



GCE EXAMINERS' REPORTS

BUSINESS STUDIES

AS/Advanced

JANUARY 2011

Statistical Information

This booklet contains summary details for each unit: number entered; maximum mark available; mean mark achieved; grade ranges. *N.B. These refer to 'raw marks' used in the initial assessment, rather than to the uniform marks reported when results are issued.*

Annual Statistical Report

The annual *Statistical Report* (issued in the second half of the Autumn Term) gives overall outcomes of all examinations administered by WJEC.

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BUSINESS STUDIES

General Certificate of Education

January 2011

Advanced Subsidiary/Advanced

Principal Examiner: Mrs M. Williams, B.A.
D.T. Evans, B.Sc.(Econ.) Head of Business Studies, Howells School

Unit Statistics

The following statistics include all candidates entered for the unit, whether or not they 'cashed in' for an award. The attention of centres is drawn to the fact that the statistics listed should be viewed strictly within the context of this unit and that differences will undoubtedly occur between one year and the next and also between subjects in the same year.

Unit	Entry	Max Mark	Mean Mark
BS1	2446	50	27.1
BS2	575	70	32.6

Grade Ranges

	BS1	BS2
A	37	46
B	32	40
C	27	35
D	23	30
E	19	25

N.B. The marks given above are raw marks and not uniform marks.

BS1

It was pleasing to see that the examination paper appeared accessible to the majority of candidates and that there were very few scripts where candidates had made no attempt at an answer.

- Q.1** This was a straightforward question which was well-answered with many candidates achieving full marks. Those who did not get the full marks often stated, “a want is something you want, a need is something you need”, but they were able to give appropriate examples.
- Q.2** Unfortunately the good start made on question 1 did not carry through to question 2. There were a few centres where candidates gave excellent answers, but generally this was an area where candidates were unsure. Some decided that they would prefer to write about economies of scale rather than diseconomies. Some candidates did give a reasonable explanation but did not provide examples. Generally, this is an area which requires a little more attention.
- Q.3** (a) Most candidates were able to distinguish in broad terms between quantitative and qualitative market research. Answers often lacked precision and many candidates lost marks because they did not give examples.
- (b) This should have been a straightforward question but a surprisingly large number of candidates went off the point and gave lengthy answers explaining the difference between primary and secondary market research rather than exploring the reasons why companies carry out research and the downside of doing so.
- Q.4** (a) The responses to this question were disappointing. Some candidates were able to define the terms merit and public goods with accuracy and gave suitable examples from the data. Those candidates who could not define with precision often gave correct examples.
- (b) This part of the question was at a much better standard. Nearly all candidates knew the difference in the aims and objectives of the public and private sector.
- Q.5** The candidates often gave general answers to this question and displayed that they were very familiar with developments in ICT. They had been taught the impact of technological development but did not always apply their answers to the business and their customers. Most candidates based their answers on Amazon.com but it was not essential to do so, examples from other companies were also acceptable.
- Q.6** Many candidates answered in depth. Their knowledge base was good and they seemed to realise that they were required to evaluate the statement and come to a conclusion. Many of those who lost marks did so because they confused franchisor and franchisee, agreed with statement unreservedly or did not realise that the question required consideration of advantages and disadvantages to both franchisor and franchisee.

BS2

The paper was accessible to the majority of candidates and did allow discrimination of marks. The source material was generally understood and used to develop and improve answers in the top quartile of scripts.

Many candidates appeared to have a superficial knowledge of the concepts and were unable to apply this to the case studies. It was evident in a number of scripts that the case material (which can provide information that can help candidate) was not carefully read and that questions were attempted without due consideration of the context. Consequently application and evaluation were lacking from many promising scripts. This was particularly evident in Q1b, Q2c and Q3e.

In the more discursive questions, the quality of written communication continues to be a problem for many candidates and the lack of specialist terminology and vocabulary lead to some very lengthy and ambiguous answers. The technical nature of business concepts such as marketing, budgeting, production, quality and motivation was, in many cases, overlooked.

Most candidates attempted all the questions and time management appeared to be satisfactory. Some scripts were too long and would have benefited from more thought and planning rather than writing.

Q1 (a) (i) Most candidates scored two marks for this question, gaining them for 'high price' and then a 'lower price' applied after a period of time had elapsed. There were few candidates that mentioned the nature of the product or the strategy of selling to a profitable segment initially and then to a wider market.

(ii) The notion of recovering high R & D costs was generally understood by most candidates and some reference to gaining revenue and profits quickly was the usual development. Weaker scripts were often very confused and brought in concepts that would have been better used in Q1a[i] or Q1b.

(b) Whilst few scripts scored zero in this question, it was disappointing that few attained Level III. Terms such as, *differentiation*, *image*, *loyalty*, *recognition* and *reputation*, which could have steered candidates to some good answers, were lacking in a large number of scripts. Many candidates who appeared to know something about branding could not develop a response which fully addressed the question. Those who did attain the top level stressed the 'importance' of becoming a leading brand in a very competitive market.

Q.2 (a) (i) Most candidates answered this very straightforward question correctly. Those who attained only one of the two marks did so as a result of poor expression and lack of precision.

(ii) Those candidates with sound examination technique adopted a logical approach to this task and dealt with each of the three distribution channels in turn, explaining the benefits of each. This proved quite challenging for a number of candidates and some were unable to explain the three channels individually. Many candidates took an 'overview' of the distribution strategy which was credited but this approach hindered development. The notion of a 'short chain' was frequently stated, but not followed up with some further explanation. The reluctance of some candidates to apply their response to the case study was evident.

- (b) Many candidates scored well on this question and could cite a number of initiatives that were appropriate. No evaluation was required and this was to the advantage of many. The question was very accessible to most candidates and better scripts stayed focused on four or five appropriate quality initiatives with a full explanation of each.
 - (c) The topic of 'marketing mix' seems to act as a trigger for a large number of candidates to write all they know about the '4/5 P's' and this question elicited a good number of such answers. Better scripts took the question's premise and used the evidence from the case study to evaluate this before launching into an analysis of the rest of marketing mix. Many candidates, however, again demonstrated weak examination technique. They failed to argue the case for the importance of providing quality goods and services and consequently did not write an evaluative response.
- Q.3**
- (a) This was a relatively straight forward calculation for most candidates with many candidates achieving full marks. Layout of the calculation was generally poor and this is something that centres may wish to address.
 - (b) Some candidates wrote pleasing responses, demonstrating good knowledge of both the benefits and drawbacks of budgeting and applied them correctly to Steve's business. Many failed to reach Level III as they were unable to offer any of the drawbacks that may occur with the budgetary process. Level I candidates did not know enough about budgeting to and only gave a couple of basic points.
 - (c) This was poorly answered in the majority of cases and candidates appeared to have little knowledge of the functions of a purchasing department or the benefits of centralised purchasing for an organisation. Many scripts were awarded marks for quality/quantity issues, some mentioned economies of scale/bulk buying and fewer still the use of specialist buyers and relationships with suppliers.
 - (d) This gained a pleasing number of very good answers and the topic was understood by virtually all candidates. Sound knowledge of McGregor's theory was evident. A small number of candidates confused 'Theory X' with 'Theory Y', but these were few and far between.
 - (e) Most candidates were able to write an answer of sufficient length and so time does not seem to have been an issue with this task. Some well-argued, interesting responses were written and properly applied to the case in point; deservedly attaining Level III. The main weakness, again, was an inability to evaluate. Many creditable ideas were put forward, most of them appropriate for this kind of business - but then the answers petered out. The tendency to write about all the theorists and give a full account of their works did merit some marks but then the evaluative nature of the question was over looked. The stimulus material in the question was, in too many cases, largely ignored and this detracted from some otherwise good answers. The lack of planning by many candidates was very evident. Paragraphs were totally absent in many scripts and the standard of written communication was in many cases disappointing.

BUSINESS STUDIES
General Certificate of Education
January 2011
Advanced Subsidiary/Advanced

Principal Examiner: Mr M. Culliford, B.Sc. (Econ.), M.A.

Unit Statistics

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Unit	Entry	Max Mark	Mean Mark
BS3	1273	60	32.8

Grade Ranges

A	43
B	37
C	31
D	25
E	19

N.B. The marks given above are raw marks and not uniform marks.

BS3

The paper followed the now traditional format, following on from the old-style BS6, of a case study followed by essay questions, some of which were designed to be synoptic. The subject of this particular case study was Greggs plc.

The paper seems to have worked well and the majority of candidates were able to apply their understanding of business studies theory in a meaningful way and to analyse and evaluate the information effectively. A small percentage of candidates seemed to be rushing towards the end of the paper which, once again, underlines the importance of time-management under examination conditions.

- Q.1** This question was designed, at least in part, to test candidates' ability to extract relevant information from the case study. In this instance they were asked to explain the benefit of Greggs plc's vision and values. The better answers not only explained the importance of Greggs' vision, but also were able to show how its values benefited all of its stakeholders, including its customers, employees, shareholders and the local community.
- Q.2** Candidates were asked to explain the advantages and disadvantages to Greggs plc of growing organically and by acquisition. A number of candidates did not make a clear distinction between organic growth and growth by acquisition, but they were nevertheless credited for any valid remarks that they made about 'growth' in general. The better answers made a clear distinction between the two methods of growth and the advantages and disadvantages of each in turn including the relative costs and speed involved, as well as the existence or otherwise of synergies and the impact on employees.
- Q.3** Many candidates attempted this question first. They were required to analyse and evaluate the financial performance of Greggs plc. Whilst the question itself is much the same as has been asked in previous papers, the answer, of course, is entirely different. Most candidates are familiar with ratios but it is still surprising how few are able to calculate all of the required ratios correctly. Some candidates seem to have been confused by the fact that liabilities were given in brackets, but they were not penalised if this affected their calculations as it was felt that this presentation might not have been familiar to them.

The interpretation of the ratios was also patchy and not many candidates were able successfully to weigh up the overall financial situation of the company. Gross and net profit margins were generally well understood and the big difference between them was often a cause for comment. However, a number of candidates thought that this was due to the cost of raw materials, rather than expenses. The better answers realised that even this level of net profit might have been good for this type of business where a high level of turnover makes up for a relatively low level of profit.

The liquidity ratios were below the so-called ideal level, but the better answers realised that Greggs plc deals with cash customers and that this is not, therefore, likely to be a serious problem. Also some candidates confused shareholder capital and working capital and suggested that liquidity problems could be improved by selling more shares. Some candidates used RONA instead of ROCE but this was allowed since net assets are sometimes considered to be a valid measure of capital employed.

Gearing also proved to be a problem for many candidates both in terms of the calculation and the interpretation of the answer. Greggs plc is low-g geared, which some candidates interpreted as making them “boring”, but they also realised, that, as their gearing had increased, they weren’t quite as “boring” as they had been!

Some candidates calculated ratios such as debtor days and stock turnover. These are not required in the specification and so it is not recommended that candidates use up their time calculating them, especially as so many of them got the answers wrong!

Q.4 In question 4 candidates had to analyse the ways in which Greggs plc might be affected by changes in macro-economic factors such as changes in taxation, interest rates and the business cycle. Whilst most candidates clearly knew something about these factors in a general sense, answers were often of a general nature with insufficient application to Greggs plc. The better answers were more detailed, for instance looking at several of the different types of tax that might affect Greggs plc and its customers. Some of the more interesting answers picked up on the information in the case study, which said that “Gregg’s success comes down to price: in a recession, people buy more cheap comfort food.”

Q.5 Candidates were asked to advise Greggs plc on the desirability of expanding internationally. Unfortunately there were too many instances of candidates regurgitating their notes on globalisation without adequately thinking of how they applied to Greggs plc. For instance it was sometimes stated that Greggs plc would benefit because they could take advantage of supplies of cheap labour, without explaining how this might be the case. Were they perhaps suggesting that Greggs plc could manufacture savouries in the Far East and then re-export them to the UK? Others wrote that Greggs plc could set up in the EU and take advantage of the fact that there were no tariffs without explaining exactly how this might be of advantage to them. Some helpfully suggested that the word Greggs might mean something scandalous in another language. The better answers were far more focused and discussed both the advantages and drawbacks of expanding overseas, sometimes suggesting that they dip their toe in the water in some markets where customers had similar tastes, language and culture.

From the above comments it can be seen that one of the main problems that candidates have is not in learning theory but in applying it meaningfully to the case study. Perhaps the best way to overcome this difficulty is to practise answering more case study style questions. Whilst there are general principles at work every business is different. That is one of the reasons why this is such an interesting and worthwhile subject to study.



WJEC
245 Western Avenue
Cardiff CF5 2YX
Tel No 029 2026 5000
Fax 029 2057 5994
E-mail: exams@wjec.co.uk
website: www.wjec.co.uk