



GCSE EXAMINERS' REPORTS

**GCSE (NEW)
BUSINESS**

SUMMER 2019

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BUSINESS
GCSE (NEW)
Summer 2019
UNIT 1 BUSINESS WORLD

General Comments

This exam is very similar in structure to the previous GCSE qualification. This proved popular and made the paper accessible as nearly all the questions were attempted by over 99% of the candidates. Many candidates were able to demonstrate knowledge and understanding across the majority of the examination paper. The more able candidates performed well. The best answers were produced by candidates who took time to read the questions and information carefully, so they were able to make accurate points relating to the given case study.

The early questions were similar in style to previous versions of the GCSE. They were mostly answered well, with the exception of question 4. All candidates achieved over 70% of the marks available in questions 1,2,3 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, where necessary, were based on business outcomes.

The main issue arising from this year's examination paper, was 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 limited 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. There was some difficulty with faint scripts which may have been caused by candidates writing in pencil.

Comments on individual questions/sections

- Q.1** Nearly all candidates selected the correct examples of durable goods.
- Q.2** Many candidates correctly selected the two services usually provided by the public sector. However, over 18% of all candidates incorrectly selected telephone and internet providers as one of their answers.
- Q.3** This question was not answered as well as question 1, although many candidates scored well. Most candidates that failed to get maximum marks confused the terms procurement and logistics.
- Q.4** This was the main question that candidates struggled with in the early stages of the paper. Over 10% of the candidates did not attempt this question suggesting a lack of understanding of the term market segmentation.

The item level data also suggests that many candidates struggled to get any marks but the more able candidates were able to achieve full marks. Many candidates could not identify three different market segments and those that did, were not using the data provided to help them. The marks were awarded for relevant answers that could be applied to Ford Cars. Incorrect answers that were common were price, size, colour etc.

Q.5 Part (a) was answered better than part (b) on this question, although most candidates did not manage more than 2 out of the 4 marks available.

- (a) Most candidates were able to discuss customer service but describing why it was important to Jet2.com proved more difficult. Candidates made general comments such as “improved customer loyalty” but could not describe the benefit of this.
- (b) Many candidates could not recommend a suitable sales promotion for an airline. The most common error was using advertising, which was incorrect. Other candidates selected techniques such as BOGOFF which are highly unlikely on high cost services such as flights. Those that could identify a suitable sales promotion strategy went on to explain how it could boost sales.

Q.6 (a) Many candidates struggled to accurately define the term ‘Span of Control’. Whilst most focussed on the “number of people” very few included the word “direct” in their definition and therefore did not receive a mark.

- (b) Nearly all candidates answered this correctly.
- (c) This was answered correctly by nearly all of the candidates. The two most common mistakes were “Human Resource Manager” and “Recruitment and Training officer”. Those candidates that stated “Human Resource” were awarded one mark.
- (d) Candidates that explained the importance of an organisation chart were able to achieve two marks. The main error candidates made was to talk about control rather than making reference to organisation charts. They also gave general answers such as “know what they are doing”, which were not rewarded.

Q.7 Belle’s Boutique.

This proved to be the most accessible of the last four questions. The facility factor was 47 and the mean was 9.4 (out of 20).

- (a) Candidates that clearly understood about entrepreneurs were able to access all the marks. Those that did not achieve full marks often made similar errors. The first issue was that candidates generally stated characteristics of an entrepreneur, which received a maximum of 2 marks. Secondly, candidates referred to sole traders throughout their answers. This meant they often stated, “they would keep all the profit” or “make all the decisions” which wasn’t applicable to the question.

- (b) Candidates that could identify site considerations e.g. size, cost, target market etc did not develop their answers in relation to Isabelle's business. Candidates were expected to make links such as size needed for changing rooms or costs should be kept low as it is a small business so cash flow should be managed carefully. Those candidates that got no marks often gave responses that would be associated with choosing the location of a business e.g. infrastructure, near raw materials etc. Candidates need to know the difference between site and location, which was not always evident from the responses.
- (c) Many of the candidates could describe market research and knew the difference between primary and secondary but this was not required for this question. In order to gain marks on this question, candidates were expected to explain why market research could be important to Belle's Boutique. Good answers identified that trends could be found using market research and therefore the shop could stock suitable clothing that would sell and make revenue.
- (d) Most candidates could identify sections of a business plan.
- (e) There were some very good answers relating to the advantages and disadvantages of running an ethical business. Most candidates were able to gain AO1 marks relating to what makes a business ethical. Many of the candidates used the information to add context to their answers. There was good reference to Fairtrade and treating workers well. The best answers also identified how these could affect a dress shop e.g. cost of fabrics. Many of the candidates could identify the benefits of being ethical but did not access the higher AO3 marks as they only identified increased costs as a disadvantage. Candidates that were awarded low marks were often discussing environmental factors rather than ethical ones.

Q.8 The Crazy Cow.

Most pupils showed some knowledge on this part of the exam. The mean for this question was 8.3 (out of 20) and a facility factor of 41.6. However, the spread between the most able and the less able candidates was noticeable on this question.

- (a) The question about business aims was well understood and many candidates were awarded the mark available. Those that did not gain a mark, often had vague answers e.g. sales or gave an example of growth e.g. expanding, multinational.
- (b) Candidates were able to identify a variable cost with the most popular being stock or an example of stock e.g. milk. The most common mistake was suggesting a fixed cost e.g. rent.
- (c) Most of the candidates got either three marks or zero marks. Those that knew the formula were able to substitute in the correct figures to get the marks. A few candidates did not know the formula and were unable to calculate the break-even point, others put the answer as a value of money e.g. £4000. These candidates were deducted one mark.

- (d) Most candidates could identify an impact of changing suppliers. One mark was awarded for giving an answer such as decrease costs but there was often no analysis of how this would affect the business. The most common answer, that was awarded three marks, was lower quality stock, leading to a change in taste/quality, which lead to lower customer satisfaction and sales.
- (e) A large number of candidates could calculate the percentage change and round to a suitable number of decimal places. A few candidates calculated the change in sales but did not convert into percentage change and were therefore awarded one mark. Some misread the values on the graph which meant that they could only get one mark according to the 'own figure rule'.
- (f) Candidates were able to demonstrate good knowledge of being a franchisor but the evaluation was often less developed. Candidates need to be able to explain the advantages more than just linking to sales and profit and disadvantages more than just costs. The best answers also considered the context of the business and were therefore awarded AO2 marks. Candidates that gained application marks made simple use of the graph e.g. sales revenue has been increasing, understanding that there was currently only one outlet (a small business), awareness that the growth would be in South Wales (not globally), and linking to the milkshake/café industry. Too many answers were generic and resulted in the candidates missing out on AO2 marks.

Q.9 Sound as a Pound Ltd.

The mean score for this question was 7.9 (out of 20) and the facility factor was 39.6.

- (a) Over 80% of candidates correctly selected retailer as the correct answer. The vast majority (around 18%) of the incorrect answers were for candidates selecting wholesaler.
- (b) This was answered well with candidates showing a good understanding of an advantage of being a Private Limited Company (Ltd). The most common advantage was limited liability, which was also explained well for two marks.
- (c) Candidates seemed to lack knowledge of the specific ways that businesses may advertise a job. The most popular answer was social media. Whilst social media was a correct answer very few candidates were able to explain why it was suitable for Sound as a Pound. Those that were awarded marks, generally stated it was low cost/free or could be seen by many people who were in the local area and familiar with the business. The second suggestion often lacked detail or was incorrect such as posters/TV etc which are not common for advertising jobs.
- (d) There is a good understanding of how to train staff i.e. on and off-the-job but there is a lack of confidence when explaining why it is important. Those that can suggest reasons why it was important did not always consider the context of shop assistants in a shop and gave answers that were more suitable to factory workers. Those candidates that answered the question well mainly considered the quality of customer service, reducing errors and complaints, which improved customer loyalty.
- (e) Candidates clearly demonstrated good knowledge of how to motivate workers and often gave many different approaches a business could take. This enabled candidates to get the two AO1 marks available.

Unfortunately, many of the responses did not take into account the context of Sound as a Pound and therefore missed out on application (AO2) marks. Answers did not consider the fact that the business was a shop and many of the workers would be shop assistants, this meant suggestions such as bonuses were unlikely and could not be awarded AO2 or AO3 marks unless linked to the store managers. The evaluation was often unbalanced with few candidates suggesting bad aspects of their choices e.g. those that work hard but are still not selected as employee of the month may become demotivated, reducing work rate and possibly leading to poor customer service.

Q.10 Wilson McGregor PLC

This proved to be the least accessible of the final four questions, as it was the least attempted (99.1%) and also had the lowest mean mark on the paper with 7.7 (out of 20). The facility factor was 38.4.

- (a)** Composing a SMART target is a new aspect of the specification. Those that understood the acronym were able to access marks and write a suitable SMART target. Some candidates stated what the letters in SMART meant but did not write a suitable example so received no marks. Those candidates that were unaware of the meaning of SMART generally did not attempt an answer.
- (b)** Candidates understood the term legal responsibilities. The most common correct answers were working hours/break and health and safety. Common mistakes were having to pay staff, training and contracts. Candidates that explained that contracts had to be followed/adhered were given credit but without some clarification, it was not accepted.
- (c)**
 - (i)** This was generally answered well with many of the candidates knowing the formula for gross profit margin (GPM). Those that got the formula went on to calculate the answer correctly.
 - (ii)** Most candidates were able to calculate the net profit of £5 million. Some candidates wrote their answers in the table and the space provided. Centres need to make candidates aware that only answers in the designated spaces will be marked.
- (d)** This question proved difficult for candidates with many clearly not knowing the sales process. This is a new part of the specification and needs to be taught by centres. The most common incorrect answers were selling the product and advertising. Those that did know the sales process mainly suggested closing the sale and having product knowledge.
- (e)** Candidates were able to link a rise in interest rates with consumers spending less (which was awarded one mark) but lacked detail in their explanations. Simplistic understanding such as existing loans becoming more expensive is generally incorrect, as loans are not an example of variable rate borrowing. The best answers suggested that people may not get loans as the cost will rise, reducing demand for expensive products e.g. houses.
- (f)** This question was attempted by a very high proportion of candidates. Many could identify at least one source of finance and explain it in basic terms earning them AO1 marks. Candidates often suggested sources of finance that would not be relevant in the case of Wilson McGregor PLC such as taking on more partners or an overdraft to buy land.

The evaluation was often too simplistic with few candidates discussing the positive and negative aspects of the chosen source of finance. There was a lot of information in the case study that was designed to be used in the answers to gain AO2 (application) marks. Examples included; the profit and loss account e.g. £5 million in profit (retained profit), it was a PLC (share issue), it was using the money for land (loan), equipment (HP or leasing) and raw materials (trade credit). The best candidates need to be able to make these links to the data to access AO2 marks.

Summary of key points

- Some of the candidates displayed a lack of knowledge in the new topics e.g. sales process, SMART objectives, the supply chain (procurement/logistics)
- Low application (AO2) marks. Candidates continue to miss key information in the case study and write generic answers.
- Low evaluation/analysis (AO3) marks. Candidates do not consider both the positive and negative aspects of their suggestions. Many candidates offer undeveloped answers that could be discussed further, raising more issues.

BUSINESS

GCSE (NEW)

Summer 2019

UNIT 2 BUSINESS PERCEPTIONS

General Comments

This paper is the new element of the revised Business GCSE qualification. The paper has a new format for candidates, requiring them to use a resource booklet coupled with their business knowledge and skills to answer the questions in the examination paper.

The candidates are required to apply the data to their answers and demonstrate their evaluative skills. Many of the candidates were able to demonstrate their knowledge of the topics assessed but needed to develop their answers within the context of the case study to gain further marks. The more able candidates performed well and used the resource materials to access the highest marks available. The best responses were produced by candidates who took time to read the case study carefully and were able to make direct reference to this in their answers.

Candidates must know the command words and assessment objectives (AOs) so they can identify the requirements of each question and therefore gain further marks. There are specific words that indicate how marks are awarded for a question and which AOs candidates will be expected to cover in their responses. AO1 marks require demonstration of knowledge, AO2 marks reward candidates that use the information to support their answers (application) and AO3 marks are gained through candidates analysing and evaluating.

The paper proved to be accessible for most candidates although the last question on the paper, 2(f), had the second lowest attempt rate of all the questions (87.9%), potentially indicating a time-management problem. Candidates should be allowing 45 minutes per case study (excluding those with extra time) to ensure they can attempt all the questions.

The quality of written communication was generally good, with accurate spelling observed and nearly all answers being legible and well written. However, a few candidates produced work that was hard to read due to either very small handwriting, scribbled words or candidates choosing to fit their responses around the edge of the page, rather than using the additional sheet provided. Candidates should be reminded to make their answers as legible as possible to ensure they are marked accurately and receive full credit for their responses.

Comments on individual questions/sections

- Q.1 (a)** In general, this was answered well. Over 95% of the candidates attempted this question showing the necessary skills to calculate the sales value of women's jeans in the UK. Most candidates multiplied 1.38 by £129 million to calculate the correct answer. Some candidates adopted a two-stage approach of finding 38% then adding it to £129 million. Not all of these candidates added their answer to £129 million, these candidates received one mark. Very few candidates selected the wrong data from the case study and calculated 38% of £72 billion (the global sales value of jeans). The mean mark was 1.2 out of 2.

- (b)** The candidates that attempted this question generally got it correct. Most of the marks were awarded for identifying a USP as a “unique selling point”. A few candidates gained marks with a definition, although they needed to discuss competitors to gain a mark. This was the lowest attempted question on the paper, over 13% of candidates did not write a response, suggesting that some candidates were not aware of the term USP. The mean mark was 0.7 out of 1.
- (c)** This was a question that was attempted by most of the candidates. Many candidates were able to suggest different ways that Hiut could improve quality, demonstrating good knowledge. However, many answers lacked the necessary context to Hiut and did not consider the information in the case study meaning many candidates were unable to access the AO2 (application) marks available. The mean mark was 2.4 out of 6.
- (d)** Multi-channel distribution is a term that candidates should know. A large number of candidates confused “multi-channel” with “multinational” meaning they were unable to access any marks. Candidates needed to evaluate the benefits to Hiut of selling in shops and online with the best answers considering the context of clothing. Candidates gained marks if they evaluated selling through shops or online, even if they did not consider both approaches. The mean mark was 2.3 out of 6.
- (e)** The best answers considered a relevant pricing strategy for Hiut that allowed them to charge high prices. Cost-plus, skimming and premium pricing were all suggested by candidates and they linked this to the either the cost of the materials or the celebrity endorsement of Hiut jeans, both of which were mentioned in the case study. Candidates that received no marks generally described the USP of lifetime repairs and suggested that high prices meant that repairs were free in the future. The mean mark was 0.6 out of 2.
- (f)** Candidates were confident about the term branding which meant that most candidates attempted this question. Almost all of the candidates were able to identify what a brand is although the question required candidates to explain the impact of branding on a business to access marks. Common answers explained that recognition was important as well as gaining customer loyalty but not all candidates continued their explanation to gain the further marks available. The mean mark was 1.4 out of 3.
- (g)** Nearly all the candidates understood about businesses selling abroad with only a few candidates discussing multinational business instead. This meant that over 96% of candidates attempted this question. The mark scheme credited candidates depending on how well they meet each assessment objective. Many of the candidates gained marks for their knowledge and clearly understood the opportunities and threats of selling in other countries from a base in the UK. Candidates were less adept at evaluating their knowledge and being able to discuss the impacts on businesses that adopt this approach. The main reason that candidates did not receive higher marks was the lack of reference to the data. Key information was in the case study that needed to be used by candidates in their responses. Examples of this were; denim sales per region (showing the US as the largest market), Hiut using retailers in Germany and Australia, 25% of Hiut’s online sales are to customers outside the UK and the average global price of jeans was £22.50.

Candidates are expected to select this data and use it to support their answers, which ensures that responses are not generic and clearly link back to Hiut's business model. The mean mark was 3.8 out of 10.

- Q.2 (a)** This question had the highest success rating on the paper; nearly all those that attempted the question correctly answered 28%. Those candidates without the correct answer generally knew how to calculate the missing market share but made an error in their calculations. The mean mark was 0.9 out of 1.
- (b)** Most candidates clearly understood job production and the principles behind it. However, candidates made a few common errors when answering this question, which limited the marks awarded. Firstly, a large number of candidates explained an advantage and disadvantage to the business. Secondly, answers were generally knowledge based and did not explain the advantage or disadvantage to the customer. Candidates need to read the questions carefully and fully explain their answers to gain the AO3 marks. The mean mark was 1.6 out of 4.
- (c)** Most candidates knew what JIT meant and could describe how a Just-in-Time stock system works. Those candidates that went on to explain why JIT was important to a business using job production were able to achieve high marks. Unfortunately, too many candidates described JIT and JIC (Just-in-Case) which did not meet the assessment criteria. When explaining why Bros Carpentry uses JIT the candidates are expected to use the case study to help them understand why this is the case. The data clearly states that the business uses job production, they have a workshop (not a warehouse) and make a range of items, implying that raw materials change for each job. This was included to give candidates the relevant scaffolding needed to answer the question. The mean mark was 1.4 out of 4.
- (d)** Candidates generally struggled to identify two stakeholders of Bros Carpentry. Candidates that named two different stakeholders were generally able to suggest an impact and then analyse how renting a second workshop could affect the suggested stakeholder, accessing high marks. The most common error was suggesting shareholders as a stakeholder, which was not valid in this answer due to the business being a partnership. Workers were also suggested as a possible stakeholder but as there were no employees, which was specified in the case study, then this was not credited either. Many candidates implied that they identified that the owners were a stakeholder and were able to gain marks from analysing an impact but did not suggest a second stakeholder to achieve further marks. The mean mark was 2.3 out of 6.
- (e)** Most of the candidates demonstrated good understanding of cashflow forecasts and were able to gain maximum marks. The most common error was not calculating a negative cashflow for July. Five percent of candidates did not attempt this question, which reduced the mean mark to 2.5 out of 3.
- (f)** This question had the second lowest attempt rate of any question on the paper with under 87.9% of candidates trying to write a response. Time management could be a reason for the low number of attempts although some may have been dissuaded by the extended writing needed. This question was allocated 12 marks, which represents 20% of all the marks available on this paper.

Candidates need to be aware that there is likely to be a high tariff question on this paper and that they should attempt to answer it, otherwise they are limiting their potential marks.

Some candidates achieved 0 marks for this question as they discussed market research, this is likely to be due to them misunderstanding the meaning of the question and the mention of 'qualitative' and quantitative'. The candidates were expected to utilise all the available information to evaluate how Bros Carpentry could improve its cashflow. This style of question was shown in the specimen assessment materials. The mean mark was 3.5 out of 12.

Key information included:

A map of North Wales, population numbers of local towns, a completed cash flow account showing key information e.g. £500 a month on advertising costs, stock costs were 40% of revenue and a 5 star rating on 'Trust-a-trader.com'.

Many of the candidates that attempted this question demonstrated their understanding of how to improve cashflow. Without making use of the data and evaluating the data then candidates were unable to achieve more than 3 marks.

Candidates that used the key information were able to gain application marks (AO2). Those candidates that attempted to evaluate how the suggestions could improve cashflow were rewarded with further marks. Candidates should be encouraged to write balanced evaluation to receive higher marks. There could be potential downsides of the suggestions which were very rarely explored. Too often the responses were linked to sales and revenue without considering additional benefits.

Summary of key points

- This paper requires candidates to fully use the resource material, failure to do this will severely restrict marks.
- Candidates must ensure they know the command words. This will help candidates write a response that is likely to meet the assessment criteria.
- Candidates must know the difference between the three assessment objectives and be confident using the case study data to support their answers.
- Centres must allow candidates the opportunity to practice the skills required to tackle this paper. Using the SAMS materials and the 2019 exam to develop the necessary skills is vital to improving performance in 2020.
- The quantitative skills required by candidates were good, showing the necessary standard required to answer the questions correctly.
- Low attempt rates on some questions. Candidates should be encouraged to write responses to all questions if they are to gain maximum marks possible.



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