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# **GCE EXAMINERS' REPORTS**

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**BUSINESS (NEW)  
AS/Advanced**

**SUMMER 2017**

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**WJEC**  
**GCE BUSINESS (NEW)**  
**Summer 2017**  
**UNIT 1: BUSINESS OPPORTUNITIES**

**General Overview**

The second sitting of the new specification elicited a full range of candidate responses from centres across Wales. Excellent knowledge and examination technique was demonstrated by some candidates and a selection of impressive responses was offered. It was pleasing to see responses which demonstrated a sound grasp of the content in both the Business Opportunities and Business Functions Units of the specification. Some candidates had clearly listened carefully to their teachers and approached the papers in a mature and considered manner.

Whilst many candidates were able to demonstrate knowledge and undertake analysis, they often failed to attain those marks available in relation to application and evaluation. Unfortunately, data provided in the examination paper was simply ignored. It is disappointing that information offered in order to help candidates formulate their responses continues to be underutilised. Reading the questions carefully is central to being able to offer relevant and meaningful responses – something which many candidates clearly did not do. As in the past, the quality of written communication is a concern: not an insignificant number of scripts were barely legible and the spelling of key business terms leaves a lot to be desired.

**Business Opportunities**

**Specific question responses**

- Q.1 (a) This straightforward opener was dealt with well by many candidates, who achieved full marks. However, the surprisingly low mean mark of 2.2 was a result of candidates not offering a sufficient description of the roles they identified.
- Q.1 (b) A wide range of characteristics was offered and the majority of candidates provided three, as required. Top responses linked their explanation to the manner in which the characteristics identified helped entrepreneurs achieve success; demonstrating a sound understanding of the issues facing entrepreneurs when setting up and running their businesses.
- Q.2 (a) This seemingly straightforward calculation proved challenging for many candidates. A disappointingly low mean mark of 1 and a facility factor of 51.4 indicate that there is much to do in relation to the manipulation of numerical data – particularly in relation to the calculation of percentages.

- Q.2 (b) This is an area of the specification that is generally well understood and candidates were often able to offer sensible, well-argued responses. The best responses made particular reference to the difficulties facing new start-up enterprises in relation to the affordability and accessibility of worthwhile market research, thereby attaining the application (AO2) marks on offer. The task discriminated effectively and almost the entire cohort made an attempt, ranging from the very brief to fully comprehensive responses which covered all four assessment objectives.
- Q.3 (a) The concept of a 'social enterprise' seems to be well understood and the majority of candidates used appropriate examples from the text to analyse why the organisation in question fitted into this category. A number of candidates took the opportunity to offer further examples of social enterprises and extended their response beyond what was required.
- Q.3 (b) Those candidates who understood the aims of both PLCs and social enterprises were able to evaluate effectively. Top responses compared and contrasted the aims and appreciated that both types of organisation had a good deal in common, as well as being characterised by some essential differences. It was very disappointing to note the significant number of candidates who confused PLCs with public sector organisations and took entirely the wrong approach. Surprisingly, this task proved very challenging for many candidates and the mean mark was disappointingly low.
- Q.4 (a) The majority of candidates responded well to this question. Sound knowledge was demonstrated in relation to both fixed and variable costs. Those candidates who failed to use examples from the scenario denied themselves the application marks on offer.
- Q.4 (b) The ability of candidates to undertake cost and profit calculations is encouraging and many achieved full marks. The most common error occurred when candidates failed to multiply the cost per unit by the output when calculating total variable cost. This question achieved the highest mean mark in the Unit 1 paper. It is worth noting that the standard of presentation of the formulae and calculations was generally poor.
- Q4. (c) In stark contrast to the performance of the preceding question, this question resulted in the lowest facility factor (37.9) across the whole paper, with 3.7% of the cohort choosing not to attempt the calculation at all. It was clear that many candidates did not understand the concept of contribution or the formula used to quickly calculate breakeven output. Centres may wish to place greater emphasis on this when teaching this element of the specification.
- Q5. This question was a good discriminator and elicited a full range of responses. Top answers demonstrated an ability to achieve across all four assessment objectives, producing a balanced argument with an overall conclusion. Yet again, many candidates chose to ignore the information provided for them in the text and subsequently failed to attain those marks on offer for application. Weaker candidates often simply went into 'automatic pilot mode' and regurgitated all they knew about locational factors, with little or no reference to the scenario. This resulted in some analysis which was totally irrelevant to a service providing business such as the one in question. Time spent thinking about the context of the question, prior to putting pen to paper, would be time well spent.

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**UNIT 2: BUSINESS FUNCTIONS**

- Q1:1 The key features of the Boston Matrix were generally well understood. The most common error was to allocate the wrong characteristics in relation to market growth and market share to one or more of the four categories.
- Q1:2 This question was a good discriminator and elicited a full range of responses. Whilst the majority of the cohort were familiar with the features of the Boston Matrix, this was not the case in relation to the benefits and drawbacks of its use. Top quality responses were able to clearly analyse the usefulness of the matrix to business with large portfolios and evaluate the shortcomings of this marketing tool. However, far too many responses lacked structure and consisted of broad generalisations, indicating a superficial understanding of how the matrix might be used in managing a large portfolio of products in an organisation. There is much criticism of the Boston Matrix and it is an area of the specification that centres might wish to revisit.
- Q1:3 The majority of candidates managed to pick up the two marks on offer. Some, however, confused the concept with methods of transporting goods.
- Q1:4 Those who read the text carefully were able to focus on the two main channels used by Heinz to get its products to the consumer – direct distribution to supermarkets and wholesalers. As a consequence these candidates were able to structure their responses appropriately and evaluate the impact on relevant stakeholders.

Far too many candidates made no mention at all of the distribution channels described in the text and consequently their responses lacked structure, hampering both their ability to analyse and evaluate effectively. It was disappointing to witness so many candidates analysing and evaluating a direct on-line distribution service from Heinz to their consumers – possibly confusing this with the service offered to their customers by supermarkets. Many did not understand the role of wholesalers in the distribution of consumer goods and the services that they provide for companies like Heinz when promoting their products. Nowhere was the need to read the text carefully better illustrated than in the approach taken by candidates to this question. Thinking about the context in which the question is set is central to success at AS level – candidates must remember that the text is there to assist them in formulating their responses and that time spent thoroughly reading the information provided demonstrates sound examination technique.

- Q2:1 In general candidates dealt with this question well. The main error was to substitute the figure for average male earnings with that of the average female earnings, which was not what the task required.

- Q2:2 The best responses were able to demonstrate knowledge of areas of discrimination in the workplace and then go on to offer meaningful analysis related to the areas they identified. Weaker responses were unable to offer worthwhile explanations and tended to offer vague generalisations or highly repetitive analysis. A significant number of candidates talked about discrimination in relation to pay – something they were specifically requested not to do.
- Q2:3 Some well-argued and informed responses were offered at the top end. Good use was made of the data and sound evaluation, offering an overall conclusion, was evident. Much of the cohort failed to appreciate that paying women less than men when performing the same job is illegal and this hampered their analysis. Minimal use of the data was undertaken by a significant proportion of candidates, exhibiting poor examination technique. Candidates must bear in mind that an examination is not the place to offer subjective views on gender discrimination and the role of women in the workplace.
- Q2:4 Knowledge of flexible working practices was generally good and the best answers were able to link their use to assisting female managers in achieving their career ambitions, exhibiting a sound understanding of the situation facing female managers in the workplace. Many responses tended to focus on relevant working practices but did not fully analyse the impact that the adoption of such practices might have on the situation facing female managers. Weaker responses did not demonstrate an understanding of flexible working practices with a significant number focusing their response on 'zero hours' contracts and therefore missing the point.
- Q3:1 This question was generally well answered with the majority of candidates gaining all the marks on offer. Unfortunately quite a number of candidates gave the answer to how many employees remained with the organisation during the period in question, as opposed to the number that left.
- Q3:2 Candidates who made full use of the data provided in the table, demonstrated and made the link with productivity, gained the marks on offer. Weaker responses ignored some of the figures, demonstrating less focused examination technique.
- Q3:3 Candidates who were able to evaluate the impact of effective budgeting on an organisation were able to score well on this relatively straightforward question. Middle range responses failed to fully evaluate, only offering the positive aspects of budgeting. A significant proportion of the cohort had little appreciation of the role of budgeting in helping businesses achieve success and offered very limited responses. Many confused budgeting with cash flow forecasting and this is an issue centres may wish to address.
- Q3:4 Some impressive responses were written to this task based around the concept/philosophy of total quality management. Application to the situation to the new distribution centre was evident in the best responses. Many candidates, however, failed to apply their analysis to the scenario and referred to the manufacturing of clothing rather than the operation of a distribution centre. Weaker responses ignored the context altogether and simply submitted knowledge which linked, to a greater or lesser degree, to quality issues. It was surprising to note that almost 14% of the cohort did not undertake this task – a significantly lower figure than all other tasks.

Q3:5 The understanding of what constitutes an autocratic leadership style was well understood and the analysis of the impact on employees of such a style was generally well explained. The difference between the best answers and the rest was mainly to be found in those areas where application and evaluation skills were required. The text gave plenty of opportunity for candidates to use examples from the business concerned and apply them to their response. Top responses evaluated effectively, managing to point out that in certain circumstances such a management style can also be beneficial to an organisation. Those candidates who clearly had a good understanding of autocratic management and its benefits failed to pick up some, or all, of the marks awarded for application and evaluation. This is purely down to technique and candidates must focus on the wording of all the tasks they attempt in order that they can maximise their marks.

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**UNIT 3: BUSINESS ANALYSIS AND STRATEGY**

**General comments**

As the first exam in this series it was heartening to see a number of excellent scripts from well prepared candidates who demonstrated a sound understanding of business knowledge. It was clear that a number of centres had prepared candidates in the use of application, analysis and evaluation skills in order to successfully access the available marks.

Most candidates made excellent use of the time available and attempted all questions. Occasionally candidates missed out questions; however, this seemed to be due to a lack of knowledge rather than an issue with time.

**Specific question responses**

- Q.1 (a) Most candidates were able to achieve full marks on this question. The only exceptions were with candidates occasionally miscalculating or not identifying whether variances was adverse or favourable.
- Q.1 (b) Many candidates made good use of the case study scenario in order to identify key reasons why variances may have occurred. Some candidates spent time explaining the variance in gross profit, however, this was not the question and therefore this attracted no marks.
- Q.2 (a) Calculating price elasticity of demand posed little problem to candidates with the appropriate knowledge of the formula. However, of those candidates miscalculating their answer a number inverted the formula to generate the answer of -2 rather than -0.5.
- Q.2 (b) Evaluation skills were an important part of the scoring process in this question. A number of candidates described or explained the principle of elasticity but did not judge its importance for the pricing decision in the question. However, stronger candidates evaluated each point made and generated effective judgements in their overall conclusions to achieve full marks.
- Q.3 Porter's Five Forces Framework acted as a good source of marks for many candidates. A good level of understanding was displayed amongst those attempting the question. Many candidates dealt with one force in each paragraph and concluded with a review of the present situation for Greggs. It was clear that weaker candidates were not fully familiar with every force and commonly offered no distinction between competitors and substitutes.

- Q.4 (a) This question posed little problem to candidates with knowledge of network diagrams. Weaker candidates were not able to effectively label the activities and times. Earliest start times and latest finishing times also proved problematic for candidates with a limited knowledge of network diagrams.
- Q.4 (b) Marking the critical path on the diagram should be done by double slashing the activity lines. Some candidates used a highlighting pen to draw over the critical activities whilst others drew arrows next to the proposed path. It is in centre's best interest to remind candidates to follow the convention of double slashing each activity on the critical path rather than employing alternative techniques.
- Q.4 (c) Most candidates answering this question were able to discuss both benefits and problems of critical path analysis as a planning tool. However, some candidates demonstrated very little in the way of judging the relative impact of each issue identified.
- Q.5 (a) The vast majority of candidates were able to calculate contribution and score full marks. Many of those attempting the question also calculated total contribution. In cases where only total contribution was calculated candidates did not achieve marks.
- Q.5 (b) Most candidates made excellent use of both quantitative and qualitative data during their answer to this question. It was pleasing to see that some candidates had used the data to calculate the difference in profit which could be generated from each order. This helped strengthen their final advice to Lucy as to whether or not she should accept the order.
- Q.6 (a) Candidates were able to calculate (ii) with relative ease. However, the correct answer for (i) was found less frequently by those attempting the question.
- Q.6 (b) Most candidates were able to successfully plot the three year moving averages on the graph and draw a line of best fit. However, some candidates plotted the sales revenue data rather than the three year moving average data.
- Q.6 (c) If candidates correctly plotted the three year moving average data this produced a relatively tight set of data point as a guide for the line of best fit. As a result, most candidates were able to offer a prediction of sales revenue within the accepted range. It was notable that weaker candidates began their line of best fit from 0. This seriously affected their ability to create an accurate prediction.
- Q.6 (d) It was pleasing to see that candidates demonstrated a good knowledge of quantitative and qualitative forecasting techniques. Some candidates demonstrated a lack of knowledge by discussing quantitative and qualitative market research techniques.
- Q.7 Many candidates made good use of the case study and identified key parts of the mission statement and values which related to particular stakeholder groups. Often, appropriate stakeholders appropriate to the scenario were identified but occasionally inappropriate stakeholders such as shareholders were noted.

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**UNIT 4: BUSINESS IN A CHANGING WORLD**

**General comments**

Due to the synoptic nature of this paper candidates were asked to draw knowledge from a range of areas within the specification. It was pleasing to see the knowledge and skills gained by some candidates as they worked on their answers.

**Section A**

This section of the examination paper provided candidates with an extended case study which charted the movements of Innocent Drinks from inception to its recent market position. Candidates generally made good use of the case study although weaker candidates made little use of the material provided and offered mainly theoretical responses with limited judgements.

**Section B**

Candidates selected one question from a choice of three options. Each question was broken down in to part (a) 10 marks and (b) 20 marks. Occasionally a candidate answered more than one question. In such instances candidates were awarded the marks from whichever response yielded the greatest number of marks.

**Specific question responses**

- Q.1 (a) This question offered candidates the opportunity to demonstrate their ability to assess risks and develop potential solutions. Candidates had little trouble identifying the potential risks and developing a plan of action as to how these dangers may be mitigated. Stronger candidates used the position of the business at the time to discuss the appropriateness of risk management techniques during Innocent Drinks fledgling stage. Weaker candidates offered less viable alternatives such as a TV campaign to develop brand image, an unlikely option for a business yet to receive its first large order.
- Q.1 (b) For those having recently reviewed their AS material a question on marketing strategy posed no problem. Better prepared candidates identified the need to consider the 4P's and did so within the context of the case study. Other candidates often discussed product features and promotional techniques and so were often able to achieve some marks.

- Q.1 (c) Candidates did not struggle with the concept of social responsibility although it was evident that a lot of candidates ignored the case study almost completely and brought a range of external examples in to their answer. As the question specified Innocent Drinks then answers must remain in context in order to offer the best chance of success.
- Q.1 (d) Outsourcing is a key part of Innocent Drinks production strategy. Those candidates with a clear understanding of outsourcing were quick to pick up on the benefits of using specialists for food production. However, it was clear that a number of candidates considered outsourcing to simply mean manufacturing in another country. This assumption led to discussions on a series of ethical points which were again not specifically relevant to the context of Innocent Drinks.
- Q.1 (e) This question was a good source of marks for many candidates. The concepts relating to globalisation were effectively covered by those attempting this question. However, some candidates wrote their response as a globalisation essay rather than relating to the context of Innocent Drinks.

### Essays

- Q.2 (a) Question 2 was the most popular of the three options. Stronger candidates made good use of the context of a rapidly expanding business to explain the effect of each ratio on the specification. Concepts such as the use of cash or loans for expansion were frequently used by good candidates. Weaker responses simply wrote out the formulas and explained the nature of each ratio.
- Q.2 (b) It was impressive to see that good candidates were well versed in both financial and non-financial performance as a measure of business success. There were some excellent answers offered by candidates in terms of weighing up both sides of the argument. However, in less impressive answers candidates favored one side of the discussion and came to no valid conclusions.
- Q.3 (a) Responses to this question were mixed. Those who were familiar with flexible working practices considered a range of techniques and applied the scenario of office workers in to their answers by discussing technological advances such as skype or email when working from home. Weaker candidates simply focused on the word technology and did not discuss flexible working practices at all.
- Q.3 (b) This was answered more consistently than part (a). However, some candidates only considered one or two concepts such as homeworking or job sharing and therefore did not manage to offer a wide ranging discussion.
- Q.4 (a) Where candidates were familiar with the elements involved in lean production practices this question was answered very well. Weaker candidates offered less convincing arguments and discussed efficiency or productivity in general terms rather than focusing on elements of lean production.
- Q.4 (b) Candidates were able to consider the effects of lean production upon various stakeholders. Generally this was well answered by those candidates having a good knowledge of lean production. However, for candidates discussing waste reduction and improved productivity in more general terms answers were less convincing and therefore attracted fewer marks.



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