between current assets and current liabilities.

#### 1c

Generally candidates were able to imply a basic understanding of overtrading, but this knowledge was often not secure, though most candidates scored 5 to 6 marks out of the possible 10. The question clearly encouraged candidates to apply their answers to Barnsley Beds, and most did through an analysis of the effects of the possible MFI contract on Barnsley Beds' production/operations. In such instances, analysis was generally limited to capacity problems associated with meeting the order from a large national retailer. Better candidates were able to make links to the data provided in Appendix 2 or to financial concepts such as cash-flow and current liabilities, also linking back to Barnsley Bed's recent history of bad debts.

## 1d

Most candidates showed a good understanding of the relevant ratios, such as gearing at 40%, how to calculate these and the importance of the results. However, few candidates were able to show the evaluation skills required to achieve the higher band of marks available for demonstrating evaluation in context. The efforts of candidates appeared to be mainly spent on explaining what the financial information could show, rather than what its weaknesses were and the significance of these in terms of judging the business' overall performance. There were a number of generic 'advantages and disadvantages of ratios' responses that were not applied to the context business. Candidates who did manage to write applied evaluative responses were awarded with at least a mark of 14 out of 18. Where this occurred, most candidates highlighted the weakness of the financial information, particularly pointing out missing sales and profit ratio figures, rather than simply noting additional qualitative information that would be needed in a thorough assessment of the business' financial performance. As expected, a number of good candidates were able to write about the relevance of other internal factors such as the significance of the quality of production technology of Barnsley Beds and/or the external factors such as the 'credit crunch' and how it might affect Barnsley Beds given the nature of the product, which was particularly encouraging.

## Question 2

### 2a

There was a very wide range in the quality of candidates' responses. Many were able to produce very clear, accurate break-even charts, fully labelled, utilising the graph paper in the answer booklet fully. Many candidates had worked out the break-even level of output as 250 units in advance by using the fixed costs/contribution formula and this helped accurate drawings to be made as a result. Weaker responses still tended to achieve at least one application mark for accurately showing Fixed Costs at £20 000 or by drawing and labelling a total costs or total revenue line, but without fully completing the chart. A large number of candidates appeared to be without a ruler and, as a result, lines were inaccurately drawn.

### 2b

This question was completed successfully by most candidates. The majority of candidates were able to either read their chart, or failing to complete the breakeven calculation to achieve the correct answer of 250 beds or something close to 250 depending on the accuracy of their chart. A small number of candidates achieved 1 mark for providing the break-even formula of fixed costs/contribution.

### 2c

Responses to this question were mixed. Many candidates were able to make the relevant calculation using the formula Total revenue minus Total Costs. However, others seemed to over-elaborate on what was needed, confusing themselves in the process and giving inaccurate responses often providing ratios instead.

## 2d

Candidates' responses were generally quite poor. Many achieved a maximum of 2 marks because their responses were generic and knowledge based, rather than applied to Barnsley Beds, let alone analytical. A significant number of answers read as responses to the question 'what are the advantages and disadvantages of breakeven'? Where answers were applied to Barnsley Beds they tended to be one-sided; candidates may have seen the word 'likely' and chose to defend this position only as many responses were explaining the benefits of break-even only. A surprising number of candidates misread the question and discussed the value of break-even analysis to Ikea. A significant number of candidates missed out on evaluation marks because the limitations of the technique were not explained in context, even if the preceding analysis was in context. Candidates who responded with any degree of contextual evaluation were able to access the higher marks for this question.

# 6124/01 - Analysis and Decision-Making

## General Comments

The demands of this paper were commensurate with those of previous examination sessions. The use of the answer booklet does mean that candidates need to remember previous information read for application. It is therefore may be worth them reading through all questions and additional information before beginning their written responses in order to provide more contextual information for them to use, although this is not essential to achieve application marks.

## Comments About Individual Questions

### Question 1

#### 1a

Most candidates managed to describe features, issues and impacts of sales forecasting relating to seasonality and the impact of the economic environment on Golden Oldies' business. More able candidates recognised the two different markets in which Jake was operating and applied the relevance of extrapolation for the existing shop sales as Golden Oldies was a well established business which would have access to past sales figures/historical data but the need to explore other techniques for the new on-line sales, which was less predictable.

Some candidates failed to apply their knowledge to the context which was disappointing as many had a good knowledge of sales forecasting techniques.

#### 1b

(i) The numerical aspect of this question was generally very well answered, it was clear to see candidates who understood the topic. The vast majority were able to correctly calculate and identify variances. However, a number did not read the question properly and failed to calculate the annual total figure required for full marks.

(ii) A well answered question with many responses achieving good analysis marks. It is important to recognise though that the variances could have arisen due to both volume and price changes, many candidates assumed that prices would have stayed at budget level.

Many candidates were able to account for variances in relation to seasonality and poor promotion through word-of-mouth. Some candidates competently discussed the relevance of price elasticity of demand for instruments and applied it well to the context.

It was disappointing that a good proportion of candidates did not discuss the factors which may affect sales of musical instruments and actually discussed the fluctuation in record sales due to consumer taste and profile. This emphasises the importance of going back, and re-reading a question.

## Question 2

### 2a

Many candidates failed to apply detailed knowledge to the context with many discussing the virtues of cost centres in manufacturing businesses. Where application was present, it was often quite weak and many candidates suggested that Jake set up cost centres for manufacturing and R&D which was not valid for this small business.

A good proportion of candidates did conclude that due to the size of Jake's business, cost and profit centres may not be necessary. Some able candidates did successfully highlight the possible benefits of splitting the internet business from the shop business in order to compare and contrast performance, whilst recognising that Jake's close involvement with the day-to-day business could deem cost and profit centres unnecessary until the business grows larger.

### 2b

Allowance was made on this question for the limitation in context available for responses; this allowed most candidates to access the full range of marks. Some candidates disappointingly mistook the word 'oversee' in this question to refer to recruiting overseas.

Many candidates were able to identify a range of relevant laws, assessing the impact was the key discriminator. Some candidates mistakenly believe that because Golden Oldies are a small business, the legislation would not apply.

An obvious area for application in this scenario was Health and Safety legislation that would apply to the working environment of the web designer, in terms of suitable chair, screen protection, hours spent looking at screen etc.

### 2c

There was a good use of context in responses, referring back to activities in the Gantt chart, although some candidates chose to discuss the timings of activities and suggest amendments, rather than consider the strengths and weaknesses of Gantt charts as a decision making tool for Jake to use.

## **6125/01 - Business Planning (coursework option)**

### **General Comments**

On the whole, performance of candidates was very similar to last year, though the mean score did fall slightly to 56.3.

Question 1 on Production Planning was clearly not very popular, possibly because centres had interpreted it as a question which required candidates to examine manufacturing businesses. Having said that, some centres did enable candidates to pursue the question by regarding the question as an opportunity to examine administrative functions, such as the deployment and use of ICT.

Question 2 on PEST was, predictably, the most popular question - over 95% of portfolios seen were prepared in response. Many candidates were able to consider the effects of a specified external influence on an identified local business, eg the effects of the smoking ban of 1 July 2007, the effects of a new competitor, the effects of changes in demographics, the effects of the UK Government growing stance on healthy eating, the exponential changes in technology, the effects of the oil price increases or the appreciation of the Euro.

It was not surprising to note that the majority of candidates chose to do Question 2. There are two conclusions that may be drawn from this: Either the candidates generally do not fully understand what production actually entails, or that it was difficult to find a local example of a business which was prepared to allow candidates to examine its production processes. Those candidates who did attempt this question generally demonstrated a more convincing investigation process with greater fundamental understanding of the operations of business.

### **Annotation / Centre Admin**

Sometimes moderators found it extremely difficult to ascertain how or what the teachers were assessing. This was because most of the annotation took the form of an AO, without the level (apart from AO1 level 4 for the contents page, and AO3 level 3 for the limitations of data). Supporting commentary, where present, was generally very helpful.

A few centres are still sending work which includes multiple questionnaires or brochures when it is not necessary; summative tables or extracts from brochures are sufficient.

Candidate and teacher authentications were mostly completed. Most samples sent were those requested.

## **A01 - Knowledge and Understanding**

Research is generally methodical, varied and extensive. There were, however, several fundamental errors that were evident across responses to Question 2 which undermined the validity of the candidate's investigative process through the rest of their project. For example candidates failed to conduct a 'Situational Analysis' with respect to their local business and then did not explain why such Analysis is important. This was the foundation of Question 2; to select an external influence without conducting a situational analysis of the business first is not really possible.

## **A02 - Application**

Most of the candidates who did provide a PEST analysis tended to reproduce theory supported with a table which tentatively described how it might be applied. As is all too common with both SWOT and PEST, candidates identify factors and then consider that to be analysis. Also with respect to Question 2, there was a distinct lack of process to inform the selection of the external factor. If the candidates had analysed their chosen business in a structured way, considering the market sector, its product mix, its functional areas and the businesses aims and objectives, then the PEST analysis would have been undertaken in context and sustainable issues identified.

A number of candidates carried out a project, which looked at marketing issues and not the effect of external factors; as a result they did not always address the question. More able candidates analysed in context which required thematic analysis and to validate it, to a degree, the research construction should have been thematic.

Use and application of business theory continues to vary significantly, with better candidates still setting themselves apart by making effective use of supply and demand or product life cycle analysis.

## **A03 - Analysis**

Too often it appeared that marks were being given for limitations of data that were in fact constraints to the data collection; constraints impact on the inputs, such as time, resources and expertise, whilst limitations impact of the veracity of the data collected and analysed.

Analysis also sometimes suffered because of the initial lack of context structure. It appeared that many candidates attempting particularly Question 2 had decided on the solution before they even began to undertake the project, let alone the research. Furthermore any secondary research was not always used to explain or inform the process or the outcomes. More able candidates were able to provide substantial conclusions for possible solutions drawn from evidence.

## **A04 - Evaluation**

Whilst candidates like to point out the difference between fact and opinion they do not always actually evaluate the business behaviour or their proposals. More able candidates were able to draw upon both their primary and secondary evidence to both present arguments and assess the validity of their proposals/plans.

## 6125/02 - Business Planning - (written option)

### General Comments

Candidates' performance this year based on the Old Vicarage Activity Centre context was similar to last year. The paper itself, in terms of accessibility to candidates given the nature of the context has, indeed, been commended by centres. There were four Appendices, one less than last year in an attempt to enable candidates to answer both parts of the question fully in the allotted time. As always Appendices are provided to draw upon the skills required for the coursework alternative to this paper and help support the candidates' decision making; in most case all the appendices were at least referred to. However, it was particularly disappointing that candidates on the whole failed to appreciate the real significance of Appendix 1 as they seemed to miss the point of the facsimile from the Human Resources Manager from the West Bromwich Building Society, ie it was anecdotal to suggest that bookings would continue - indeed, an opportunity for candidates to point out a limitation in the data.

Still there are a significant number of candidates who insist on paraphrasing the background information and, in some cases, the content of the appendices. A number of candidates did not provide a business plan or at best described aspects of functional areas/business activities which they might pursue. Centres are advised that Business Plans be discrete and should include aims/objectives and at least three functional areas from human resources, marketing, finance and/or production/operations.

Candidates were able to show a reasonable degree of knowledge and understanding across a number of aspects of business planning from objectives, implementation strategy, SWOT and PEST analysis, though this was not always applied accurately. More able candidates were able to apply demand theory, Ansoff Matrix or Porters Five Forces Model. Business Plans themselves, where present, were also well developed. This may be because centres appear to be making more effective use of the Examiners Reports and past papers and mark schemes with candidates in preparing for this paper; a rather formulaic approach is emerging.

## **Assessment Objectives which worked well:**

### **AO1 - Knowledge and Critical Understanding**

More able candidates continue to make use selectively of the background information and all of the appendices provided, systematically analysing information in turn. Sound knowledge and understanding was shown with respect to a range of concepts and theories to demonstrate a synoptic ability of candidates, from Maslow's motivational theories to the effects of changes in cash flow to the nature of the income-elasticity of demand of leisure.

### **AO2 - Application**

Similar to last year, again possibly because the two options available together with the appendices, enabled candidates to readily apply SWOT and PEST analysis and, for better candidates, the Ansoff Matrix such that candidates argued for example that the Ginny Farm Option (Option A) was a case of product development. Most candidates at least attempted an investment appraisal by using the data in Appendix 2 correctly calculating 7 years and 4 months as the payback period or an ARR of 4.3% and then commenting that this was 'satisfactory' during a likely period of economic decline.

Business Plans were generally quite good, with most candidates offering objectives, even referring back to the mission statement provided (Education, Fun, Challenges - we provide them all!) Most candidates were able to include some Human Resourcing elements (recruitment and training), a marketing plan (approaches to research, promotional methods/marketing mix) and financial plans (indicating sources and methods). More able candidates distinguished short and long term measures, eg with respect to staffing, advertising or operational management.

## **Assessment Objectives which did not work well:**

### **AO3 - Analysis**

There are still too many candidates who are not developing their SWOT and/or PEST analysis, so limiting themselves to scoring under application, AO2. It also appears that a number of candidates are writing stock phrases such as 'this newspaper article is limited because it is dated November 2006' (Guardian Unlimited) to suggest that they really didn't have a grasp of the real issues but had been 'coached' to say something about the data to earn marks. Suggestions as to what data was required by the management of the OVAC in order to make a sound business decision was, therefore, largely the domain of the more able, independent thinking candidates.

More able candidates analysed the information provided in the appendices and clearly recognises its significance, eg Staff Appraisal Record extract Appendix 4. More able candidates also suggested what other data may be vital, eg cash-flow forecasts for the Nepal Option or more recent Reports or minutes of meetings from the Association of Heads of Outdoor Education.

The same candidates were also more likely to describe clearly the limitations in the data which is significant to the decision, eg the data referred to in Appendix 2 is a predicted set of cash-flows drawn up in 2007 which will have been affected by the downturn in the economic activity on the UK.

#### **AO4 - Evaluation**

Again, too many instances of either failing to discuss ideas and therefore failing to evaluate at all, or simply stating that there was a Government Manifesto on Outdoor Education which More able candidates evaluated the options available to the OVAC by referring to the information provided and their own knowledge of the outdoor leisure industry, eg identifying that the industry has been very vulnerable to negative press coverage regarding accidents and cases of litigation brought against schools and centres.

## 6126/01 - Corporate Strategy

### General Comments

The paper was comparable with previous years in terms of balance of questions, though there was a slight indication that time was a small issue for some candidates in their third question. It may be that candidates having the more easily anticipated question first, were tempted to spend too much time on that and thus found themselves having to work quickly through the other two questions.

The mean mark reduced slightly and the standard deviation expanded a little.

The date of examination was the earliest on this paper for some years, but is one of the latest examinations overall, and the last of the Business Studies suite, however timing of the paper does not appear to have been an issue.

The case study dealt with a manufacturing concern and as usual was heavily founded on a real life business. The context appeared to be one that candidates were able to understand quite well.

A great deal of information was provided in the context, some of which was not critical to the answers required, for example the Health and Safety data, yet some candidates felt obliged to draw it in, even if only by repeating the information or trying to relate it to setting up in France. Selectivity in the use of data is a valuable skill. Equally it is not enough to say that there is not enough information on which to make a valid decision, without identifying what is missing. In business, it is rare to have all the information that would be useful.

As normal, of course, significant pieces of information were deliberately omitted, allowing better candidates to identify this and state what else was needed.

Although, naturally enough groups of answers had similarities, indicating centre specific coaching, there was apparently more independence of approach this year.

The message about showing genuine application appears to be getting through to candidates and levels of analysis and evaluation were no lower than previous years.

### Comments About Individual Questions

**Question 1** was perhaps the most predictable in that a recommendation for a strategy in one of various directions could be suspected from the context; only the exact angle was in doubt. This was the question upon which candidates tended to earn the most marks, write the most and presumably spend the most time.

More candidates seemed able to recognise the sequence or components of a strategy this year.

A differentiating feature was that the question asked for a strategy for expansion into Europe and much tempting data was given about two opportunities that were identifiable in France. Disappointingly, not as much reference was made to the Ireland option, some candidates had not identified that Dungarvan was not in

Northern Ireland and what the significance of this might be. Equally, candidates should be encouraged to think more widely and critically about the questions - it might well be felt that expansion into Europe would not necessarily be best effected from France or Ireland and that much might be said about a location that was nearer to the growing Eastern European markets and the availability of cheaper land and labour further East. Disappointingly, there were few such answers. Weaker candidates suggested a strategy for expansion into France, thereby not answering the question.

Appropriate use of theory was found, with references to economies of scale, synergies, Ansoff and so on. The better answers gave consideration to all the main functional areas of the firm in making their recommendation. However, the influence of the high gearing position of L'Oeuil D'Or, on any merger/ takeover was largely not understood. Better answers questioned why this business was for sale and recognised that only limited data for one year was available, which could not be the foundation of a clear recommendation.

**Question 2** was a straight forward Product Development strategy question, offering an opportunity to deploy theory such as the Boston Matrix and Michael Porter in the context of a business about which much data was given and yet some that was significant was missing. The fact that HHW only had 8 direct employees tempted weaker candidates into saying that they were a small firm - ignoring the data about using sub contractors extensively and despite having no knowledge of turnover or asset value for example, to gauge size.

The term "choose to develop" appeared to lead many candidates into making a decision on **which** of the product developments identifiable from the context should be selected for HHW to grow, rather than **whether and to what extent** product development was appropriate to HHW. This is really a failure to read the question carefully, though allowances were given to well argued cases. Many candidates made good use of the evident culture of growth and innovation in HHW.

Subject knowledge of the relevance of patents was used to some effect and more able candidates identified that not enough was known about Miklos and his business to allow a firm conclusion, without obtaining more information.

A weakness was that, although candidates could refer to Porter, Ansoff and other tools such as SWOT, they were often unable to press home the knowledge in an applied and analytical way for this question.

**Question 3** is firmly rooted in the Global section of the specification, which covers for example the impact of multinationals and this was an aspect which some candidates used to decent effect.

A number of weaker candidates disappointingly wrote about European expansion rather than the wider aspect of globalisation, thereby repeating their answer to question 1. Where marks were also lost were in one sided answers that did not consider both threats and opportunities or that only looked at new customers, ignoring suppliers and sources of labour.

Better answers started with a sound definition of what globalisation meant and went on to fully examine the likely impacts on HHW, recognising opportunities for new business in world markets and particularly in the fast growing economies. Possible new suppliers and of course free movement of labour offering lower wage costs were examined, before going on to discuss how multinational firms especially those who

themselves could take advantage of lower costs in developing countries, might not only present greater competition abroad but also enter the UK market in which HHW operated.

Evaluation could include the fact that HHW operated in a relatively specialised market and it could be questioned whether growth of globalisation would lead to multinationals entering the UK market, but if they did HHW may well be severely affected.

In many cases where candidates went beyond the expansion of the European market, effective use was made of the information about the USA and exchange rates.

This was a question where answers were often theory rich but application and analysis poor, making effective evaluation impossible. The good answers did however tend to be very good indeed.

As suggested at the beginning of this report, time may have run out for some candidates who possibly spent too much time on question 1.

### **Quality of Written Communication**

As last year, similar standards of grammar and spelling, answers generally flowing quite well but with still the occasional “howlers” such as “Ensorf”, “globalisation is a world wide thing” or “especially if exporting abroad”.

### **Summary**

The paper allowed differentiation between the ability levels of candidates while being accessible to all.

In the 2007 report it was stated that candidates should be encouraged to think independently, read the question carefully and answer the question that was actually being asked not the one they thought or hoped was being asked. This message could usefully be repeated along with an encouragement to think critically about the information provided in the context and that which is not provided.

## Grade Boundaries

### Unit 1 (6121/01) Business Structures, Objectives and External Influences

Grade	Max. Mark	A	B	C	D	E	N
Raw boundary mark	63	40	36	32	28	25	22
Uniform boundary mark	90	72	63	54	45	36	27

### Unit 2 (6122/01) Marketing & Production

Grade	Max. Mark	A	B	C	D	E	N
Raw boundary mark	63	38	34	30	26	23	20
Uniform boundary mark	120	96	84	72	60	48	36

### Unit 3 (6123/01) Financial Management

Grade	Max. Mark	A	B	C	D	E	N
Raw boundary mark	63	34	30	26	23	20	17
Uniform boundary mark	90	72	63	54	45	36	27

### Unit 4 (6124/01) Analysis & Decision-Making

Grade	Max. Mark	A	B	C	D	E	N
Raw boundary mark	84	48	44	41	38	35	32
Uniform boundary mark	90	72	63	54	45	36	27

### Unit 5 (6125/01) Business Planning: Coursework

Grade	Max. Mark	A	B	C	D	E	N
Raw boundary mark	84	68	61	54	47	41	35
Uniform boundary mark	90	72	63	54	45	36	27

### Unit 5 (6125/02) Business Planning: Written Exam

Grade	Max. Mark	A	B	C	D	E	N
Raw boundary mark	84	54	50	46	42	38	34
Uniform boundary mark	90	72	63	54	45	36	27

### Unit 6 (6126/01) Corporate Strategy

Grade	Max. Mark	A	B	C	D	E	N
Raw boundary mark	126	80	73	66	59	52	45
Uniform boundary mark	120	96	84	72	60	48	36

#### Notes

**Maximum Mark (Raw):** the mark corresponding to the sum total of the marks shown on the mark scheme.

**Boundary mark:** the minimum mark required by a candidate to qualify for a given grade.

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