



GCSE EXAMINERS' REPORTS

BUSINESS STUDIES

SUMMER 2017

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BUSINESS STUDIES

General Certificate of Secondary Education

Summer 2017

WRITTEN EXAMINATION

General comments

The paper proved to be more demanding than previous years, with a considerable reduction in the mean mark. There were a few extremely low marks and / or questions with no response, suggesting that candidates were unable to provide credit worthy answers to a few of the questions. However, many candidates were able to demonstrate knowledge and understanding across the majority of the specification content assessed in the examination paper. The more able candidates tended to perform well across the assessment objectives. The best answers were produced by candidates who took time to read the questions carefully to produce responses to questions set rather than those which candidates believed or wanted to be set.

The early questions were similar in nature to those previously set in papers. They were answered well, with most candidates gaining good marks. All candidates achieved at least 75% of the marks available in questions 1-5 of the examination paper.

Nearly all candidates attempted the more challenging longer questions, with very few receiving no marks. The more able candidates provided some excellent responses to the longer questions. 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. Conclusions were based on business outcomes.

The main issue arising from this year's examination paper was with the lack of application. Whilst a minority of candidates demonstrated effective application to either the business in the scenario or the industry/market in which they operate, the majority made little or no reference to it. This restricts the marks awarded for all questions that assess application and particularly the extended writing questions that are allocated more marks for AO2.

The quality of written communication continues to be good, with accurate spelling observed and nearly all answers were legible and well written. Although the hardest answers to mark were those where the writing was very small or candidates chose not to use a black ball point pen.

- Q.1 (a) Most candidates selected the correct option relating to the term unlimited liability.
- (b) Many candidates selected the correct two options to illustrate knowledge of businesses that have unlimited liability. However, a few candidates selected the contradictory options which were companies that have limited liability.
- Q.2 This question proved more challenging than the first for a few candidates.
- (i) Most candidates selected job production as the method used to make one-off wedding dresses.
- (ii) A few candidates selected batch production instead of flow production for making *'identical pencils'* on a production line in large quantities.
- Q.3 This was a fairly standard multiple choice question, with the average mark being 2 out of 3. Very few candidates failed to achieve at least one mark on this question. However, those that didn't achieve a mark confused fixed costs with variable costs.
- Q.4 Both parts of this question were answered very well by most candidates.
- (a) Most candidates were able to calculate either the gross profit or the net profit figure. Those calculating gross profit incorrectly mainly added sales revenue to cost of sales but many then went on to correctly calculate net profit using the incorrect figure for gross profit.
- (b) Many candidates were able to achieve full marks and the majority illustrated an ability to apply their response to the business within the scenario. Very few candidates understood that a wet summer could have a positive effect on the sales of Timberskills Ltd but it was pleasing to see some excellent responses from those that did.
- Q.5 (i) Many suggested exchange rates as being the correct answer. Incorrect answers often confused interest rates with exchange rates.
- (ii) Gross pay was correctly suggested by nearly all candidates.
- (iii) Economies of scale was correctly identified by most candidates, with the most popular incorrect answer being division of labour.
- (iv) Candidates appreciated that a stakeholder is anyone that can be affected by the operation of a business. A few candidates confused stakeholders with shareholders.
- Q.6 This proved to be the most challenging question of the first six questions on the examination paper.
- (a) Too many defined / described the features of the job description rather than focus on the purpose in the recruitment process. A few candidates also confused a job description with the person specification.
- (b) As with part a, too many candidates defined / described the features of shortlisting rather than focus on the purpose in the recruitment process.

- Q.7 (a) Many candidates were able to accurately identify at least one function of an entrepreneur, with many suggesting 'taking risks'. Often candidates would explain their response, which was not required. However, it was evident that a few candidates did not understand the word *'function'*.
- (b) Most of the good answers explained why people want to set up their own business from the point of view of *'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 the owner would never be made redundant again without considering the possibility that this might happen in a similar manner if the business did not succeed. A majority of candidates lost marks by incorrectly interpreting the question in terms of a sole trader rather than outlining the reasons why people set up a business. Credit could not be given to reasons such as *'gains all the profit'* or *'makes all the decisions'*.
- (c) Most candidates were able to achieve at least one mark on this question, with *'accessibility'* and *'number of customers'* being the most common answers provided. However, a few candidates did not read the question properly and included *'competition'* as one factor. Other incorrect responses were too vague.
- (d) This question was answered very well by most candidates. The best answers applied locating near to competitors in terms of CW Sports, referring to the *'popularity of competitors'* or the *'customer loyalty'* they have achieved, therefore *'restricting sales'*. A few candidates did not provide application and were unable to achieve full marks as a result.
- (e) There were some very good theoretical answers to this extended question on pricing strategies. The majority of candidates were able to achieve a level 2 response by defining strategies and briefly explaining the advantages and disadvantages. There were examples of some excellent written responses that fully explained the advantages of a few strategies but unfortunately the candidates failed to achieve level 3 because they did not provide balanced arguments by explaining the disadvantages. However, there were other examples of candidates that did provide full explanations of the advantages and disadvantages of a number of strategies to achieve level 3.

The main issue with this question was that the question clearly required reference to CW Sports, with 3 marks awarded for AO2. Only a minority of candidates provided application and this therefore limited the marks received by the majority of candidates.

- Q.8 (a) As with question 7a, the term 'function' was not always understood by candidates. There was an obvious gap in knowledge for many candidates in this area, with a few receiving no marks and quite a lot gaining just one mark for correctly suggesting that they '*sell goods / products to customers*'.
- (b) This question was generally well done, with most candidates correctly stating the term '*franchisor*'. However, it was surprising the number of candidates who came up with answers such as '*entrepreneurs, company or copyright*'.
- (c) Sources of finance is often assessed, including an extended question in last year's examination paper. Most candidates were able to identify suitable sources of finance. The most common choice was a '*bank loan*'. A large majority were able to provide an accurate disadvantage with 'paying interest' the most common. However, for the advantage a minority of candidates suggested that bank loans were 'easy and quick' to access, this is not theoretically correct because banks would usually require a business plan, which takes time.
- (d) This question proved quite difficult to achieve full marks. Most candidates were able to come up with the appropriate information that should be included in a business plan. However, a minority were unable to explain why that information was important.
- (e) This was well done by the majority of candidates who were able to suggest a valid reason for using electronic communication and then provide development. Many candidates compared the speed of communication with traditional methods such as a letter and may have referred to difference in cost. A few candidates also suggested the benefits of other methods including video conferencing.
- (f) Franchising is often questioned in some capacity. Therefore it came as no surprise that it was attempted by most of the candidates. The best answers considered the advantages of setting up as a franchisee followed by the disadvantages and then a reasoned conclusion. Many achieved a level 2 response by briefly explaining the advantages and / or disadvantages of being a franchisee or by providing one-sided responses. Those that didn't receive these levels produced fairly general answers about franchises or listed the advantages and / or disadvantages without explanation.

It was surprising the number of candidates who misread the scenario and wrote their answer in terms of the franchisor – this resulted in no marks being awarded. Also, a few candidates still do not appreciate that a franchise can be a sole trader, a partnership or even a limited company and often refer incorrectly to types of liability.

- Q.9 This question proved to be the most accessible of the final four questions, with the highest mean mark.
- (a) The topic of packaging and its purpose has been assessed previously. Most candidates successfully answered the question with the vast majority recognising the need for packaging *'to protect'* and so *'prevent damage'*. The second most common reason for packaging was *'to attract customer attention'* and therefore *'increase sales revenue'*. A few candidates confused packaging with the purpose of branding but there was some cross-over to achieve marks.
 - (b) Some candidates incorrectly interpreted this question as to why packaging is important rather than why quality is important to the business. Many candidates were able to at least suggest one reason why quality products is important such as; *'improved customer satisfaction'* or *'charging a higher price'*. The best candidates either developed these responses or stated more than one benefit.
 - (c) This question was generally well answered where accuracy and the ability to change designs and not having to build prototypes were the most prominent answers in relation to using CAD. As expected, a few candidates wrote about CAM rather than CAD.
 - (d) This was one of the most accessible questions on the examination paper, with most candidates recognising the threat to jobs by the introduction of CAD or the need to train and learn new skills.
 - (e) The specification content within this question has been assessed in a previous examination and back then it proved to be a challenging question less accessible to candidates when compared to others. Therefore, even though a few candidates were confusing the terminology, it was pleasing to see that the question elicited some good responses. The majority of candidates were able to show some application to the scenario which involved workers training within a manufacturing business. Candidates were able to suggest that on-the-job training would be more specific and / or workers may be more productive whereas off-the-job would provide better quality training but would come at extra cost and possible loss of production. The very best answers were able to compare and contrast the advantages and disadvantages of both methods of training and offer a reasoned conclusion / advice.

- Q.10 This question proved to be the most challenging and least accessible of the final four questions, with the lowest mean mark.
- (a)
 - (i) Terminology such as revenue / turnover is often assessed in terms of providing definitions. Therefore it was surprising how the term *“turnover”* threw candidates with a minority of candidates failing to provide accurate definitions.
 - (ii) Unfortunately many candidates misunderstood this question and instead of writing about ways to improve the value of sales, instead they chose to write about ways to reduce costs. This was not warranted. The best responses referred *‘to increased promotion’* or *‘reducing / increasing the selling price’*.
 - (b) Most candidates were able to successfully identify another cost that Gavin and Anita’s business may have. The vast majority suggested business rates, advertising or tax as a valid response. A few incorrect responses included the word ‘loan’ rather than the correct response of ‘loan repayments’ and others simply gave suggestions already listed in the cash flow forecast.
 - (c) Many candidates defined cash flow rather than describe why a cash flow forecast is important to a business. The best candidates responded by suggesting *‘it would help gain sources of finance’* and could be *‘used to identify cash flow problems and therefore the owners could take action’*.
 - (d) The majority of candidates successfully answered this question with most candidates achieving at least one mark by successfully answering part (i) or part (ii). The majority of candidates accurately calculated both the materials payment and the closing bank balance to achieve full marks.
 - (e) Candidates could have used knowledge gained from business studies and from other subject areas to provide valid answers to this question. However, despite this answers were disappointing, mainly because candidates did not read the question carefully enough.
 - (i) Despite the question clearly asking for the benefits to Gavin and Anita from buying online, a few candidates wrote about the benefits of *selling using e-commerce*. The majority that answered this successfully explained that it would be *‘more convenient’* or *‘cheaper to buy online’*.
 - (ii) The benefits of using a database to create customer records was poorly answered with a few candidates outlining the benefits of using spreadsheets to make calculations or simply by listing benefits. The best answers referred to the possibility of tracking consumer spending / buying habits and therefore developing suitable promotional techniques.
 - (f) This question really tested the candidates. There were those that wrote about growth in terms of ownership and even the development of multinational companies and international trade, which clearly didn’t answer the question. Gavin and Anita’s business is currently very small so the change to a plc or multinationals is beyond what could be reasonably expected. Those candidates that fully understood the question and achieved the highest levels fully explained the benefits of growing such as; increasing sales revenue and spreading risk. They also provided a balanced argument by explaining the reasons why some owners choose to stay small including; avoiding the financial risks associated with growth and due to the business serving a niche market.

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CONTROLLED ASSESSMENT

In general, the vast majority of centres followed the WJEC guidelines in administering the assessment and this was pleasing to see.

It is worth noting to centres that are new to the WJEC that the assessment is undertaken in three distinct sections.

Firstly the six week research section, secondly 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. During the six week research period candidates collect research from primary and secondary sources, candidates are not allowed to annotate or highlight the research. It should be taken into the write up in its raw form.

Candidates should construct a 200 word guidance document which may also include graphs, charts and tables. These can then be used to assist candidates with the structure of their work in the three hour write up.

One or two centre's failed to submit the research section with their 3 hour write up and this has caused some difficulty in moderators being able to support the centres' marks with regards to criteria B.

Along with this centres must authenticate both BS2 and BS3 forms for the moderation process to be completed. A few centres failed to authenticate the forms which led to moderators having to contact centres for further copies for the moderation process to continue.

In large centres where there are two or more teachers delivering the course, it helps the moderation considerably if the centre shows the moderator how they have undertaken internal standardisation.

The 4 different assessments this year were as follows:

- To investigate the possibility of starting a new business in your local area;
- To investigate how small scale local business and one large/global business have responded to increasing importance of e-commerce;
- To investigate the differences in impact of government legislation on small and large businesses;
- To investigate the training methods adopted by a number of small scale business and those of a larger business.

To investigate the possibility of starting a new business in your local area:

This was by far the most popular choice of task undertaken by centres.

In general this was done well by most centres. The format is familiar to centres and in general candidates responded well to the task.

Initially candidates gave a brief introduction to the assessment and then went on to choose a shortlist of between three and five business ideas and then briefly discussed and evaluated them before choosing a final choice.

This was followed by the section on location. Candidates thrived on area and were able to do some excellent research on property prices / rentals and the suitability of location. This section was well applied and evaluated.

Candidates undertook a variety of research from a number of different sources, primary and secondary and generally based their business decisions with regard to products, place promotion and pricing based on this. Having discussed the 4 P's candidates then made a number of business decisions and applied the market research.

The stronger candidates referred frequently to the research they had previously undertaken and cross referenced it throughout the three hour write up. This is an area where centres are encouraged to develop with their candidates.

To investigate how small scale local business and one large/global business have responded to increasing importance of e-commerce:

A number of centres chose to undertake the assessment on the impact of legislation on businesses. Generally candidates chose a number of specific legislations usually three or four in number.

These were usually chosen from the following lists such as Employment legislation - Minimum wage, Age discrimination, Zero hours contracts, Environmental legislation, Health and Safety Legislation, and consumer legislation.

This was generally followed by a paragraph of theory behind each of their chosen legislation. Here candidates gained a good range of marks for knowledge.

Following on from the theory aspects, they then applied each law mentioned to a chosen business. Again this was done well by most candidates.

The majority of centres often arranged a visit to a particular business or invited a guest speaker to the school / college. This can be an efficient way for candidates to collect research.

However a drawback with this method is a limited number of questions were asked and then we found that a number candidates had identical research material. An opportunity was lost by many candidates when they failed to undertake further independent research.

Where this happens there will be similarities with the research collected, however, leading on from this the centre should ensure that individual candidates then produce their own individual further research which then would give the moderator an opportunity to see where candidates could have added value to the group research.

Some candidates did go on to produce a significant amount of further research. However they were few in number.

To investigate how one small scale local business and one large / Global have responded to the increase importance of e-Commerce.

A few centres attempted this task.

In general candidates discussed the definition of e-commerce and generally highlighted that it was more than marketing and selling online. They were aware that the term could encompass all aspects of the business and were generally well informed.

Although some candidates did continue to describe the businesses website in some detail, many candidates did research into other aspects such as purchasing, the financial aspects, stock control, warehousing and distribution.

Centres need to be careful when choosing small and large businesses as we generally define a small scale business having less than 50 employees. Some candidates chose businesses that were somewhat larger than this as their small business. The main purpose of this was to compare the use of e-commerce between small and large businesses. Some candidates missed the main purpose by choosing only large businesses.

Some candidates collected a significant amount of research from the companies under investigation and then explained, analysed and evaluated the effects on ecommerce on almost every department within the business. This gave a good insight as to the overall effects on differing aspects of the business such as purchasing, operations / production, marketing and human resources.

An element that was well covered by candidates was that of the use of social media as an aspect of e-commerce. Candidates had a good grasp of specific knowledge in this area and flourished.

To investigate the training methods adopted by a number of small scale business and those of a larger business:

Very few centres selected this task.

Generally candidates chose suitable businesses to investigate and differentiated well between large and small businesses.

Candidates generally started by producing a questionnaire and then collecting research from their chosen businesses.

They then quickly identified the general differences in training programmes between large and small businesses. As expected larger businesses have a more formalised training regime often with very prescriptive policies laid down in instruction manuals.

A high percentage of candidates produced an identical questionnaire and sent it to the large and smaller businesses. The questionnaire sent to the larger businesses could have been developed further to gain a higher level of research.

Generally candidates described different training methods very well and were able to give detailed examples of on the job training and also off the job training.

Some further developed this aspect and analysed and evaluated the differences between the use of external providers, online training, the use of in-house expertise and the use of college courses. This aspect tended to be completed to a high standard.

A few candidates often identified different types of employees, such as new starters, who undertook induction training, and compared that with higher level skills training required by specific employees for trades such as carpentry/ joinery and then investigated further. A good level of analysis and evaluation then followed.

Most employees found that training was a very positive experience and they found not only does it have a motivational effect on the employee, it also had a motivational effect on the trainer, as it increases their status amongst their peers and within the business. In particular where a buddy or mentor system was employed.

Candidates often evaluated the implication of training in particular costs to the company and the benefits from it. Some also recognised a conflict between expectations of training and reality of what was offered from the business. Some candidates evaluated this aspect to a very high standard.

It should be noted that the four options of controlled assessments for 2018 are different from those submitted in 2017. Titles are available on the WJEC website.



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