



GCSE EXAMINERS' REPORTS

BUSINESS STUDIES

SUMMER 2015

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Annual Statistical Report

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BUSINESS STUDIES

General Certificate of Secondary Education

Summer 2015

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Principal Moderator: John Price

General Comments

The paper proved to be more challenging than the previous year, with a reduction in the mean mark. More able candidates provided some outstanding responses to both the shorter and longer questions. In the process, demonstrating detailed knowledge and understating, application and analysis. The less able candidates were also able to access marks on the more challenging questions, with very few failing to attempt them or receiving no marks. However, there was evidence of some failing to attempt the shorter questions.

As with previous years, an important element of producing good answers to the longer questions, is an ability to read the questions and provide a balanced argument, with a reasoned conclusion. Too often the evaluative questions have one-side answers and/or the conclusion simply refers to advantages outweighing the drawbacks. The conclusion need to refer back to specific benefits or drawbacks and suggest how they will benefit or hinder the business.

The quality of written communication was generally good. With accurate spelling observed and nearly all answers were legible and well written. Obviously, it goes without saying that legible writing is essential so examiners can read and accurately assess the responses.

- Q.1. Candidates were confident about methods of field research, with very few failing to find at least one. Most were able to select both methods.
- Q.2. This question proved quite challenging for candidates. Most selected at least one statutory deduction. However, despite being assessed previously, a minority of candidates were unable to select both of the deductions.
- Q.3 (a) The best responses outlined that a service is intangible or non-physical. Most candidates were at least able to provide a relevant example of service, which could include public services.
- (b) This question proved to be quite demanding. Many responses clearly identified that consumer goods are bought by the final customer and producer goods were bough/used by other businesses to make a finished product. However, definitions need to be more precise and it was clear that many candidates gave examples of consumer and producer goods which was not asked for in the question.
- Q.4 Calculations on the whole were correct, with the mean mark being 3 out of 4. Some found question 4c more challenging, with a few candidates reading the chart incorrectly and therefore calculating the break even point incorrectly.

- Q.5 This question proved to be the most difficult of the early shorter questions.
- (a) Some candidates identified the market segment as '21-40 year olds'. The question required them to 'use the table' and this meant including the gender.
 - (b) A large number of candidates were unable to identify specific segments from the specification. Many did give implied responses, for example, where people live instead of geographical area/location. These implied responses were credited.
- Q.6 This was another challenging question. Many candidates were able to gain marks by referring to examples of unethical practices such as paying workers low wages or using unfair business practices. There were some excellent responses that referred to the large businesses exploiting or taking advantage of smaller businesses such as suppliers. However, a significant number of candidates, wrongly, thought that supermarkets buying at low prices and selling at higher prices from their suppliers was unethical.
- Q.7 This was the second most accessible question on the examination paper.
- (a) Nearly all candidates associated the term 'Copyright' with the definition.
 - (b) Most candidates were able to determine that 'Inflation' was linked to the definition. Some mistook Inflation and Copyright.
 - (c) A large majority related 'Democratic Leadership' to the definition. However, a minority confused the two leadership styles and therefore selected 'Autocratic Leadership'.
- Q.8
- (a) This topic has not been tested in recent years. Although there were many excellent answers to this question that referred to the skills/characteristics of an entrepreneur and why they exist. There was also a significant number of candidates who wrote about a 'sole trader'. Points made specifically about the sole trader were not awarded.
 - (b) Stakeholders are often assessed in GCSE examination papers and this was evident in the responses provided. This questions was generally well answered by most candidates, with the most popular choices being employees, customers, suppliers and the government. However 'shareholders' as a stakeholder was not awarded as the context of the question was a sole trader.
 - (c) This area of business ownership has not been assessed for some time as a longer question. However, there were some very good responses to this question, with most candidates providing balanced arguments and a many attempted to develop the valid points raised. A few candidates outlined the benefits and drawbacks of remaining a sole trader. Whilst this wasn't specifically answering the question, a maximum of 4 marks could be awarded for implied benefits and drawbacks of partnerships. To get the highest mark candidates needed a reasoned conclusion.

- (d) Similar questions have always been answered well. Most were able to identify two sources of finance. The most common choices were bank loan, government grant and personal finance/retained profit. A large majority were able to justify their choice of finance with reference to cost of borrowing, ability to repay or the ease of access.
- Q.9 (a) This question was answered very well with most candidates suggesting at least one suitable method of internal communication and many suggesting two. However, candidates needed to be specific about the form of communication used by Titewrap Ltd. 'Talking' and 'social media' were not accepted. The most common correct suggestions were email, meetings and telephone.
- (b) This area of the specification has not been assessed for some time. However, many candidates were able to access the marks by suggesting that an organisational chart helps employees know who to go to if there is a problem or who they are responsible for. The best responses included the use of terminology such as span of control, chain of command and hierarchy.
- (c) Functional areas is often linked to the above. Candidates found it more challenging to achieve full marks with a minority simply referring to creating profit and loss accounts and balance sheets. However, this would only be credited once as they are both financial documents. The more able candidates suggested other functions such as paying wages, suppliers or other running costs.
- (d) Nearly all accurate responses outlined that training helps to improve skills or teach employees new skills. The best answers explained the benefits of up skilling such as improving productivity or quality.
- (e) Methods of training was assessed as an evaluative question in 2013 and the candidates found it challenging. Therefore, it comes as a surprise that it proved to be demanding again, with some candidates having no idea what induction training and on the job training are.
- (i) Many candidates were able to relate induction training to new employees and therefore gained a mark. Some candidates incorrectly suggested that this was off the job training.
- (ii) Most correct responses referred to training be onsite and/or being taught by a colleague. Some candidates suggested the benefit of this method of training and this was credited.
- (f) Candidates answered this question quite well, with could use of terminology such as economies of scale. However, there were not a lot of full marks. The reason for this is that the question required candidates to consider BOTH bulk buying and JIT. Far too many candidates only considered the advantages and disadvantages of JIT and could not access Level 3.

- Q.10 (a) The topic of production methods has been assessed previously on two occasions. Most successfully identified the correct methods of production to achieve at least 2 marks.
- (i) Nearly all candidates correctly identified 'Job' production and were able to suggest that they make one-off or unique items. Some candidates could not provide the term but accurately explained it and were therefore credited with 1 mark.
 - (ii) Candidates could choose either Flow (Mass) or Batch production, however the explanation had to match. Those that went with flow production tended to have more success when explaining by outlining the fact that identical products are made or production is continuous. Batch production explanations were not as accurate, with few explaining that machinery can be re-set to produce different size, colour or design of sheds.
- (b) This was answered very well by most candidates. Items of capital expenditure such as machines and equipment were not awarded as these are not typically expenses and tend to be start-up costs.
- (c) Candidates basic numeracy skills are improving. A large majority successfully calculated net profit. However, not enough candidates are showing their workings. Whilst this is not a requirement, those that showed their workings and may have used incorrect data, were still credited with 1 mark for the correct formula; Gross Profit – Expenses.
- (d) All candidates should have been able to achieve at least 1 mark for simply extracting information from the profit and loss account. This tended to be the case, with nearly all candidates suggesting that net percentage profit increased. However, far too many then went on to give too much detail about how much it went up by each year – this was not credited with any additional marks. The best answers outlined the reasons why it may have gone such as sales and gross profit increasing in more proportion to costs/expenses.
- (e) This question was generally answered quite well by most candidates, although few seemed to achieve the highest mark. Once again a conclusion was needed to gain full marks and the advantages and disadvantages of both forms of advertising needed to be well explained. The majority of answers related to the use of visual images, sound, detailed information and the ability of the audience to remember the message. Many candidates made the assumption that 'old' people gardened and 'old' people read the newspapers. This was credited because market segmentation and target marketing is implied. The best answers also referred to the use of moving images to attract attention and to fact that new technology has led to the ability to skip adverts on television and that newspaper readership is in decline.
- Q.11 (a) Measuring the success of a business remains a difficult question for many candidates. Far too many stated the obvious; 'look at profits'; 'more sales' and 'happy customers' but such answers could only give the bare minimum of marks as they are listed. Performance is measured in terms of over time, increasing and compared to similar businesses.

- (b) Psychological pricing has never been assessed before, however most candidates were able to identify that 'Great Burger' as the correct business employing the strategy. They were then also able to explain that they charge just 1p under a full pound to make the products appear to be better value/cheaper. A few candidates clearly had no understanding of this pricing strategy and therefore guessed, often guessing the wrong business.
- (c) Most answers showed that 'Hot Doggedy' charge higher prices because they may provide better quality goods and therefore customers are willing to pay more or that the business may be using higher quality ingredients/packaging which increases costs and that these costs need to be covered. Some of the best responses explained that they may be using price skimming or premium pricing. Some incorrect answers simply illustrated no reason for the higher prices, highlighting no understanding of business.
- (d) Most candidates tackled this question well, with some exceptional answers referring to social costs and social benefits. Advantages to the environment of the fast food outlets was often thin, but the best answers referred to the business and the council placing rubbish bins for general use; the use of biodegradable packaging; improving infrastructure ; and the business contributing to environmental projects.
A few candidates wrote excellent answers on the advantages and disadvantages of the outlet locating in the town centre. Unfortunately this was not credited as it did not answer the question.

Controlled Assessment

The majority of centres selected the task which asked candidates to identify a gap in the market and evaluate the likely success of setting up a new business venture.

The vast majority of centres followed the guidelines correctly and produced work that varied across the range of abilities.

Administration of Controlled Assessment

Centres must follow the guidelines and controls set by the WJEC. A number of centres failed to follow these controls despite feedback in previous year's reports. Centres are expected to respond to the feedback in the reports to make sure they are following the control rules, continual failure to do this could result in the complete cohort being investigated for malpractice.

Specific administration issues include:

- Portfolios should be submitted to the moderator in separate folders / document wallets for each candidate. The moderator should be able to easily identify candidates work.
- 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.
- Candidates need to cross reference the research throughout the 3 hour write up. It is difficult for moderators to award marks for research if centres have not included any in the final portfolio.
- A major concern was candidates annotating or highlighting their research before the 3 hour write up. The research stage of the controlled assessment is carried out under limited control, however, this should only involve gathering primary and secondary research appropriate to the task. This research must be taken into the write up stage in its raw form. Teachers are expected to keep a log of any advice given to candidates, including general advice to the whole class and individual advice to candidates; this must be recorded on the BS3 form.
- The analysis and evaluation aspect of the controlled assessment is carried out under a high level of control. Any written analysis or evaluation must be produced in this 3 hour formal supervision time. Within this time teachers are not allowed to communicate with candidates and under no circumstances give feedback on their written work.
- In order to assist candidates in their 3 hour write up they are permitted to produce a 200 word summary of the main findings of their research. This should be a distinct document that can take any format the candidate wishes. This 200 word summary should not be assessed as part of the analysis and evaluation, it is simply a guide to candidates to be used in the 3 hour write up.
- Both the BS2 and BS3 forms need to be signed by both the teacher and the candidate. Failure to do this slows down the moderation process as moderators have been instructed to contact centres to send these and no marks are accepted without them.
- Centres must indicate on the BS3 form what assistance has been given to candidates. Many centres do not complete these with sufficient detail and as a result the moderator may not be able to support the centre marks.
- Centres must follow the strict guidelines with regards to the use of computers to produce the analysis and evaluation. Candidates are not allowed to have access to any electronic research either stored on the school network or via portable storage devices. They should not be inserting images from the Internet in the 3 hour write up.
- Centres are required to include the task guidelines used in the centre with the sample sent to the moderator. This helps the moderation process and allows the moderator to understand why candidates have approached a task in a certain way. Many centres fail to do this and this does not help the moderator in agreeing with centre assessment.
- In larger centres where there is more than one teacher delivering and assessing candidates' work the centre should provide documentation or comments to show that internal moderation within the centre has taken place.

Controlled Assessment Tasks

The most popular task selected by centres by far was - "To investigate the possibility of setting up a new business in your local area".

- In general the task was well done by the vast majority of centres. This continues to be a popular task for candidates and allows many to demonstrate the knowledge and understanding learnt in class and to apply it in an interesting way. Many of the moderators commented on how they enjoyed reading the vast assortment of ideas proposed by candidates and how well most were able to highlight the main issues concerned with setting up a new business.
- The amount of research carried out varied amongst centres. However, at times, it was disappointing when candidates did not make the best use of their research. Some candidates included a vast range of research (not always relevant to the task) but failed to analyse this in their write up. Conversely, a number of candidates quoted research facts and figures in their write up however the moderator was unable to verify this information as it was not evidenced by any research.
- It was also pleasing to see that the majority of candidates were able to analyse the main issues and include good valid conclusions. In addition, it was also good to see candidates selecting strong measuring criteria to measure the likely success of the business, such as cash flow forecasts, predicted break-even analysis or forecasted profit and loss accounts.

The second most popular task selected was - "To investigate the recruitment and training methods adopted by a number of small scale business and those of a larger business".

- This task gave an opportunity for candidates to apply their knowledge of recruitment and training in detail to specific businesses. This was the first time a task had been set on this area of the specification, whilst some centres carried out this well and produced good investigations, quite a few centres struggled to produce the detail of research needed to offer sound analysis and evaluation. Particular issues included:
- Some candidates failed to give significant detail of the recruitment process. For example; the candidates' mentioned that the business advertise for employees online but failed to develop this line of research further. These candidates could have noted what websites are chosen e.g. has the business used the company's own website / or do they uses a recruitment agency to undertake the task? Is it just the job advert that is placed online or are there on-line application forms / on-line questionnaires and so on. How much of the recruitment process is done on-line, in comparison to process that is more face to face? Are the initial first interviews done over the phone or by online video facilities before completion of the process by a final face to face interview?
- Candidates did however manage to distinguish between the more formalised process used by larger businesses in comparison those that were generally more informal by smaller businesses.
- Larger businesses generally tended to have a human resources department or specific member of staff dealing the recruitment and training process, whereas smaller businesses tended to follow a more ad hoc system. It was nice to see that the majority of candidates were aware of the differences between the two systems.

- The majority of candidates gave a brief description of the recruitment process of each and business and then developed this further by describing some of the training methods used. However a number of candidates failed to mention any training at all and only wrote about the selection process thus leaving them in a position where only half of the assessment was actually attempted.
- A large proportion of candidates selected a small convenience store or corner shop as a small business. Although the skills and knowledge required to work in a small business like these may not be as challenging as a more technical business, such as a web developer, many candidates did give an in-depth analysis and evaluation of the training required by each business.

The third most popular task was-“To investigate the impact of UK membership of the EU on your local area”.

- The focus on this task was to assess how the EU would directly affect UK business operations and practices. Potential areas included the possibility of an increase in the access to new markets, the possibility of exports or imports, the supply of workers, the effect of legislation on the chosen businesses, economies of scale or currency issues and exchange rates.
- It was pleasing to see that a number of centres approached this task well and candidates were able to access good research to allow them to carry out thoughtful analysis. For example, the number of workers from Eastern Europe moving into the area and these workers were willing to accept lower wages and they felt that there was a direct effect on the local wage for unskilled workers. This was well researched and well analysed, complimented by interviews with personnel from local businesses to evidence their findings.
- However, at times candidates were easily distracted and concentrated on a very specific issue to do with the task and were unable to offer a balanced analysis. For instance, the change in house prices became the main focus of their assessment and other more business related aspects were ignored.

The fourth task was -“To investigate the sources of finance available to small businesses in your area and a large limited company”.

- This task was only attempted by a few centres.
- Candidates in general selected appropriate businesses for the task, all chose two business that contrasted significantly in size.
- A number of candidates were able to select a smaller business that they had a personal contact with and therefore able to obtain data, usually in the form of an interview, that allowed them to carry out an effective analysis of sources of finance.
- A significant amount of research was undertaken online, with candidates using financial comparison websites and the websites of high street banks to evaluate the merits of overdrafts, bank loans and mortgages. This research was evaluated to a high standard as candidates were aware of technical aspects such as APR and could easily compare the cost of each option.

- As was expected the large number of sole traders obtained finance from trade credit, own savings, retained profits, loans from friends or family members, redundancy from previous employment, personal overdraft or bank loan. Candidates then discussed the merits and problems of each usually stating the preferences of that particular owner. This part of the task was done well.
- With regards to larger businesses, candidates found this section more challenging and quite often found themselves repeating aspects of the first section. An overlap between a large and small business with regards to choices of funding would have been expected. Very few candidates mentioned the funding from the sale of shares.
- Some candidates did mention the option of leasing as a means of finance for new vans or equipment, but in general failed to develop this aspect fully to appreciate the advantages and disadvantages of this method.

It should be noted that the four options of controlled assessments for 2016 are different from those submitted in 2015. Titles are available on the WJEC website.



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