GCE EXAMINERS' REPORTS

BUSINESS STUDIES
AS/Advanced

SUMMER 2010

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.

BUSINESS STUDIES

General Certificate of Education

Summer 2010

Advanced Subsidiary/Advanced

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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	1122	50	26.1
BS2	2829	70	32.0

Grade Ranges	BS1	BS2
A	38	44
B	33	38
C	28	32
D	23	27
E	18	22

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

BS1

This paper seems to have been well received by the majority of candidates. The handwriting was more legible than in previous years and there was a slight improvement in the standard of grammar, spelling and punctuation. Candidates need to be reminded the number of lines they are given as this is an indication of the length of the answer expected.

Q.1 This question proved to be a question that discriminated well. For some it was an easy question but too many candidates were unable to answer it. Most candidates find 'opportunity cost' an easy concept to understand but quite difficult to explain. The purpose of the question was to see whether candidates understood the term and could apply it. Most were able to explain that if the caravan park was chosen, then the opportunity cost was the trout farm foregone.

Q.2 Market research is a topic taught at GCSE level and there was clear evidence in the answers given that the majority of candidates know the difference between primary and secondary market research. Many candidates wasted time listing the advantages and disadvantages of both types of research. The number of candidates who were able to explain accurately the difference between the two types was high but a large number were not able to identify correctly the examples given in the passage.

Q.3 (a) Nearly all candidates were able to attempt this question and gain at least some marks, although examination technique was sometimes poor. Many either explained market segmentation without giving examples and others gave examples without an explanation. Many candidates wrote at length about why companies segment their market and then when they read the second part of the question, they wrote the same thing out again.

(b) Most candidates were able to give one or two reasons for why a business would choose to segment its market and they were able to cite some appropriate examples to substantiate their points.

Q.4 This was a question where candidates scored high marks. Most candidates knew the theory and were able to apply it to this situation.

Q.5 (a) This question proved to be a difficult one for many candidates. Most were able to explain that organic growth was internal growth but perhaps did not take this further to say that the growth was brought about by increased sales in the existing business. The problem came with the external growth. Very many did not know what this meant but the question did not require any more depth than the recognition of mergers and takeovers.

(b) This was a question that polarised candidates. There were some excellent answers on oligopolies. Some candidates did not attempt this question at all and other, weaker candidates did no more than identify that the market was dominated by a few large firms.

Q.6 On the whole, this question was answered quite well. All candidates were familiar with the concept of flexible working and were able to evaluate its usefulness. The weaknesses encountered here were that answers were one-sided and often repetitive because rather than consider flexible working as one topic, some candidate gave advantages and disadvantages for job sharing, part-time working and flexi-time working with inevitable overlap of points made.

BS2

The paper was accessible to all candidates and some very impressive papers were submitted. The general standard of presentation, communication and legibility remains a concern. It was also evident that a significant number of candidates had neither a calculator or a ruler, and this hampered their ability to answer question 1.

Q.1 (a) Almost all candidates were able to provide examples of fixed and variable costs. A significant percentage of responses failed to link their explanation to 'production': either they made no reference to 'production' at all, or linked their answer to 'sales'.

(b) Many candidates managed to pick up the full 5 marks with well constructed, clearly labelled, total cost and total revenue lines. Nonetheless, there were a variety of errors apparent in other scripts.

Common errors were:
- Total Cost line labelled as Variable Costs.
- Total Revenue line labelled as Sales.
- Total Revenue line not started or finished at the right point.
- Total Cost line started at the origin.
- No labelling at all.

It was also clear that some candidates were unable to draw a straight line as they did not have a ruler. This is very disappointing indeed and centres should emphasise to their candidates that a ruler is an essential piece of equipment for an AS Level Business Studies examination.

(c) A wide range of responses was evident with this calculation question. Top candidates presented accurate answers, clearly showing their workings in a logical and neat manner. Many candidates still find numerical questions challenging and some did not even attempt an answer. It was obvious that some candidates did not have a calculator to assist them and the percentage calculations were beyond them. Other candidates did calculate the profit for both years but did not go on to calculate the change. Those candidates who gave the change as a percentage were not penalised.

(d) A full range of responses were submitted and the Level 3 candidates produced a full range of advantages and limitations. Surprisingly, a significant number of scripts argued that break-even charts were very time-consuming and linked this to 'opportunity costs' in a variety of ways. Many scripts failed to link their response to the company in question (BRK) and did not attain the 'application' marks that were built into the question.

Q.2 (a) This question was generally well answered with the majority of candidates scoring full marks. The most common error was related to the lead time, where two months was given as an answer; the correct response being one month. Some candidates merely gave definitions and did not identify the numerical levels.

(b) The majority of responses reached Level 2 and candidates were able to analyse the consequences of a 'stock out' situation. There were some very impressive responses

(c) (i) This was the least well answered question on the paper. The best candidates provided a well-constructed diagram and emphasised the multi-discipline/specialist/project aspects of the matrix structure in their explanation. Numerous candidates had little or no idea of the key aspects of a matrix structure and some candidates did not attempt to tackle the task at all. Some candidates focused on the Boston Matrix and consequently failed to achieve any marks.

(ii) The lack of knowledge in relation to a matrix structure was further reflected in this question. Candidates who fully understood the nature of a matrix structure were generally able to offer arguments in favour and against such a structure. However, some who scored well in (c)(i) failed to score well in (c)(ii). The majority of candidates seemed ill-prepared to respond to this question effectively.

(d) The best candidates provided a well-balanced argument in relation to the adoption of a JIT system and applied it to LiteWeight Buggies. Sound understanding of the concept was evident and key issues were effectively analysed. In the middle range answers, candidates tended not to develop their points so effectively and some did not apply their response to the business in question.

At the lower level of responses, candidates did not fully understand the concept and wrote vague and confused analysis.

(e) The best candidates provided a fully evaluated response, giving a number of arguments for and against attempting to market products on a global basis. Knowledge of this area of the specification was generally good and the majority of candidates were able to progress into Level 2. There was a tendency for some candidates to provide irrelevant material in relation to relocation factors, rather than focus on the marketing aspects of the discussion. Conclusions were often repetitive and added little to the overall response.

Q.3 It was evident that a significant number of able candidates did not plan their time effectively and only managed to provide a relatively brief response to this 12 mark question. Nonetheless, some interesting responses were submitted. Level 3 candidates produced clearly argued and well presented responses, using effective communication skills. Appropriate examples were used to illustrate examples of companies which effectively use websites to conduct their business.

Level 2 responses tended to have little or no use of examples and this is something that candidates need to address. Poor communication skills were very evident and many responses were unplanned; the use of paragraphs being all too often ignored.

Level 1 responses were either very brief or very repetitive. Some candidates who failed to provide a response may have run out of time.

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Principal Examiner:

Unit Statistics

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Unit	Entry	Max Mark	Mean Mark
BS3	882	60	32.2
BS4	1552	60	34.3

Grade Ranges	BS3	BS4
A	42	43
B	36	37
C	30	31
D	24	25
E	19	19

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

BS3

This year's paper, which was based on a case study of WH Smith plc, proved to be accessible to the majority of candidates and, in general, seemed to work well.

Q.1 This question asked candidates to explain the factors that have contributed to the survival of WH Smith plc since 1996. A few candidates ignored the last two words of the question and wrote about matters before 1996. The majority were able to extract sufficient and relevant information from the case study to write a well-informed answer to the question. This covered such things as concentrating on its key competencies and divesting itself of non-core businesses; expanding their operations to motorway service stations and airports and appointing a new CEO.

Q.2 In this question candidates had to assess the importance of WH Smith's mission statement. Whilst there were only few candidates who did not know what a mission statement was, several answers were of a general nature and many candidates had difficulty applying their knowledge to WH Smith.

Q.3 This question required candidates to analyse and evaluate the financial performance of WH Smith. The weaker candidates attempted to answer this question without the use of ratios, but the majority of candidates were able to calculate some or all of the correct ratios. The weakness, however, remains in the ability to interpret what these ratios indicate about the state of the business. WH Smith, with low gearing and a high return on capital employed appears to be in a strong position. There are question marks over the company's liquidity when looking at its current and acid test ratios and comparing them with the normal ideal ratios. However, as the better answers indicated, WH Smith is a retail business that does not offer credit and so should be in a position to generate large amounts of cash in order to pay its suppliers when required to do so.

Q.4 This question expected candidates to comment on the present situation of WH Smith with reference to Porter's Five Forces Framework and the information given in the case study. This question proved to be a good discriminator. Whilst there was a significant minority of candidates who did not seem to be familiar with Porter's theory, most candidates remembered some or all of the theory. Those candidates who had a good command of it were able to use the information in the case study to effectively analyse the position of WH Smith viz-a-viz its customers, suppliers, existing competition, substitutes and the threat of new entrants.

Q.5 Candidates had to discuss the view that the policies adopted by WH Smith since 2003 had been of benefit to all of its stakeholders. Unfortunately, there are still a few students who think that stakeholders and shareholders are the same thing. However, the majority of candidates seemed to be aware of several stakeholders other than shareholders, with the better answers covering most if not all of them. Not all textbooks accept competitors as stakeholders, but since some do, they were accepted as being relevant to the answer.

There are still issues with the quality of written language and legibility that need to be addressed by some candidates, although the apparently increasing use of amanuenses does, in many instances, seem to be unnecessary.

BS4

This was the first time that candidates have attempted a paper like this and, not surprisingly, there was a certain amount of anxiety on all sides as to how well it would work. Fortunately, these fears appear to have been unfounded. The majority of candidates were able to make sensible attempts at answering most, if not all, of the questions, but there was sufficient degree of difficulty to allow for a good level of discrimination to take place between the better and the weaker answers.

SECTION A

Candidates were required to answer all questions in this section of the paper

Q.1   Candidates had to explain the advantages to a business, such as British Airways, of using asset-led marketing. Most candidates were able to distinguish between asset-led and market-led marketing but only the better answers included relevant examples. Answers, on the whole, were a little disappointing.

Q.2   (a)   This required candidates to calculate the value of a machine after three years using the straight-line method of depreciation. The answers to this part of the question were variable. Some candidates had no idea at all as to the method of calculation whilst others were able to calculate the annual depreciation without discovering the value of the machine after three years. Encouragingly, many candidates were able to calculate the value correctly.

   (b)   This was a was a fairly open-ended question that asked candidates to discuss the possible outcomes that might arise from a situation where a business had made two workers redundant and replaced them with a machine without prior agreement with the trade union. The better answers involved a number of relevant suggestions varying from the union calling some kind of industrial action, to a compromise solution negotiated by ACAS probably involving the payment of compensation or finding other employment for these workers.

Q.3   (a)   This question gave candidates some information and asked them to draw a decision tree and suggest, on the basis of their calculations, which advertising media to use. Most candidates were able to draw a decision tree, but only about half of the candidates were then able to calculate the outcomes correctly and recommend which medium to use.

   (b)   This question asked candidates to evaluate the usefulness of decision trees to a company such as the one in the question. Some answers were one-sided, but the better answers pointed out the drawbacks as well as the advantages of decision tree analysis.

Q.4   (a)   Candidates were required to calculate the price elasticity of demand for a set of golf clubs. Although most candidates remembered the formula and were able to calculate the answer correctly there were quite a few who had obviously forgotten the formula altogether.

   (b)   Candidates needed to discuss the view that the theory of elasticity of demand was of little practical use to a business such as the one given. Once again the better answers gave both sides of the argument and pointed out that, whilst managers of a business are not necessarily aware of the technique, nevertheless they act in accordance with its predictions. This is illustrated in the widespread use of sales where prices are reduced in order to get rid of surplus stock.

SECTION B

Candidates were required to choose one out of the three following essay questions

Q.5 Consider the view that cuts in taxation are likely to benefit all UK businesses.

This question was not very popular with candidates. The answers of those who did attempt it were mixed and varied from the mediocre to the very good. It was an unusual question because most of the evidence actually supported the statement. Most businesses would indeed benefit from a cut in taxation, unless the cuts in taxation led to budget cuts in the public sector, which would have an impact on businesses with government contracts. Also, some types of tax cuts might not affect some businesses, e.g., those that sell products which are exempt from VAT. The better answers looked at a wide variety of taxes and their impact on different types of business.

Q.6 "The ability to adapt to changes in the external environment is the key to business success." Discuss.

This question was more popular with 25% of the candidates attempting it. Again there was considerable variety in the quality of responses. External factors are sometimes thought of as PEST, PESTLE or STEEPLE factors, i.e., political, economic, social, technological, legal, environmental and ethical factors. The best candidates covered three or four of these in detail and it was not necessary to cover them all to achieve full marks.. Many candidates also referred to the other factors that are essential to business success such as well-motivated employees and good marketing.

Q.7 "The shareholders of a business are the most important of all of the stakeholders." Discuss.

This was by far the most popular essay question with candidates and, on the whole, it was answered well apart from the efforts of those candidates who confused shareholders and stakeholders. Many candidates gave a balanced response, acknowledging the importance of shareholders to a company but also recognising the importance of other stakeholders. The better answers contained examples, either positive or negative, where the interests of other stakeholders had been acknowledged to the benefit of a business or ignored to its detriment. There was some confusion amongst several candidates who did not seem to realise that the stock exchange is a secondary market and that when shares changed hands, after the initial offering, the money went to the previous owner rather than to the company.

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