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# **GCE EXAMINERS' REPORTS**

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**GCE (NEW)  
BUSINESS  
AS/Advanced**

**SUMMER 2019**

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**BUSINESS**  
**General Certificate of Education (New)**  
**Summer 2019**  
**Advanced Subsidiary/Advanced**  
**UNIT 1: BUSINESS OPPORTUNITIES**

**General Comments**

This examination paper was accessible to almost all candidates as a full range of responses were delivered. Some impressive answers were written and candidates demonstrated an ability to attain marks across each of the four assessment objectives. However, the attainment of marks for application to the scenario given (AO2) continues to be an area of concern.

It was pleasing to see a number of excellent responses from well prepared candidates who demonstrated their knowledge of the specification content and effective use of a range of skills.

Those with good numerical skills tended to pick up all quantitative skills marks available but there was considerable evidence that a significant number of the cohort lack these skills. It was evident that a number of candidates did not take a calculator into the examination which caused difficulties when calculating percentages. In addition, a lack of precision was evident when responding to numerical tasks and candidates would be well advised to show the workings to all their calculations.

**Comments on individual questions/sections**

- Q.1**
- (a)** This data response opening task was undertaken competently by the majority of candidates. Most identified the fact that 30-39 was the age group with the highest percentage of people who have tattoos in the UK. However, only the strongest candidates identified the usefulness of the data as limited, due to it not identifying trends or being outdated.
  - (b)** Many candidates were able to achieve full marks on this question. The exceptions were when candidates did not have a calculator or when candidates miscalculated with incorrect use of percentages.
  - (c)** This was a very accessible question. It was the question with the highest facility factor of 81% as many candidates achieved full marks. Some candidates failed to apply the answer to tattoos. The strongest candidates identified needs as limited and wants as unlimited but this was not common in responses.
  - (d)** A high majority of candidates were able to identify a number of factors that affect demand which resulted in the majority of candidates achieving full marks for AO1. Most candidates were able to provide some analysis but the application to the tattoo industry was weaker.

- (e) This question asked for the definition of a niche market. Responses to this question were generally weaker due to a lack of learning definitions by candidates. This resulted in this question having the second lowest facility factor. A significant number of candidates identified the benefits of operating in a niche market e.g. being able to charge higher price which was irrelevant.
  - (f) A number of candidates struggled in their approach to this question resulting in a facility factor of 45.8% for the question. Some candidates illustrated confusion over an oligopolistic market. Many stated that an oligopolistic market consisted of 3-9 large businesses without recognising that there are several businesses, but few dominate. Poor examination technique was displayed by a number of candidates through stating opposites e.g. an oligopoly has high barriers to entry, but tattoo parlours have low barriers to entry.
- Q.2 (a)** Nearly all candidates attempted this question but a significant number of candidates either omitted the labelling of the demand curve, drew a line of best fit or elongated the demand curve which resulted in a mean mark of 0.9 and facility factor of 43.9 % for the question.
- Q.2 (b)**
- (i) This was a very accessible question. It was the question with the second highest facility factor of 78.8% as many candidates achieved full marks. Those candidates who did not obtain full marks either failed to include the currency in their response or failed to calculate the difference in revenue at both prices. It is worth noting that the omission of a £ sign occurs too frequently at AS level. This error was penalised.
  - (ii) Nearly all candidates attempted this question with a mean mark of 0.9. Most candidates identified the fall in revenue as a result of the price change but only the strongest candidates referred to price sensitivity and price elasticity.
- (c)**
- (i) This question asked for a definition of the concept of unlimited liability. The mean mark for this question was 1. Most candidates recognised that in a partnership, personal possessions can be taken from the owner in the case of debt, but only the strongest candidates were able to develop this point.
  - (ii) Many candidates were able to identify key features of a Deed of Partnership in the sense of identifying share of profits, roles and responsibilities. The analysis tended to centre on preventing arguments and disputes. Other analysis areas were weak. The weaker candidates identified the advantages and drawbacks of forming a partnership rather than analysing the importance of a Deed of Partnership.
- (d)** Nearly all candidates attempted this question with varying degrees of success illustrated by the mean mark of 5.3. Many candidates' knowledge of quantitative and qualitative market research was limited to numerical data and opinion based data respectively. These candidates were unable to state whether the research involved open or closed questioning and did not provide examples of methods. Only the strongest candidates recognised that qualitative methods included focus groups. Many candidates stated questionnaires or surveys for both.

- Q.3 (a)** The responses to this question were disappointing, resulting in a very low mean mark of 0.4. Some candidates identified that an SME has fewer than 250 employees but fewer candidates identified the annual turnover of less than 50 million euros. Responses to this question were weaker due to a lack of learning definitions by candidates.
- (b)** Here application to the scenario was generally good. The main application points identified related to the number of jobs and the value of the investment. Evaluative points were stronger than the analysis of the impact. There was a lack of an overall judgement provided by candidates.

### **Summary of key points**

- Candidates must ensure that they have all the necessary equipment in preparation for the examination. Black ink pen, pencil, ruler, rubber and a calculator to ensure accuracy when responding to numerical tasks.
- Some scripts were barely legible and centres should consider scribes and word-processing facilities to candidates with handwriting issues.
- Due to emphasis placed at recent CPD meetings upon attaining marks through the understanding of the assessment objectives, this has been reflected in the examination scripts. However, the attainment of marks for application to the scenarios given (AO2) is still an area of some concern.
- To ensure knowledge marks, candidates must revise and learn definitions fully. The lack of learning definitions became evident in the questions on a niche market, features of an SME, unlimited liability and quantitative and qualitative market research.

**BUSINESS**  
**General Certificate of Education (New)**  
**Summer 2019**  
**Advanced Subsidiary/Advanced**  
**UNIT 2: BUSINESS FUNCTIONS**

**General Comments**

A full range of responses were delivered in unit 2. Some impressive answers were written and candidates demonstrated an ability to attain marks across each of the four assessment objectives.

Most teachers and candidates are conscious of the need to read questions carefully and pay particular attention to command words. This means, for instance, that candidates know when evaluation is expected (key words include assess, consider, discuss and evaluate) and cases where it is not (key words include analyse and explain). Candidates who ignore these command words often waste valuable time in the examination without gaining extra marks.

It appeared that most candidates used the time of the examination effectively and were able to dedicate sufficient time to all questions. Occasionally, candidates missed out a question or provided brief responses but this seemed to be due to a lack of knowledge rather than an issue with time.

**Comments on individual questions/sections**

- Q.1**
- (a)** This question asked for the definition of buffer stock. Responses to this question were generally weaker due to a lack of learning definitions by candidates. This resulted in this question having the second lowest facility factor of 32.8%. A significant number of candidates identified that the buffer stock is the amount of stock held below the re-order level which was incorrect.
  - (b)** This was a very accessible question. It was the question with the second highest facility factor of 69.1% as many candidates achieved full marks. Those candidates who did not obtain full marks tended to identify the volume of the buffer stock as 2 000 units rather than 1 500 units which corresponds to the re-order level as stated in Q1.1.
  - (c)** A high majority of candidates were able to identify benefits and problems of having too much or too little stock resulting in a mean mark of 5.9 for this question. Most candidates were able to provide some analysis of the impact of holding too much or too little stock but the evaluation was weaker. Poor examination technique was displayed by a number of candidates through stating opposites e.g. having too much stock increases business costs but having too little stock decreases warehouse costs.

- Q.2. (a)** This was a very accessible question. It was the question with the highest facility factor of 84.7% as many candidates achieved full marks. Those candidates who did not obtain full marks either failed to include the currency in their response or failed to add the value of all the raw materials used correctly. It is worth noting that the omission of a £ sign occurs too frequently at AS level. This error was penalised.
- (b)** The responses to this question were disappointing, resulting in a low mean mark of 0.6 and the lowest facility factor of 28.4%. A significant number of candidates were able to define both added value and profit but only the strongest candidates were able to outline the difference between both.
- Q.3 (a)** Most candidates were able to identify a strike as an example of industrial action. Only the strongest candidates, however, were able to provide other examples of industrial action such as work to rule, go slow and overtime ban. This resulted in a mean mark of 1.5 for this question.
- (b)** Nearly all candidates attempted this question with a mean mark of 2.4. Most candidates identified demotivated workforce as a reason for the fall in productivity. Some weaker candidates repeated poor pay resulting in a lack of motivation as another reason for the fall in productivity which was not credited.
- (c)** 97.5% of the candidates answered this question and those candidates who structured their answers well performed better generally. A significant number of candidates illustrated a good understanding of the role of trade unions and were able to achieve band 1 for AO3 and AO4 as the benefits and problems of trade union membership were considered from the perspective of the workers in the main. Only the strongest candidates considered the impact of trade union membership on both workers and employers.
- (d)** Overall, the responses to this task were disappointing, resulting in a low mean mark of 2.3. Surprisingly, over 16% of the cohort chose not to attempt the question at all illustrating a lack of revision of ACAS in preparation for the examination. The candidates who were aware of the meaning of ACAS (Advisory, Conciliation and Arbitration Service) were few and far between and, as a result, candidates tended to explain the role of ACAS in a general manner rather than specifically.
- (e)** The mean mark for this question was 5.6. Far too many candidates failed to apply their response to the situation facing the business in question which resulted in this low mean mark. Those that did refer to the text tended to achieve higher marks. Despite numerous stakeholders being identified and the impact upon them analysed effectively, too many responses focussed almost entirely on the negatives of the pay increase and sacrificed evaluation (AO4) marks as a result.
- Q.4 (a)** This question asked for a definition of capacity utilisation. Responses to this question were generally weak due to a lack of learning definitions by candidates. This resulted in this question having a mean mark of 0.4. A significant number of candidates identified that capacity utilisation refers to the use a business makes of its space, which was incorrect.

- (b) Almost 6% of the cohort chose not to attempt the question illustrating a lack of confidence in numerical skills especially with the weaker candidates. However, the majority of candidates were able to calculate accurately with a mean mark of 1.3 for the question.
- (c) Candidates were generally able to identify several of the business' assets e.g. proximity to the surf beach, new heated swimming pool, quality clubhouse and restaurant. The application (AO2) was therefore generally excellent. However, the explanation of asset-led marketing was generally weak with a number of the candidates repeating the term 'assets' as part of the explanation without demonstrating understanding. This resulted in a low mean mark of 1.7. The strong candidates were able to fully explain the term asset-led marketing.
- (d) Most candidates found this question accessible and were able to provide relevant examples of new technology which were appropriate to the tourism industry. The most popular choices of new technology were web presence and social media. Weaker candidates however referred to inappropriate forms of technology such as CAD, CAM and robotics which were not credited. The application to the tourism industry was generally good.
- (e) A number of candidates struggled in their approach to this question resulting in a facility factor of 50.6% for the question. The strongest candidates illustrated an understanding of above-the-line and below-the-line promotion which was good practice. The explanation of the importance of implementing a strong promotional strategy (AO3) was good but the evaluation (AO4) was weaker. The strongest candidates evaluated the impact a variety of factors might have on the success of the business, in particular the other element of the marketing mix. The weaker candidates outlined the problems associated with promotion which was limited evaluation.

### Summary of key points

- There was considerable evidence that a significant number of candidates lack numerical skills. Candidates must take a calculator into the examination to avoid difficulties when calculating percentages. In addition, a lack of precision was evident when responding to numerical tasks and candidates would be well advised to show the workings to all their calculations.
- The quality of written communication is a concern. Some scripts were barely legible and centres should consider scribes and word-processing facilities for candidates with handwriting issues.
- To ensure knowledge marks, candidates must revise and learn definitions fully. The lack of learning definitions became evident in the questions on buffer stock, industrial action, ACAS, capacity utilisation and asset-led marketing.
- Data provided in the examination paper must be read and utilised by candidates as it is provided to help candidates formulate their responses. Candidates must also ensure that they read the questions carefully to offer relevant and meaningful responses. This is particularly true for the longer, evaluative questions.



## **BUSINESS**

### **General Certificate of Education (New)**

**Summer 2019**

#### **Advanced Subsidiary/Advanced**

### **UNIT 3: BUSINESS ANALYSIS AND STRATEGY**

#### **General Comments**

This paper was slightly more accessible than 2018, with the mean increasing from 42.2 in 2018 to 42.7 in 2019. It appeared that most candidates used the time of the examination effectively and were able to dedicate sufficient time to all questions, with between 98.1% and 99.6% of each question being attempted. When questions were not answered, it was often due to limited knowledge of the subject content rather than a lack of time.

There were very few scripts or sections of scripts that were illegible, showing that the quality of written communication was good. There were examples of scripts where candidates achieved the highest standard, illustrating detailed knowledge and understanding of a range of specification content and excellent skills including application, analysis and evaluation. Good subject knowledge (AO1) was shown throughout the paper, especially on Question 6 – Investment Appraisal - Net Present Value, which was the best answered question on the paper, with a mean score of 10 out of 16. The areas that candidates appeared to find most problematic were depreciation and the purpose/use of mission statements. Candidates generally used the stimulus material provided when required, especially in Question 4, Question 5 and Question 6. Weaker answers tended to repeat/quote the stimulus material, whereas stronger answers were able to provide judgements and bring in wider context knowledge.

It should be noted that some candidates were failing to show good/excellent analysis by developing their points well into structured arguments, which made it difficult to score high marks on certain questions, particularly noticeable in Question 3 and Question 7. The better candidates were able to give detailed, well-structured and balanced arguments, and were able to interpret the requirements of the question well by looking at the phrasing of the question and the key trigger words used. There was evidence of one-sided answers with limited evaluation, which really restricted the marks for these questions (particularly Question 3, Question 5 and Question 7).

Quantitative skills were strong on the paper, shown particularly through questions 2 and 6. Many candidates remembered to express their answers in the correct numerical format and to show their workings.

#### **Comments on individual questions/sections**

- Q.1 (a)** There were a number of candidates who achieved full marks on this question. The exceptions were when candidates miscalculated by using the incorrect number of years for 'Expected Life' or with a very few showing no understanding of the formula for calculating depreciation.

- (b) The majority of candidates answered this question well, with some achieving full marks. Those that did achieve high standards were able to illustrate good levels of knowledge by identifying a few reasons why depreciation is important, for example, 'to give a true value of an asset' or 'to abide by the law'. Weaker candidates discussed cash flow and the cost of depreciation but didn't show correct understanding. Most candidates were able to refer to the figures presented for limited AO2, but stronger candidates were able to take this further and discuss and use it to justify the reasons provided for analysis.

Overall, this proved to be the second most challenging question for candidates, with a facility factor of 51.2 and mean mark of 5.1 out 10.

- Q.2** (a) There were mixed responses to this question. Many candidates were able to achieve marks by stating the formula for income elasticity, with the majority identifying the correct data and accurately calculating the percentage change in quantity demanded and in income. Unfortunately, some candidates lost marks by incorrectly rounding their final answer or by suggesting the final answer was a percentage, for example giving the answer as 1.66 or 1.67%. There were candidates who had no knowledge of the formula and achieved no marks.
- (b) Some candidates only demonstrated limited knowledge and analysis on this question and very simply described that an increase in income for normal/luxury goods would lead to an increase in demand. Candidates that scored well on this question took this further by defining elastic demand and discussed the impact this would have on revenue, planning of stock levels or staffing. Application wasn't required but candidates could have achieved AO3 by justifying the reasons why manufacturers such as car manufacturers would use income elasticity, for example, planning production levels. It must be noted that OFR (Own Figure Rule) was used on this question, therefore if candidates answer to Q.2 (a) was inelastic, then analysis around this would have been accepted.
- Q.3** With a facility factor of 55.0, this was an accessible question for the majority of candidates. Many candidates were able to identify benefits and/or drawbacks of both organic and external growth. Therefore, many candidates were able to access band 2 for AO1. With an extensive case study, nearly all candidates were able to achieve AO2 marks but in a number of cases, application was limited with data simply listed and not used effectively. In order to achieve the higher bands for AO3 and AO4, candidates were expected to assess both organic and external growth. In the majority of cases, candidates were able to access at least band 2 for AO3, with a good progression of arguments provided to demonstrate the effects of both types of growth. However, there were candidates who simply listed points for both or provided a one-sided argument, therefore they remained in band 1 for AO3 and AO4. Nearly all candidates were able to provide evaluation but to varying degrees of success. The strongest candidates were able to pull all the arguments together to provide fully balanced evaluations with judgements to support their evaluation.
- Q.4** (a) Overall, this was answered well, with many candidates achieving all 3 marks. Some candidates failed to express the final answer in the correct format:  $x:1$  and others failed to round correctly to 0.15:1 and instead rounded to 0.14:1, with a few candidates expressing the answer as a %.

- (b) Responses to this question were generally weaker than the previous question, with fewer candidates being able to identify the components of the return on capital employed (ROCE) calculation. Those who achieved a mark of 0, either had no knowledge of the formula or did not use all components for capital employed, which are shareholder funds + long term liabilities. However, there were a large number of candidates who accurately provided the formula and identified the correct data from the scenario to accurately calculate the return on capital employed as 16.48%. Unfortunately, a few candidates did not achieve full marks by providing the final answer in an incorrect format, for example; failing to include the % sign or incorrectly round such as 16.47%.
- (c) It was pleasing to see that the candidates who found Q.4 (a) and Q.4 (b) a challenge were still able to achieve marks on this question by analysing the data from the case study and in the balance sheet. In the past, these candidates would have not attempted this question. The general standard of answers was good. The majority of candidates were able to identify the ideal ratio as being 0.8:1 to 1.1:1 and suggested the reasons why to achieve AO3 marks. Stronger answers also used the calculations for the acid test ratio and return on capital employed calculations to compare the two years, suggesting whether the ratio and return got better or worse to make a stronger judgement. However, some candidates failed to show clear understanding of what the acid test ratio and return on capital employed calculation was measuring, therefore achieving limited marks for AO3 and AO4. As with Q.2 (b) OFR was used on this question, therefore if candidates incorrectly calculated the acid test ratio and/or ROCE, then analysis and evaluation around these calculations would have been accepted.

**Q.5** This was an accessible question with a vast amount of data provided in the case study on the HS2 project. The mean mark was 5.2 out of 10. Stronger candidates approached this question by discussing the benefits and drawbacks of using a cost benefit analysis, and then supported this with data from the context. For example, showing clear knowledge of what cost benefit analysis is, such as recognising that a monetary value is placed on all the issues but certain issues are difficult to quantify into monetary terms, such as damage to natural habitat. Unfortunately, some candidates approached the question by conducting a cost benefit analysis of the HS2 project. This often led to a weak response and didn't really answer the question, most often only reaching Band 1 and possibly Band 2 for AO2. Some candidates' conclusions focussed too heavily on whether the HS2 project should go ahead or not, rather than whether cost benefit analysis would be useful to make these decisions.

- Q.6 (a)** The net present value was calculated well by candidates who had clearly prepared for the examination, and lots of responses achieved full marks. Unfortunately, some candidates made errors calculating the annual present value which resulted in an incorrect net present value. However, OFR would apply so in these situations only 1 or 2 marks were lost. It is important to remember that the final figures, in this case the net present value, must be expressed in the correct format, in this case with a £ sign. If not, then AO2 marks will be deducted.
- (b) Generally, this question was answered extremely well, with a significant number of candidates achieving full marks and very few candidates illustrating no knowledge of qualitative factors. Key issues identified included the impact on staff, customers and the environment.

The strongest candidates used the data very well to provide detailed analysis of the impact both machines would have on Nigel Morgan's company. Those that did not achieve the top bands usually achieved 5/6 marks but missed out on Band 2 for AO2, AO3 and/or AO4 by providing a list of qualitative factors affecting the company or by providing unbalanced responses.

Overall, Question 6 was the most accessible of all questions on the paper, with a facility factor of 62.2 and a mean mark of 10 out of 16.

- Q.7** The final question of the paper seemed to be the most challenging. The concept of what a mission statement is and the benefits and drawbacks of having one seemed to be lost on the majority of candidates. This was evident in the facility factor of 43.5 and a mean of 4.3 out of 10, proving it was the most challenging question on the paper. Weaker candidates quickly lost focus of the question and wrote long answers that were off topic. Stronger candidates discussed the benefits of a mission statement, and particular parts of it and how it may be used to help with strategic planning and/or to ensure all stakeholders are focussed on the purpose. Some candidates made good use of the case study and identified key parts of the mission statement and values which related to particular stakeholder groups. The best responses concluded with a supported judgement as to why (or why not) the mission statement would be of use to WHSmith plc.

### Summary of key points

- Candidates need to be mindful of incorrect labelling and rounding on calculation because it is negatively affecting their marks.
- Candidates are using the case studies more than previously **but** must be aware that application involves using the data to analyse and evaluate **not** simply listing important data from the case study.

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

**General Comments**

This synoptic paper required candidates to utilise knowledge from a variety of content areas within the specification. For example, Question 1 (a) assessing knowledge gained from Unit 2. Whilst this did pose a challenge to candidates, throughout the paper it was pleasing to read responses from candidates illustrating that they were frequently able to draw information from a range of topic areas to generate some high-quality answers. Most candidates wrote in clear and well organised paragraphs which allowed examiners to follow the candidate's argument effectively.

Although knowledge (AO1) and analysis (AO3) were frequently well expressed and managed by candidates, application (AO2) and evaluation (AO4) was sometimes missed where required. This led to some candidates gaining a limited number of marks as they were not generating marks evenly from all four skills. In terms of trigger words, it was clear that some centres had clearly explained the types of responses required from words in the question such as 'explain', 'assess' and 'discuss', as a result, equipping candidates with the ability to perform very well in this examination. Conversely, some candidates frequently described issues rather than explaining and evaluating their implications for business. As a result, those candidates did not manage to score highly on AO3 and AO4.

**Comments on individual questions/sections**

**Section A**

In this part of the examination candidates were provided with an extended case study which charted the movements of Marks and Spencer plc (M&S) within the retail sector. Candidates responded well to the case study information and many candidates produced detailed and well-made points.

Candidates used their time effectively during the examination with nearly all of the candidates attempting all the required questions. Often candidates allocated an appropriate amount of time to each question in relation to the marks available. However, some candidates spent too much time on some questions with long detailed responses whilst others, with more marks available, were missed entirely or answered briefly - with listed points rather than detailed analysis and evaluation.

The attempt rate for each question for Section A was in the main excellent: 1 (b) 99.7%, 1 (c) 99.3% and 1 (d) 98.2%. However, this reduced slightly for 1 (a) 96.9% and 1 (e) 95.7%.

This illustrating the level of challenge both questions posed, with Question 1 (a) having the lowest facility factor of 39.5 and Question 1 (e) having a facility factor of 46.0 – clearly two of the most challenging questions on Section A.

**Q.1 (a)** This question asked candidates to state the meaning of workforce planning and explain its importance to M&S. Although workforce planning is included in unit 2 it should be remembered that unit 4 is synoptic and may include questions from any part of the specification. A large number of candidates seemed to misunderstand the requirements of this question or had limited to no knowledge of what a workforce plan was. In this situation, some candidates gained lower marks by identifying key issues linked to the case study and providing limited levels of knowledge and analysis or candidates achieved no marks because they commented on all different kinds of plans other than a workforce plan, including the environmental plan or financial plan. The best responses defined a workforce plan and went on to explain its importance in relation to a retail business, for example, explaining the need to cater for excess demand due to seasonal sales and/or the need to identify surplus staffing and to plan for redundancy. Overall the answers to this question were not as good as might have been expected and it proved to be the most challenging question of the paper. This resulting in a low average raw mark suggesting that the question differentiated weaker candidates to stronger ones.

**(b)** With a facility factor of 61.0 this proved to be the most accessible question on the examination paper. Candidates made effective use of data within the case study to demonstrate and apply knowledge of an ethical approach. There was some confusion with legal implications such as minimum wage but on the whole responses focussed on ethical operations such as energy saving techniques or Fairtrade practices. The best responses used the data to provide detailed analysis of both the benefits and drawbacks of an ethical approach in relation to cost, brand image and revenue, which would then impact on profitability. Without a balanced argument, Band 3 for evaluation could not be achieved.

The mean mark was 6.1 out of 10, therefore this question proved a good source of marks for the majority of candidates. However, because it was accessible, responses were occasionally overly long which may have limited scoring elsewhere in the paper.

**(c)** This question focussed on the impact of a change in strategy on the stakeholders of M&S. This was attempted by nearly all candidates but with a varying degree of success. There were some excellent responses that focused their analysis and evaluation on no more than three stakeholders, assessing the impact of the change in strategy on cost and profitability, customer choice and service, purchasing of stock and on human resources. Using these, the candidates then discussed areas such as the impact of shareholder dividends, the improved customer service for customers, the increased/reduced orders for suppliers or employee motivation through increased job security and/or training. A few candidates illustrated good knowledge of stakeholders but resorted to simply listing the impact of the change in strategy on these stakeholders and therefore achieved Band 1 for AO2, AO3 and AO4.

This question required a balanced evaluation which restricted a large number of candidates to the lower level marks for AO4. With half the marks available for this question awarded to AO4, this may be the reason why the mean mark was 5.8 out of 12.

- (d) This question asked candidates to assess the impact of technological and social factors on the operations of M&S. This question proved accessible to many candidates, who demonstrated good understanding of the types of new technology that were available to M&S and identified social factors affecting their operations. There was a vast amount of data available in the case study and the best responses made good use of the information. However, whilst most candidates demonstrated knowledge and applied it well to M&S, many answers lacked detailed analysis and evaluation. A balanced response was required to achieve band 2 for AO4, unfortunately the majority of candidates only focussed their response on the benefits of new technology and changing social factors such as fashion and trends, restricting them to Band 1. Some candidates also focussed on just technology which restricted their marks to Band 1 across the assessment objectives. A few candidates talked about new technology and production, insofar as this was relevant to warehouse operations this was acceptable, but answers referring to CAD or CAM were not considered to be acceptable.
- (e) The facility factor for this question was 46.0, proving to be a challenging question to candidates. It must be noted that this question had two elements to it, the first part required candidates to discuss the strategy adopted by M&S to focus on food and the second part was to discuss the strategy to withdraw from some international markets. Unfortunately, a large number of candidates focussed on only one part of the question which restricted their marks to Bands 1 and 2. There were some excellent responses highlighting that food was the core product of M&S and referenced the data of increasing sales and falling sales for clothing. Also identifying some international markets are loss making and the business will still have a vast global market through its franchised outlets and the Internet platform. Overall, candidates seemed to lose focus on this question and far too many wrote limited responses, which may have been a result of writing far too much on earlier questions with lower mark allocations.

## **Section B**

This section of the examination afforded candidates the ability to work to their strengths. Candidates selected one question from a choice of three options. Occasionally a candidate answered more than one question. In such instance's candidates were awarded the marks from whichever total question response yielded the greatest number of marks.

The questions attempted in Section B were split with approximately 38% attempting question 2, 26% attempting question 3 and 33% attempting question 4. Each of the part (a) questions required the candidate to apply their answer to a scenario noted within the question, with 4 marks awarded for AO2. As Section B, part (b) has 8 AO3 and 8 AO4 marks on offer this could have acted as a barrier to the achievement of a high total mark for some candidates.

- Q.2 (a)** This question proved difficult for many candidates, with a facility factor of 24.5 and a mean mark of 2.5 out of 10. There were some good responses in which candidates identified that through research and development (R&D) businesses such as Odeon and Vue are introducing new 4D screens or new ways of ordering tickets and seats which is giving them a competitive advantage. Unfortunately, too many candidates approached this question in the wrong way by discussing different types of market research and market research data. Therefore, it was difficult to award any marks because the response did not answer the question. Candidates need to be aware that R&D is not market research and research is only an element of it, with a lot of research involving product testing rather than conducting questionnaires and surveys.
- (b)** Again, with a facility factor of 31.9 and a mean mark of 6.4 out of 20, this question proved difficult for candidates. Too many candidates focussed on market research as opposed to the benefits and drawbacks of R&D. However, it was answered better than Question 2 (a), with the different assessment objectives being assessed. There were a number of strong responses that clearly understood the concept of R&D and had the ability to present a well-balanced analysis on the value of R&D. Stronger candidates were able to achieve a high band for AO3 as a result of two/three arguments showing a strong, detailed, clear chain of argument on both sides. Fewer candidates achieved top band for AO4 compared to AO3, as fewer candidates considered that its importance is very much dependent on the industry and resources available. Instead many candidates offered more of a summary evaluation and so more commonly achieved low Band 2 AO4.

Overall, Question 2 was the most challenging of Section B. Typically, candidates usually achieved no marks or low Band 1 marks as it wasn't clear that they understood the difference between R&D and market research. It is recommended that for future questions on this topic, candidates make it clear at the start of their answer that they know that R&D is different to market research.

- Q.3 (a)** This should have been an accessible question due to the nature of the question and the links to other subject areas. However, with a facility factor of 43.4 it proved to be quite a challenge. From the stronger responses, it was clear that candidates displayed good to excellent knowledge and understanding of SMART objectives and they were able to apply this knowledge reasonably well to a start-up takeaway pizza outlet. However, even with the stronger candidates, the main problem was that only a minority of candidates provided definitions of aims and objectives and even fewer used the SMART objectives to show how it would help a start-up takeaway pizza outlet achieve its aim – thus restricting them from the highest marks in Band 3 for AO1 and Band 2 for AO2. With the weaker responses, there were often inaccuracies in the definition of aims and objectives and in the identification of the key components of a SMART objective, with often only one SMART objective devised.
- (b)** Candidates demonstrated good knowledge of aims and objectives, particularly, the importance of profitability. The best responses defined the term objective and provided balanced arguments for and against at least three objectives being the most important. For example, positive lines of argument for profitability were the fact that it is a measure of success and a source of finance as well as attracting shareholders.



With counter arguments suggesting that not all businesses seek profit, such as those in the public sector and social enterprises. These candidates would then discuss at least two other objectives such as increasing market share or environmental objectives, which would impact on profit but still be a sign of success and help profitability in the long term. Weaker responses tended to be very long but with little substance, often focussing on a wide range of objectives but providing limited analysis and evaluation. Overall, this question was accessible to the majority of candidates with a mean score of 10 out of 20.

**Q.4 (a)** This was the most accessible of all part (a) questions on Section B, with a facility factor of 51.5. Many of the candidates used the acronym SPICED to illustrate good knowledge and understanding of the impact of changing exchange rates on exporting businesses. Those candidates who went further to demonstrate knowledge of a weak pound (WIDEC) were able to display excellent understanding and achieve Band 3 for AO1. Achieving AO2 marks was more of a challenge, the best responses commented on the ease or difficulty manufacturers would face when attracting customers in foreign markets due to the changing price. The strongest candidates also referred to different types of goods such as price elastic/inelastic, normal and luxury goods. However, weaker candidates found this level of terminology and use of concepts a challenge. Even so, this proved to be the highest scoring of all part (a) questions, with a mean of 5.2 and therefore a good source of marks for many candidates.

**Q.4 (b)** As with part (a), this proved to be a good source of marks for many candidates, with a mean score of 11.8 out of 20. Candidates who clearly understood exchange rates from part (a) were able to use this knowledge to provide more analysis and evaluation to arguments provided for the importance of interest rates. Strong candidates focussed their arguments for interest rates on the impact on business investment and consumer spending. This combined with the evaluation of exchange rates and one other economic factor was often enough to achieve very high standards. Weaker responses tended to address the importance of interest rates, referring to the impact on business and/or consumer spending and then provided limited analysis and evaluation of other economic factors or demonstrated inaccuracies when discussing economic factors. A few candidates provided excellent responses but only addressed interest rates and therefore were restricted in the marks achieved because they did not fully answer the question. This was more an issue with examination technique rather than knowledge and understanding of economic factors.

### Summary of key points

- Candidates should be advised to carefully consider the mark allocation of each question to allocate sufficient time for each question – there was evidence of candidates writing long responses for Q.1 (a) and Q.1 (d) but then leaving insufficient time to fully respond to Q.1 (e).
- Candidates need to practice responding to questions such as Q.1 (d) and Q.1 (e) which have two parts to the question – unfortunately too many candidates only addressed one part of each question and therefore the marks achieved were restricted.
- Centres need to reinforce with candidates the synoptic nature of this paper. Candidates will be assessed on content across the full qualification.



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