EXAMINERS' REPORTS

LEVEL 3 DIPLOMA AND CERTIFICATE IN BUSINESS

JANUARY 2022

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BUSINESS

Level 3

January 2022

UNIT 1 THE ORGANISATION: SURVIVAL AND PROSPERITY

General Comments

This was the third sitting of this specification. It was a resit series and therefore the number of candidate entries was low. Every candidate answered all questions in Section A and most candidates attempted all questions in Section B, suggesting that the candidates were prepared well and were able to finish the paper in the allocated time. Where continuation pages were used to complete extended response answers, they were referenced well making it easy to identify complete answers.

Most teachers and candidates are conscious of the need to read questions carefully and pay particular attention to command words. For instance, candidates should know when evaluation is expected (command words and expressions include assess, advise, discuss, to what extent …. and evaluate) and cases where it is not (command words include analyse and explain). Candidates who ignore these command words often waste valuable time in the exam without gaining extra marks. There were many examples of this. There were also many cases of candidates missing important requirements of a question e.g., ignoring terms/phrases in bold or not paying attention to the stakeholder in the question.

Furthermore, candidates should determine whether they need to apply their answers to the business scenario. Many students gave generic responses in some questions consisting only of theory when they were required to apply their answers fully to the business scenario. These responses could not be awarded marks in the Level 3 mark band. If the question uses the term “such as”, specific application is not required and other examples can and probably should be given. Another common problem with the extended response questions was that many candidates copied large amounts of narrative from the question or from the introduction. If this information wasn’t specifically applied to the requirements of the question, no marks were awarded for this.

Comments on individual questions/sections

The questions in this section were based on a business scenario outlined in the introduction to the paper. A gym business should be a familiar business to most candidates although no detailed knowledge of the operations of a gym was required.

Section A

Q.1 This asked candidates to select a benefit of forming a private limited company. This question proved accessible to almost all candidates. A few students incorrectly chose C, “funds can be raised by selling shares on the London Stock Exchange”.

Q.2 This asked students to state what type of resource equipment is. This question proved accessible to almost all candidates. A few students incorrectly selected B, “Financial”.

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Q.3 This required candidates to identify the given statement as an objective. This question proved accessible to most candidates. The most common error was C, "aim".

Q.4 This question required candidates to classify four stakeholders as either internal or external. Many candidates classified all four correctly, however, some incorrectly classified "gym members" as Internal and "shareholders" as External.

Q.5 **(a)** This part of the question required candidates to state two external sources of finance. The majority were able to do this with only a few candidates choosing an internal source such as retained profits. Some students ignored the fact that the source was required "to purchase new gym equipment" and by "Start First Fitness Ltd" and therefore suggested unsuitable sources e.g., an overdraft or selling shares on the stock market. These answers were not awarded marks. Furthermore, "Government" without "grant" and "Bank" without "loan" were not accepted.

(b) This question required candidates to "Discuss" the suitability of one source from Start First Fitness Ltd.'s viewpoint. A balanced viewpoint was required, however, many students ignored the command word and simply explained either an advantage or a disadvantage of the source and could therefore only be awarded a maximum of two marks. Some answers were not applied to the purchase of gym equipment and didn't consider the financial standing of the Ltd business.

Q.6 **(a)(b)** This asked candidates to identify the type of external influence – "the Local Authority's drive to encourage people to get fit and healthy". Some candidates correctly stated, "Social Influence", however it seemed that many students had a poor understanding of AC1.7 – External Influences and didn't understand the requirements of either part of this question. In 6(b) some candidates ignored the bold statement "two other" and explained social influences. No marks were awarded here. Examples of each of the influences e.g., an increase in interest rates, changes in health and safety legislation were accepted, as well as Covid–19. Many candidates simply explained how the influence would impact the business but did not explain how the business is likely to respond and therefore could not be awarded 2 marks for the development. A minority of candidates didn't attempt this question.

Section B

Each of the four questions in Section B developed the business scenario given in the Introduction.

Q.1 **(a)** This asked candidates to define the term business plan. Most candidates were only awarded 1 mark for this definition. Most listed the sections/contents of a business plan which was a requirement of part (b).

(b) Most candidates were able to state two pieces of information included in a business plan. "Aims and Objectives" were only awarded 1 mark. Where financial statements were stated, the word "forecast" was required for a mark to be awarded.

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(c) This is another example of where candidates did not understand the requirements of the command word/expression. In this question the command "To what extent do you agree" should have produced answers which were evaluative. Answers were often one-sided and therefore could not be awarded marks in the Level 3 mark-band. Many applied their answers to the fact that there are only two owners, it is a small business and the business needs finance, and these answers were awarded higher level marks in the Level 2 mark-band.

(d) The majority of candidates were able to state two suitable pieces of software, but a few didn't take note of the question requirement, "to prepare the business plan". A minority of candidates incorrectly stated examples of hardware e.g., mobile phones and laptops.

(e) Most candidates provided some level of evaluation of the usefulness of ICT in a business. Almost all candidates ignored "such as" with many candidates focussing too much on one or two specific gym applications e.g., the swiping of gym membership cards, at the expense of providing a comprehensive evaluation. Many focussed on explaining how ICT could be used to promote the business and made very generic comments such as "ICT makes the business more efficient" without developing their answers by stating how and why this is useful. Few candidates were awarded marks in the Level 3 mark-band.

Q.2 **(a)** Nearly all candidates were able to state at least two stages of the recruitment and selection process. Some students again ignored part of the question requirements "other than the drawing up of job descriptions and person specifications" and were not awarded marks for these stages if given. Some candidates incorrectly stated training/induction training.

(b) Most candidates were able to describe at least two pieces of information which are likely to be included in the person specifications. Many incorrectly described job description information. Very few candidates referred to the information being categorised into "desirable" and "essential".

(c) Many candidates were able to make valid suggestions regarding how Rhys and Archie could measure the effectiveness of the recruitment process, but few students developed their answers fully.

(d) Candidates generally showed good theoretical knowledge of the benefits and/or disadvantages of on-the-job and off-the-job training. Again, many candidates didn't address all requirements of the question. The command expression "to what extent", where ignored, limited candidates to Level 2 marks and, where evaluation was provided this was sometimes given from the employees' viewpoint rather than Start First Fitness Ltd. Some students also ignored "other than cost savings".

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Q.3 **(a)** Most candidates were able to describe the impact of an increase in the national minimum wage on Start First Fitness Ltd successfully and were awarded marks in the Level 2 mark-band. However, marks were only awarded in the Level 2 band for answers that were directly applied to Start First Fitness Ltd.

(b) Some candidates did not state "quality initiatives". Instead, these candidates incorrectly suggested ways in which the business could motivate staff e.g., increasing wages. Examples of specific Quality Assurance initiatives e.g., benchmarking, high quality training and the use of state-of-the-art equipment were each awarded a mark.

(c) Few answers were awarded marks in the Level 3 mark-band. Most answers briefly described the quality initiative and didn't explain how this could contribute towards the survival and prosperity of the business. Most candidates referred to a manufacturing business rather than refer to the services offered by Start First Fitness Ltd.

(d) This question was poorly answered by most candidates with very few candidates being awarded marks in the Level 3 mark-band. Some candidates demonstrated a basic understanding of why having motivated staff is important and that a knowledge of the two-factor theory would help Archie and Rhys motivate their new employees. Most answers did not distinguish between 'motivators' and 'hygiene factors' and there was very little analysis of the theory or application to the business. Few candidates did not attempt this question at all.

Q.4 **(a)** Nearly all candidates stated that the personal possessions of the owners are not at risk with limited liability, but some students did not add that the shareholders' liability is limited to their investment and in this case, candidates were only awarded 1 mark.

(b) This question required candidates to state three functional areas. This question was answered well by almost all candidates.

(c) Nearly all candidates successfully explained the role of one of their stated functional areas. A few candidates mixed up the role of the Human Resources and Customer Service.

(d) There was no requirement to apply this answer to Start First Fitness Ltd as the question states "this type of organisational structure" but most candidates did. Most candidates were able to explain one disadvantage of a flat structure but only some were able to state two.

(e)(i)(ii) These questions were answered well by almost all candidates. All examples of valid communication methods were accepted.

(f) This question required candidates to explain how Start First Fitness Ltd could measure the effectiveness of their communication with their gym members. Many candidates misinterpreted the question requirements and just described how the business could communicate with their gym members rather than explained how they could analyse its effectiveness.

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Summary of key points

Most candidates attempted all questions. Section A was found to be more accessible than Section B with marks being gained across most questions. One potential area for concern is highlighted by the general performance on Section B, question 3(d) - motivation theory (AC 3.3). Teachers may wish to develop this area of the specification for future examination preparation.

Another topic area where there were significant gaps in knowledge was external influences (AC1.7). Centres are requested to remind candidates of the need to read the questions carefully and to ensure that they understand the meaning of the command verbs and what this requires as a response.

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BUSINESS

LEVEL 3 DIPLOMA

JANUARY 2022

UNIT 3: ORGANISATIONAL STRATEGIES AND DECISION MAKING

General Comments

Winter 2022 represented the second sitting of the 'Unit 3: Organisational Strategies and Decision Making' examination paper, after the inaugural sitting in summer 2019.

The organisation in focus this time was that of Farmyard Fun. A farm themed fun park, having previously been a working farm which diversified into a tourist attraction owing to rising costs and squeezed profit margins.

Candidate entries were low. Perhaps due to it being an extraordinary winter sitting, rather than a traditional summer sitting.

All entered candidates undertook the examination paper in English. It is hoped that future sittings of the examination paper will have some Welsh entries.

On balance, the examination paper proved accessible to most candidates – although few learners achieved the higher grades of an A and B.

Candidate penmanship and handwriting was largely legible on the examination papers examined: no examination papers posing too much of a problem for examiners to read and mark.

Admittedly, candidates' performance in the examination was variable. The quantity of revision undertaken by candidates, together with soundness of the examination technique, contributed to the evident variability in performance.

Once more, candidates expressed their preference for the marketing route as opposed to the finance route in Section C of the examination paper.

Comment on individual questions/sections

Candidates performed strongly on the product life cycle questions (Section B: Question 2b, 2c and 2d). This area of the specification has clearly been covered in depth.

On the other hand, this strong performance was not extended to the calculating change in GPM and distinguishing between profit and profitability questions (Section A: Question 6a and 6b).

Additionally, candidate performance in the opening multiple-choice questions was generally strong (Section A: Questions 1, 2, 3 and 4), although the multiple-choice question on external economies of scale did confound some candidates.

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Summary of key points

Above all, candidate performance would have been improved had their written responses being better contextualised to the organisation and the various situations faced by the organisation. Too often, the written responses of candidates proved overly theoretical with limited reference to Farmyard Fun and the various decisions the organisation faced. Candidates had seemingly grasped the relevant business theory, but this business theory needs to be better applied to the organisation, product-market or strategy decision.

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WJEC
245 Western Avenue
Cardiff CF5 2YX
Tel No 029 2026 5000
Fax 029 2057 5994
E-mail: exams@wjec.co.uk
website: www.wjec.co.uk

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