GCE EXAMINERS' REPORTS

BUSINESS STUDIES
AS/Advanced

SUMMER 2012

Statistical Information

The Examiner's Report may refer in general terms to statistical outcomes. Statistical information on candidates' performances in all examination components (whether internally or externally assessed) is provided 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 2012

Advanced Subsidiary/Advanced

Principal Examiner: Mrs M Williams
Mr D T Evans

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	2071	50	27.3
BS2	3473	70	35.7

Grade Ranges	BS1	BS2
A	40	48
B	34	42
C	29	37
D	24	32
E	19	27

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

BS1

General Comments

This paper targeted the more familiar parts of the specification, all questions were attempted by the vast majority of the candidates and all questions were accessible to all. The mean mark was higher than the previous year and it was pleasing to see that candidates prepared well.

Q.1 (a) This question was generally well answered, with most candidates identifying job production as the correct method of production for the hats. Job production was the only correct answer because of the unique requirements of the customer, but candidates were also rewarded for stating why the other methods might not be suitable.

(b) As expected, most of the candidates went for the bank loan and retained profit as the two options. However, a good range of other options were given, which were rewarded. The better candidates justified their choice of finance and applied it to Jessica's business. Some candidates lost marks because they only chose one option, or they failed to justify their choice.

Q.2 (a) Those candidates who achieved full marks were able to relate how Sandra might face problems operating in a niche market. However, many candidates lost marks as they focused on giving a general answer about operating in a niche market. It was encouraging to see that the vast majority of candidates understood the concept of a niche market.

(b) (i) All candidates gave a clear understanding of primary market research, but many failed to do the same for secondary market research. However, most candidates were able to give appropriate examples.

(ii) The majority of candidates were able to apply their knowledge to the scenario and were able to identify the advantages and disadvantages of market research to this particular business. However, many of the answers tended to include a lot of irrelevant information, requiring extra paper and using up valuable time that could have been used more effectively.

(c) This question was answered very well and the candidates knew their facts. Most candidates identified the need to evaluate their answer and apply their knowledge to Sandra's business. However, quite a few candidates did refer to a private limited company as a PLC.

Q.3 As in previous years, there were many candidates who did not know the term 'stakeholders' and those who read it as shareholders. For a top level answer, candidates needed to identify a good range of the relevant stakeholders and how these stakeholders were being affected and then the likely action or impact on the stakeholder. E.g. the employees were being made redundant and consequently they would be looking for another job in a difficult economic climate.

Q.4 Generally this question was not answered very well and proved to be the most difficult question on the paper. Some candidates did not realise that this question was asking them to identify the factors to be considered when locating a business and they interpreted it as the place element of the 4Ps of marketing. Those who understood what was required seemed to identify some of the elements. The main elements were – market accessibility, production process, labour skills, communications, infrastructure, availability and cost of land, government assistance, raw materials/footloose, climate, nearness to competitors. Many of the answers were not well written. There was a lack of structure and purpose and only a few candidates were able to use relevant business terminology.

General Comments

The paper was completed in the vast majority of cases and all questions were accessible. The general standard of written communication continues to deteriorate, making some scripts very difficult to assess. In particular, the standard of the diagrams that candidates were required to submit was very poor. It was clear that many candidates had neither a ruler nor a pencil to hand and inaccuracies were common. However, some very impressive scripts were submitted, displaying both sound knowledge and sophisticated examination technique.

Q.1 (a) The diagrams submitted were, on the whole, very disappointing and this is an area that needs to be re-visited by centres. The text and the diagrams were often unrelated and labelling was often weak or non-existent. The variety of diagrams was considerable and accurate charts showing a wide span of control and clearly labelled were the exception rather than the rule. The explanation of the concept was generally better, although here too, there was much that was vague or inaccurate. Those candidates who were familiar with the concept drew a simple diagram and linked their explanation to the diagram.

(b) It was pleasing to witness many candidates using the data to support their responses and the vast majority picked up on the communication issues related to delayering. Those who achieved full marks showed a sound understanding of both the advantages and disadvantages of such a strategy, developing their points in a logical manner. The core reasons for delayering are related to cost cutting and efficiency and not all candidates seemed to appreciate this. Generally, candidates developed their points reasonably well. There were a significant number of candidates who had little or no knowledge of delayering and failed to get out of *Level One*. Repetition was common in many answers.

Q.2 (a) (i) Those who gained the two marks available made reference to spending on fixed assets or investment and provided a suitable example. Many students failed to give an appropriate example to support their initial statement. There were a significant number of candidates who failed to score.

(ii) The majority responses were accurate and the concept was generally understood. This is in marked contrast to the last time this concept was tested and it is pleasing to note that centres have addressed this issue.

(b) (i)&(ii) Generally, good knowledge was evident in the majority of scripts. A failure to provide an example relevant to Farrell's Vegetables meant that only one of the two marks available was achieved by a considerable percentage of candidates.

(c) (i)&(ii) The vast majority of candidates made the correct calculations. Of those who did not get both marks, more tended to get the net current assets calculation wrong.

(d)   The importance of working capital was not well understood by the majority of candidates. The number of candidates who failed to score at all is a great concern, given that this is such a key issue in relation to the survival of sole trader businesses. Candidates referred to the importance of working capital in relation to the day to day running of the business - but failed to say little else. Repetition was rife, always a good indicator of lack of knowledge. Those who did score full marks were able to say what working capital was used for in relation to everyday running costs and emphasised its importance in relation to offering credit to customers. Centres would be well advised to place greater emphasis on this important concept when covering this element of the specification.

Q.3   (a)   Those candidates who carefully constructed their diagrams and systematically described what happens at each of the stages moved smoothly into *Level Three,* with many gaining full marks. However, it was disappointing to see many diagrams so poorly drawn and inadequately labelled. Centres should emphasise to candidates that axes are essential if a diagram is to be understood by the reader. Often the life cycle started from the wrong point and a significant number of candidates confused a cash flow line with the lifecycle line that was requested. Maturity so often started early on in the growth phase and such inaccurate labelling was commonplace. This prevented candidates reaching *Level Three* and could be so easily rectified with greater attention to detail. Straight lines are required and not to have a ruler or pencil in an AS level examination of this nature is inexcusable. Weaker candidates made some very basic statements (For example: *The launch phase is when the product is launched)* and submitted unlabelled diagrams. This was a very accessible question and poor technique meant that some candidates did not score as highly as they might have done.

        (b)   Almost all candidates had a basic understanding of cash cows although some got the market share and market growth element mixed up. Better responses emphasised the importance of cash cows in relation to positive cash flow or profitability. Many then went on to link positive cash flow to the support that cash cow revenue can give to the products in the other segments of the Boston Matrix. Unfortunately quite a number of candidates focussed on branding and provided largely irrelevant responses, often providing a very similar response in the next question.

        (c)   Lots of good knowledge was displayed by many candidates in relation to repeat purchasing, brand loyalty and differentiation. Better candidates used their knowledge effectively to explain how branding could be used as part of a marketing strategy. Only the top candidates included the link to pricing flexibility, moving themselves to the top of *Level Three.* It was pleasing to see so many candidates using the examples given in the data to illustrate their points.

        (d)   Numerous confused and inaccurate responses were evident in response to this relatively straightforward question. Many students did make some reference to 'efficiency' but were unable to go much further. The majority of candidates could not offer a logical formula for the measurement of labour productivity and many thought that it should be expressed as a percentage (%). Those that gained all four marks were relatively thin on the ground. This might be an area of focus for centres, given the overall poor response to this question.

(e)   Surprisingly, given the responses received to Q.3 (d) this task was undertaken much more successfully and the majority of students progressed well into *Level Two*. Quite a number of candidates offered a range of appropriate solutions and fully explained how they could be applied to a business such as the Mars Corporation. Confusion between productivity and quality did occur in a number of scripts and quite a number of irrelevant solutions were offered as a result of this confusion. Poor technique was evident when candidates focussed entirely on motivation and lapsed into writing everything they knew about Taylor, Herzberg and Maslow. One response that was offered on too many occasions was to 'employ more workers' – something which clearly is unlikely to improve labour productivity in particular.

(f)   It was a pleasure to read some of the excellent, well-structured and clearly argued responses put forward by a good number of able candidates. Knowledge on this area of the specification was very good and many candidates provided properly evaluated and balanced answers. The quality of written communication did leave something to be desired but many candidates reached *Level Three* and boosted their overall score considerably. There were few candidates who failed to complete this final question and it appears to have been very accessible to the majority.

BUSINESS STUDIES

General Certificate of Education

Summer 2012

Advanced Subsidiary/Advanced

Principal Examiner: Mr M Culliford

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
BS3	847	60	31.3
BS4	1718	60	35.8

Grade Ranges	BS3	BS4
A	38	46
B	34	40
C	30	34
D	26	28
E	22	23

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

BS3

General Comments

This summer's paper was based on a case study of the travel agent Thomas Cook plc. The case study made clear that, although the company had been successful in the past, it now faces a number of challenges in difficult trading conditions. Candidates were expected to demonstrate their understanding of business theory and apply it in order to shed light on different aspects of the problems facing the company. Whilst the paper was designed to be accessible to all candidates it also presented the more able ones a worthwhile challenge, requiring them to demonstrate detailed knowledge combined with highly developed analytical and evaluative skills. The skills developed in studying this course should provide them with an excellent basis for further study and for their future careers.

The majority of candidates attempted all of the questions; however, there was a tendency for some to rush the final question as they had failed to adequately plan the allocation of their time. Several candidates started with question three. Whilst this is perfectly permissible there may be a disadvantage to this strategy as there is a tendency to see the financial situation of the business as something divorced from all of the other issues facing the business rather than seeing it as an integral part of the overall picture.

Q.1   Candidates were asked to identify and explain the main political, economic and social factors that were likely to affect Thomas Cook. Whilst this may at first sight appear to have been a relatively straightforward introductory question several candidates struggled with it. Many of them appeared to be unclear as to the exact distinction between political, economic and social factors and indeed it was not uncommon for some to write about factors which were not in these categories at all. The better answers identified most or all of the relevant factors which were given in the case study, including such political factors as civil unrest in the Middle East, restrictions on tourists by certain governments, the threat of terrorist activity, government regulations, legislation (although this is usually treated as a separate category it was accepted) and taxation (which could also have been considered as an economic factor). Economic factors might have included the price of oil, the state of the economy (and in particular the recession), inflation, exchange rates and the euro crisis. Many candidates failed to identify relevant social factors such as demographic changes including an ageing population, the demand for all inclusive holidays and adventure-style holidays and also changing public attitudes to the preservation of the natural world.

Q.2   Candidates were required to explain ways in which new technology can benefit Thomas Cook and its customers. Whilst most candidates were able to identify one or two influences, including the use of the internet, the better answers detailed several ways in which Thomas Cook might use new technology and how it might benefit both the company and its customers. Benefits included greater convenience, reduced costs as well as greater comfort and reduced carbon emissions from the use of more up-to-date aeroplanes.

Q.3   Candidates were required to analyse and evaluate the financial performance of Thomas Cook plc. Most candidates now are reasonably competent when it comes to calculating the six formulae that are required by the specification but the quality of their interpretation varies considerably. Some students have learned stock responses which usually do have some validity but need to be sensitively applied to different companies. For instance many candidates felt that Thomas Cook was doing well but needed to control its expenses. As far as it goes this is true, but the main problem facing Thomas Cook was the size of its long-term liabilities, which many students failed to comment on. As mentioned above it is only necessary to learn the six formulae given in the specification, other ratios such as debtor and creditor days and stock turnover are not required and will gain no extra marks.

Q.4   Candidates were asked to evaluate Thomas Cook's business strategy. The strategy was detailed in the case study and particularly emphasised the company's growth strategy and the need to concentrate on higher value-added holiday packages. Whilst many students successfully described the strategy the better answers not only did that but also were able to give a balanced evaluation of it.

Q.5   Candidates had to discuss the view that "not all stakeholders benefit from the activities of the tourist industry". There was a tendency for the weaker answers to concentrate on only one or two stakeholders (with even some confusing stakeholders and shareholders!). The better answers not only considered a full range of stakeholders but they also considered how they benefited or not as the case may be. Many good answers identified some of the negative impacts that tourism can have on local communities in terms of environmental damage and over-development.

In general it is felt that the paper represented a similar challenge to previous papers and that candidates were at least equally well-prepared.

BS4

General Comments

This summer's paper followed the pattern of the previous two years. Section A consisted of a number of short answer questions, some of which involved calculations and section B consisted of an essay question with candidates having a choice of one out of three options. Unfortunately, one or two candidates, decided to answer all three essay questions. The procedure in such a case is to mark all three and award the candidate the one with the highest mark. However, most candidates responded to the paper well and managed to complete most, if not all, of it satisfactorily in the time allowed.

Section A

Q.1   Candidates had to explain, using suitable examples, the reasons for and against the use of contingency planning by UK businesses. This was designed as a straightforward introductory question testing candidates' knowledge and their ability to apply it. It was a little surprising therefore to discover that a minority of candidates did not seem to have any idea what contingency planning is. Happily most candidates were able to demonstrate at least some reasonable understanding of the concept. The better answers were balanced giving both advantages and disadvantages of contingency planning and, as the question asked, gave suitable examples.

Q.2   Candidates were given ten years of sales and asked to calculate a three year moving average which they then had to plot on a graph and then draw a line of best-fit in order to predict the following year's sales. Finally, they were asked to assess the usefulness of the prediction to the business. Most candidates were able to calculate the moving averages correctly but there was considerable variation in the accuracy of plotting and in the placing of the line of best fit. Some candidates did not appear to possess a pencil and made several attempts in ink which tended to make their answers indecipherable. Also a number of candidates plotted the line of best-fit but did not give a numerical answer to part (c) which asked them to give the prediction for the following year.

Q.3   Candidates were given a certain amount of information about Jordans Ltd and then were asked to suggest ways in which the Ansoff matrix might be of use to the business in devising its marketing strategy. A surprising number of candidates were unable to remember the details of the Ansoff matrix and a few confused it with the Boston matrix. Many potentially good answers fell down because, despite demonstrating good understanding of the theory, they were unable to apply it to Jordans Ltd.

Q.4   Candidates were presented with information about a transport company that had to make an investment appraisal decision. Candidates were asked to use payback and net present value, as well as the other information provided, in order to advise the company as to whether it should buy a new lorry or upgrade its warehouse. The less good answers to this question varied from those who only looked at the qualitative information without doing any calculations to those who did some or all of the calculations but ignored the qualitative data. Clearly the best answers combined the two in order to draw a valid conclusion.

Section B

Q.5   Candidates were required to discuss the proposition that "an effective marketing strategy is more important to a business than the motivation of its employees." This provoked many good answers of the type "on the one hand … and on the other …" etc. The better answers concluded that a) it depended on the type of business and b) that it was not really an either/or scenario and that having a motivated workforce is actually an essential component of an effective marketing strategy.

Q.6   Candidates were asked about the extent to which they agreed with the proposition that the best way to understand the performance of a business is to analyse its financial accounts. The answers to this question were very varied with some of the weaker answers failing to see how financial accounts might meaningfully be used to understand the performance of a business let alone come up with some suggestions as to how else performance might be measured. However, the better answers not only showed the relevance of financial accounts but also pointed out some of their weaknesses, including window dressing, and suggested several other ways of measuring performance, such as customer satisfaction, brand value and the commitment of employees as measured by low levels of labour turnover and absenteeism.

Q.7   Candidates were asked to assess the view that globalisation poses more threats to the majority of UK businesses than opportunities. This proved to be a very popular question and was, on the whole, answered well despite the fact that there were many variations on the meaning of the term 'globalisation'. Several candidates looked at it from the point of view of one UK business rather than the majority of UK businesses, but nevertheless managed to make a number of correct points. The better answers looked in detail at different types of business and the way that globalisation might have affected them.

Overall the paper seemed to be of an equivalent standard to the previous two and represented a fair but challenging test of candidates' knowledge and abilities.

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