



GCSE EXAMINERS' REPORTS

BUSINESS STUDIES

Summer 2013

Grade Boundaries

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BUSINESS STUDIES

General Certificate of Secondary Education

Summer 2013

Chief Examiner: D Salter

Chief Moderator: J Price

General Comments

The paper proved to be more demanding than last year, with a considerable reduction in the mean mark.

Once again, the more able pupils were able to show their knowledge and understanding of business in the more challenging questions; some outstanding answers were produced. However, less able candidates often failed to attempt certain questions which might have been answered with a little thought. Some even failed to attempt the multiple choice questions where marks might have been gained.

The best candidates performed well across the Assessment Objectives. They had good knowledge of terms and concepts which was applied to specific criteria. Data was analysed appropriately and evaluation was carried out by considering both sides of a case. Judgements were supported by the evidence and conclusions were based on business outcomes rather than by statements showing that “the advantages outweigh the disadvantages”.

The quality of written communication continued to improve. Answers tended to be well written and legible.

Comments relating to specific questions are as follows.

- Q.1 Most candidates selected at least one non-monetary reward paid to workers. An overwhelming majority appreciated that a company car was such a reward but the selection of medical insurance proved to be more problematic.
- Q.2 Candidates were more certain about the features of a deed of partnership with only a tiny minority failing to find at least one. Most were able to find both features.
- Q.3 The best answers suggested cash flow forecast, profit and loss account and balance sheet, or features of these, as information which might be found on a business plan. Failure to understand the term “financial” meant that some candidates included the name and address of the business in their answers.
- Q.4 Co-operatives have not been tested for some time so perhaps it was not surprising that answers were not better. Sizeable minorities believed that such businesses are owned by the government and that even more suggested that the share of the profits is called a shareholding.

- Q.5 Most correctly suggested the definition of limited liability but there were many incorrect suggestions on how businesses having limited liability can be recognised by their names.
- Q.6
- (a) Many suggested Hire Purchase as being the correct answer but the most popular incorrect response was Leasing. Candidates failed to appreciate that the leased item does not usually become the property of the lessee.
 - (b) Working Capital was correctly suggested by many with Balance Sheet being the most popular incorrect response.
 - (c) The reverse was the case here with Balance Sheet being the correct answer and Working Capital being the popular incorrect answer.
 - (d) Candidates appreciated that Current should appear in the answer but there was much confusion as to whether this should be assets or liabilities.
- Q.7 The impact of government on businesses often proves to be difficult for many. There was a clear distinction between the two scenarios put forward in this question.
- (i) A very large number of candidates appreciated that an increase in income tax reduces disposable income so spending falls, so businesses sell fewer goods. Some candidates went further to suggest that the sales of cheaper goods may even rise or that there might be no effect on the sales of essential goods such as food.
 - (ii) Exchange rates as a topic at this level are difficult to understand. The better candidates appreciated the range of possibilities with the most popular being that the price of British goods sold abroad falls so sales are likely to increase. More complicated but valid answers suggested that imports become more expensive so that British producers are more likely to sell goods at home, or that imported raw material prices would rise so prices would rise and sales fall, or that there would be no effect on businesses just selling in home markets. Some candidates who had some understanding failed to explain their answers in a clear way or failed to give a complete answer because they did not show the effect on business sales.
- Q.8
- (a) Most answers explained why people want to set up their own business from the point of view of being your own boss, making decisions and earning an income from the profits which are reward for their own efforts. Some used the scenario to suggest other reasons such as having a job after being made redundant or being able to develop interests and skills by working in an area which interests the owner. Some exaggerated the idea that Ryan would never be made redundant again without considering the possibility that this might happen in a similar manner if the business did not succeed. Some read the question as being to do with the advantages of being a sole trader. This was acceptable in terms of the above but not having to share profits or not having to argue with partners was not relevant to the question.
 - (b) Most answers went along with the textbook ideas of earning a profit, survival and growth.

- (c) Again this is an area which has not been tested recently but candidates were guided towards an answer by the question which linked the terms shopkeepers and retailers. Most appreciated that that retailers sold goods to customers or that they bought goods from manufactures or wholesalers. It was a great pity that other functions such as displaying goods or promoting goods were not seen as answers.
- (d) The question was on short term finance. At one time there was a clear distinction between short and long term finance: today the boundaries are less distinct. Therefore a wide range of suggestions were permissible including loans from banks and family and friends. Clearly those methods specifically for machinery and property were not acceptable such as hire purchase or mortgages or share issue. The explanations had to be relevant to the suggestions. The best answers considered how the finance was received, interest rates, repayment conditions, effects on ownership, effects on liabilities and so on.
- (e) There were some excellent answers where candidates appreciated the benefits and problems of diversification. These considered in the main the extension into new markets, the possibility of sales between the markets and the spreading of risks by selling different, distinct products. Answers then looked at the problems associated with such a decision including the extra costs of equipment and of employing additional labour, the reduction in space available to sell books, the possible damage to books and the loss of previous customers who did not appreciate the change. To gain the full marks available answers had to provide reasoned advice to Ryan on whether or not he should serve refreshments. Such advice gave good business justification related to e.g. the size of the market, the number of customers or the level of sales, costs or profit.

Q.9 The question gave the opportunity to test knowledge of the product life cycle in a different way where the product in question involved the industry selling electrical items.

- (a) The vast majority of candidates appreciated that the figures were falling year by year and they correctly equated this as a decline. Some however did not read the question and tried to more closely analyse the numbers: this was not required.
- (b) There were many resourceful answers to a question which suited the business knowledge and the age profile of the candidates. The decline was explained in terms of the changes in technology leading to changes in how people now listen to music and watch television. Answers were enhanced by comments on the decline of specialist shops and the use of the internet and diversification of supermarkets in the sale of goods. Other valid answers considered macroeconomic factors such as the recession and the credit crunch to explain the decline in sales.
- (c) This question gave candidates scope to apply their knowledge of pricing strategies in the case of retailers selling audio and visual equipment. The best answers selected relevant strategies and considered the advantages and disadvantages of the selected strategies. Sometimes even these used up the time and space available to give descriptions of the strategies: these were not required unless they added to the evaluation of the strategy. The problem for some was in selecting valid strategies which applied to the specific products. This meant that promotional strategies such as buy one get one free and loss leaders should not have been considered as they are not likely to be used in the particular case. This also applies to destroyer pricing which might be relevant to the sale of newspapers but so much to that of audio and video equipment.

- (d) The best answers considered three distinct methods of providing quality products. These ranged from the use of quality materials, the recruitment and training of skilled workers and the use of efficient machinery to the adoption of quality control and assurance methods. Although some could suggest these ideas they were unable to show how quality products resulted. Some candidates also suffered from too much knowledge not required by the specification. Credit was given for a description of quality assurance but only once: outlines of a range of methods including TQM, Kaizen and quality circles are better suited to a higher level of study.
- Q.10 (a) Most candidates correctly suggested that the main difference between public and private companies differ in that the shares of the former are available to all, generally on the Stock Exchange whilst those of the latter are available by invitation particularly to family and friends. For the full marks it was not sufficient to write that public company shares are available on the Stock Exchange but private company shares are not. Limited liability should have not featured in answers.
- (b) Many were not too certain about the appropriate method of growth with only two thirds of candidates opting for Acquisition as the correct answer.
- (c) The topic economy of scale appears on the specification but it is never handled particularly well by many candidates.
- (i) The best candidates appreciated that the definition involves too elements. The first is to do with the size or the growth of the business. The second is about the benefits businesses gain from this growth in terms of the lower unit or average costs. Those who do not fully understand this suggest that (total) costs fall as a result of businesses growing: this is clearly not the case.
- (ii) Most opted for purchasing economies as an example of an economy of scale. This was followed by mention of bulk buying and the correct suggestion that each good bought costs less. Where candidates opted for other examples they invariably missed out the important element. So when the suggestion is marketing economy, firms can afford to advertise on the television – which is expensive - but the important point is that the extra cost can be spread over the large number of goods sold. Similarly with financial economies, large businesses can negotiate lower rates of interest with the banks. The total interest paid may be enormous but this cost can be spread over the vast quantity of goods produced.
- (d) There were many excellent answers to this question. Candidates appreciated the full range of benefits derived from branding and used terms such as unique, recognisable, memorable and quality. All very worthy in describing the importance of brands.
- (e) Ethics in business is quite a philosophical idea and proved to be difficult for some. The best answers were often linked to the question which mentioned suppliers, workers and customers. They considered the advantages and disadvantages to businesses and their relationship with these stakeholders before drawing a businesses related conclusion. The advantages were generally about doing right by these and they will approach the business in the right way: good publicity and reputation came into it. The disadvantages were mainly about costs and how these impacted on prices and demand. Some did not fully understand what was required apart from the overuse of the word fair. Others confuse ethical policies with government legislation relating to the environment, workers and consumers.

- Q.11 (a) Most correctly calculated the Total Expenses for 2012.
- (b) Many correctly calculated net percentage profit but this very much depended on them remembering the formula and on having some practice on similar questions.
- (c) Many answers equated Computer Aided Manufacture with mass production and production lines so when considering advantages concentrated on the speed of production and increased output. More valid answers considered the greater accuracy achieved by CAM. The better answers also saw disadvantages related to the costs of buying and maintaining the equipment and of training the workers.
- (d) There was some confusion between the nature of a person specification and a job description.
- (i) A definition of person specification proved to be difficult for many. The better answers mentioned that it was produced by a business looking for workers describing the type of workers needed.
- (ii) There were many valid items to be found on a person specification suggested. The main ones were related to qualifications, experience and qualities. A number correctly defined person specification in (i) but provided features of a job description in (ii).

As this topic had yet to be tested in the current specification, it was expected that this question would prove to be difficult. However, there were many excellent responses within the context of the scenario. On the job training was seen as more specific to the business, but being provided locally was not of such a high quality, whilst off the job provided a professional approach which could not provide the exact skills needed. The best answers recommended which would be better in this case supported with sound business reasoning. Responses tended to be very long and beyond the space provided: more concise answers would have been just as good.

Controlled Assessment.

The vast majority of centres followed the guidelines correctly and produced work that varied across the range of abilities. A few centres, possibly new to WJEC, misunderstood part of the assessment process.

I feel I must start with a few general house-keeping issues. Portfolios should be submitted to the moderator in separate folders / document wallets for each candidate. The moderator should be able to easily identify candidate's work. It would be helpful to include page numbers on the work. Some centres submitted portfolios that were not securely separated and work was jumbled up, this proved a challenge to put in the correct order.

Both the BS2 and BS3 forms need to be signed by both the teacher and the candidate, a number of centres did not do this and this did slow down the process as centres had to be contacted to complete the documentation correctly. Centres must indicate on the BS3 form what assistance has been given to candidates. Many centres did not do this, even though a range of marks were awarded for criteria A.

It is of the utmost importance that centres follow the strict guidelines with regards to the use of the secure area if they choose to process their work by means of ICT. Candidates are not allowed to have access to any electronic research either stored on the school network or via portable storage devices. In essence, the only programme they should have access to is a word processing package.

The guidelines clearly state that the assessment should be done in three clear sections, the six week research section, the 200 words guidance section and finally the 3 hour write up. All three sections should be included in the portfolio sent to the moderator for assessment. It is difficult for moderators to award marks for research if centres have not included any in the final portfolio.

Candidates are not allowed to annotate or highlight the research. It should be taken into the write up in its raw form. Candidates are allowed a 200 word guidance document which can summarise the main issues of their investigation and assist them in structuring their work in the three hour write up.

A number of centres failed to follow guidelines and either annotated the research to include analysis and evaluation or exceeded the 200 word guidance. Where this has occurred centres have been made aware in the centre report. Centres need to be aware that continuous failure to comply with these guidelines will result in a mark adjustment as their candidates are unfairly advantaged in the writing of their report.

It would be of significant help to the moderation process if centres could submit all guidelines given to candidates to the moderators along with the sample of candidates work. This is a requirement which all centres should follow.

With regards to the assessments itself, the majority of centres chose to undertake the assessment “to identify a gap in the market for a new business in your locality”. In general the assessment was well done by the vast majority of centres.

Some candidates failed to fully evaluate the success of their likely venture and therefore were unable to gain access to the highest mark bands. The analysis and evaluation asked for a report on the likely success of the business, one would expect to see the success measured against a number of specified criteria as to whether the business was likely to be successful or not. An important measurement for any new business is the financial aspect, for this task a cash flow forecast and/or a profit and loss account meets the criteria sufficiently. Some centres failed to produce any financial data and therefore missed an opportunity to fully analyse and evaluate.

A minority of centres undertook this assessment in a manner that tried to replicate the traditional coursework that required candidates to produce a business plan. These centres did not fully appreciate what was required for this task and spent a great deal of effort and time including theory and aspects of a business plan that was not required for this task, such as the legal structure of the business.

However, the majority of centres have to be commended on the quality of the work produced. It was pleasing to see so many investigations that demonstrated an excellent application of business knowledge with candidates also able to critically evaluate the likely success of their business.

A number of centres chose to undertake “the impact on a variety of stakeholders of a major business development in your locality”. Many of these were well researched and written with a good understanding of the main issues involving the relevant stakeholders.

Some candidates were unable to access the higher assessment bands as their research was a little limited and they only included a narrow range of stakeholders. It should be noted that the task requires an investigation of a real development. There needs to be actual real research available for candidates to access. Centres are not allowed to imagine a scenario and then interview a variety of local groups.

A few centres chose “to investigate environmental practices adopted/used by business”. Candidates who performed well on this task generally were the ones who selected well known businesses that allowed them to collect a good range of information for their research. This allowed them to analyse and evaluate their findings to a higher level in their write up. Once again it was pleasing to see how many candidates were able to apply their business knowledge to a number of different scenarios and recognise the salient business issues for this task.

A note of caution, there were a very small number of centres who chose to investigate the environmental policies of their own school. Although this is allowed, as the task does include public sector organisations, the quantity and quality of the data available in their research was limited and tended to be rather superficial. I would advise centres to carefully consider the range of research available to candidates when selecting the school, or similar organisations, as this can limit the application of business content and reduce the opportunities to analyse and critically evaluate relevant issues.

It should be noted that the four options of controlled assessments for 2014 are different from those submitted in 2013. Titles are available on the WJEC website.

I would also like to take this opportunity to thank the moderating team for their hard work, help and support throughout the moderation process. Many of whom have given many years of service and I fully acknowledge that without their help and advice the process would not be possible.

Grade boundaries were determined as A grade = 51, C grade = 38 and F grade = 17

The final version of this Principal Examiner’s Report will be available by 20 September 2013.



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