GCE

Chief Examiner's Report
Business Studies

Foreword

This booklet outlines the performance of candidates in all aspects of CCEA's General Certificate of Education (GCE) in Business Studies for this series.

CCEA hopes that the Chief Examiner's and/or Principal Moderator's report(s) will be viewed as a helpful and constructive medium to further support teachers and the learning process.

This booklet forms part of the suite of support materials for the specification. Further materials are available from the specification's microsite on our website at www.ccea.org.uk.

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GCE BUSINESS STUDIES

Chief Examiner's Report

General

This is the second assessment in respect of the Revised Specification at AS Level and the first assessment at A2 Level. There were four examination units assessed:

1   Introduction to Business   AS1 (SBU11)

2   Growing the Business   AS2 (SBU21)

3   Strategic Decision Making   A21 (ABU11)

4   The Competitive Business Environment   A22 (ABU21)

The overall performance of candidates is based on their ability to:

•   understand the content of the specifications

•   read the stimulus and the stated questions carefully

•   apply their understanding of the questions to the given stimulus; and

•   address the specific questions.

Many candidates demonstrated an excellent understanding of the specification content and applied their knowledge successfully. They also excelled in demonstrating their application, analysis and evaluative skills which attracted the higher marks.

However, there were a number of candidates whose lack of understanding of subject content led to their inability to access marks in the higher mark bands.

To gain marks higher mark bands in the evaluative questions at both AS and A2 levels, candidates' judgements must be supported by evidence from the stimulus and based on detailed analysis of this evidence.

A review of scripts at both AS and A2 levels suggest that candidates had prepared in advance of the examinations for the revised specification. It was noted that many candidates had composed their evaluative responses based on the guidance materials available from the CCEA website.

There was little evidence of candidates being unable to complete the papers due to time constraints.

As with last year, there were a significant number of candidates who used additional pages/ booklets in addition to the original answer booklet, for the evaluation questions but focused on adding volume rather than depth to their answers.

There was evidence of focused and structured planning by the more able candidates who succeeded in developing analytical points based on the stimulus whilst remaining focused on the purpose of the question throughout their answers. This often led to in-depth evaluation of the arguments identified and a realistic final judgement.

The following are suggested areas for improvement:

Candidates must prepare for each examination in advance. Tutors are encouraged to:

•   Make better use of CCEA resources to help candidates progress from the generic points to the comprehensive standards of evaluation that are specific to a particular business in order to achieve at the highest level.

•   Continue to build on the good practice of training candidates in exam techniques correlating to holistic marking and time management.

- Direct candidates to read the 'Instructions to Candidates' section on the front cover of the examination paper. This information contains key guidance notes to the candidate which they are expected to observe throughout the examination.

- Encourage candidates to plan the answers to their questions by reading the stimulus material before attempting to answer the questions.

- Ensure that candidates understand the requirements of each question and carefully select the appropriate information to facilitate development of an answer.

- Encourage candidates to plan a logical, structured answer focusing on the stimulus.

- Direct candidates to use the stimulus material effectively to support and develop analysis of key points.

- Train candidates to focus on building analysis and development of a chain of reasoning, using in-depth logical arguments based on sound knowledge.

- Ensure that candidates include a final judgement and a balanced argument, reflecting the points being argued to attain marks in a higher mark band (Level 3 or 4).

- Instruct candidates to correctly annotate the appropriate answers in respect of the assessment of quantitative skills and follow the precise instructions – e.g. demonstration of workings and/or rounding of answers to the correct number of decimal places.

- Direct candidates to use the correct business terminology, for example, Profit and Cash.

- Instruct candidates to use clear hand writing – this is essential as it enables the examiner to award the correct marks to the candidate.

- Instruct candidates to clearly label and securely attach additional sheets (if used), to the candidates' booklet by using a treasury tag provided for the purpose.

Assessment Unit AS 1 Introduction to Business

General Comments

Many candidates used additional sheets, these should only be used if they have crossed out a question or have large handwriting. Quality of handwriting is a concern and candidates need to try to ensure that their handwriting is legible. Ensure that additional pages used have a tag attached.

Application to the case study/industry is utilised by a large number of students. Candidates used the case study to support and develop their analysis. The case study had a lot of application content throughout it and it was good to see candidates using the information provided. Candidates continued to use this means as a tool for analysis, which was given merit, but some of the better centres followed the BLT format which is also acceptable. Their final judgement needs to be more in-depth, whilst those centres that used the AJIM model tended to be more successful.

Q1   Dale Farm Limited

(a)   The majority of candidates understood the term stakeholder and chose suitable examples in relation to Dale Farm Ltd. A small minority confused the term with shareholders but it was still a valid answer in this case study – but only because Dale Farm trades as a limited company.

(b) **(i)** A large majority of candidates calculated the percentage change correctly. Many candidates annotated their workings and stated the answer as a whole number. Some candidates lost marks because they did not correctly state their answer in the format required by the question.

(ii) This question proved challenging for some students, they confused factors that influence supply with factors that influence demand. This was an analyse question – therefore no evaluation is needed. Some candidates wasted time by evaluating issues not required in the context of this question.

(c) The knowledge and understanding of subject content was to a very good standard, as stated by the majority of students. Many of the candidates discussed three factors that influenced innovation. It is very important to read the question, i.e. factors that influence innovation, rather than a statement of the effects of innovation.

(d) Social media is not a 'free' cost to a business. Many candidates stated it was and this is incorrect. Otherwise, knowledge and understanding of the topic appeared to be to a good standard. The majority of candidates followed the correct structure. However, in order to achieve level 4 marks, greater in-depth analysis and evaluation is needed. A large number of candidates appeared to fully utilise the material in the case study meriting the award of application marks.

Q2 **Top Insurance Limited**

(a) CPD as a topic was assessed for the first time, however, it was generally well answered. Many candidates used the case study in order to develop their answer and to gain marks for knowledge and understanding.

(b) Generally a poorly answered question. It was disappointing to see so many candidates lack specific knowledge about Herzberg. Candidates tended to talk about motivation in general and not focus on Herzberg or confused Herzberg with other theorists. Those candidates who had studied Herzberg's theory, were awarded appropriate marks.

(c) Many of the candidates were able to identify and explain three benefits of outsourcing. Candidates need to ensure that each benefit identified is well developed and applied to the case study. Candidates need to ensure that, as they develop their analysis of each point, it remains linked to the question. The hooks of the question are stated in the case study and candidates should utilise the case study fully to gain marks.

(d) Generally speaking, candidates did not fully understand the specific concept of People Investment Planning, instead, their answers discussed recruitment issues in general. Candidates who had studied this topic thoroughly and demonstrated excellent knowledge and understanding were awarded marks at Levels 3 or 4. More in-depth analysis and evaluation of the issues is required to gain marks at Level 4.

Assessment Unit AS 2 Growing the Business

The paper was well received and questions were accessible to all candidates with responses reflecting a wide ability range. The language used in the examination paper was deemed appropriate so all candidates had the opportunity to achieve marks at their optimum level. The evaluation questions proved challenging and therefore allowed for differentiation across the ability range. Evidence suggested that the majority of candidates managed their time wisely and completed the examination paper.

In spite of the excellent stimulus material, the majority of candidates struggled to extract the relevant details to achieve marks within the highest mark band level for application (AO2), particularly in Questions 1 (d) and 2 (d).

1   (a)   **Explain what is meant by the term e- business using an example from the case study to illustrate your answer.**

Successful candidates understood the meaning of the term e-business demonstrating good standards of application, using evidence from the stimulus material.

(b)   (i)   **Calculate the return on capital (ROCE) ratio for Bonny's Business for March 2017 and March 2018.**

Many candidates calculated the ROCE correctly, 30% in 2017 and 19% in 2018, stating their answers were to the nearest whole number. However, annotation was of a poor standard in some scripts with many failing to round up their answer as required by the question.

(ii)   **Analyse one reason for the change in Bonny's ROCE from March 2017 to March 2018.**

The majority of candidates identified the decrease in profits as the reason for the decrease in the ROCE from 2017 to 2018. Many of the more successful candidates were able to justify the decrease in profits by stating that it was due to the interest charges on the £50,000 loan. This question was generally well answered.

Some candidates inputted the wrong figures into the given formula. Furthermore, a significant number ignored the instruction to round up their answer to the nearest whole number thus losing marks.

(c)   **Analyse three ways in which Bonny might segment the market for child restraints.**

Successful candidates selected three market segments from the selection stated in the stimulus given. Many candidates achieved Level 3 answers but some chose less obvious examples of segmentation not in the stimulus and provided generic responses rather than the detailed evidence required for top marks. Some candidates wasted valuable time evaluating points which was not required by the question.

(d)   **Evaluate the usefulness of the information included in the final accounts to Clive, in assessing business performance.**

This question was accessible to the majority of students although very few candidates achieved Level 4. In spite of the excellent stimulus material, the majority of candidates struggled to extract the relevant details to achieve marks at Level 4 for application, analysis and evaluation. Some candidates' analysis and evaluation content were generic rather than specific to Bonny's business. Furthermore, a small number of candidates related the final accounts data to Bonny rather than Clive as stated in the question.

Evidence suggests that a significant number of candidates were not confident in using the financial figures provided to evaluate the usefulness of the information to Clive in assessing business performance. Candidates are not taking time to read the questions carefully before formulating their answer. This was particularly evident as many candidates focused their answer wrongly from the perspective of Bonny rather than Clive. Some candidates providing generic evaluations that included references to both time and cost that was not discussed in the stimulus but was awarded marks.

2 (a) Explain the term market size, using the hotel sector in the city of Belfast as an example

The more successful candidates understood the term market size and were able to justify their answer using data from the stimulus. On the whole, the question was well answered but quite a few candidates confused the term 'Market Size' with 'Market Growth'.

(b) Analyse two ways in which the anticipated market growth of tourism might impact on the growth of the Bullitt Hotel.

This question was well answered by the majority of candidates. There were a range of ways, stated within the stimulus, that would impact on the growth of The Bullitt Hotel - with the majority candidates not losing sight of the reason for their choice. Weaker students focused on issues, not included in the stimulus, that would not impact on The Bullitt Hotel's growth.

(c) Analyse one benefit to the Bullitt Hotel of undertaking each of the three market research methods discussed in the case study.

Three market research methods were stated within the stimulus and many candidates analysed the associated benefits. Some candidates struggled to achieve top marks in this question. Many candidates lacked specific knowledge about 'test marketing'. Some of the candidates also failed to recognise 'government surveys' as a secondary source. With respect to all three methods, some candidates wasting valuable time evaluating points in this question which was not required and did not attract additional marks.

Assessment Unit A2 1 Strategic Decision Making

This was the first assessment in respect of the revised specification (A2 Level). There were two examination units assessed, Strategic Decision Making and The Competitive Business Environment.

The candidature appeared to respond positively to the revised structure of the qualification and examinations. The candidates adapted well to the revised structure, totalling 90 marks.

The A2 1 Paper was well received and provided opportunities for candidates of differing abilities to respond positively to the questions posed, resulting in a broad range of marks. A review of scripts suggests that many candidates had undertaken a degree of preparation in advance of the examination. The language used in the paper was deemed appropriate so all candidates had the opportunity to achieve at their optimum level. Evidence suggested that most of candidates managed their time wisely and completed the paper within the time allowed.

The evaluative questions proved challenging and therefore allowed for differentiation across the ability range. It was pleasing to see so many candidates using the relevant stimulus material to access top marks for application.

Q1 (a) Using the case study information, explain one way in which Bedzzz Ltd might use its mission statement.

Many candidates failed to read the question correctly. Some candidates focused on defining what a Mission Statement was, rather than how it might be used by Bedzzz Ltd.

(b) Explain any two elements of Elkington's Triple Bottom Line model using the case study information.

There was strong evidence to show that the majority of candidates had been well prepared in the new topic 'Elkington's Triple Bottom Line' with many scoring full marks using the information from the stimulus.

Q2 Evaluate the impact on Bedzzz Ltd of the conflict between shareholders seeking to maximise dividends and employees seeking to secure higher wages.

This question posed a problem as many candidates struggled to structure their answer in an appropriate format, thus making it difficult for examiners to mark. Many candidates stated the objectives of each stakeholder but did not evaluate fully the conflict of each objective. Only the top candidates achieved the high mark band marks.

Q3 Evaluate an advantage and a limitation of the payback method of investment appraisal to Bedzzz Ltd when deciding which machine to invest in.

Many candidates answered this question quite well, but the standards of analysis and evaluation of the payback method of investment appraisal were not detailed enough to achieve Level 4. A number of candidates evaluated the advantages of Bedzzz Ltd purchasing the machine rather than the Payback process therefore lost valuable marks.

Q4 Evaluate the sources of finance proposed by the directors of Bedzzz Ltd to finance the purchase of their new machine.

The majority of candidates favoured this question and achieved high marks for their responses. Again, the candidates took the lead from the stimulus and evaluated the two sources of finance discussed by the directors. However, some candidates discussed other sources of finance which were inappropriate. In addition, many candidates made a basic error, assuming that the business was a public limited

company rather than a private limited company and made incorrect references to selling shares to the general public. Candidates must read and understand the stimulus material carefully if they are to be awarded marks commensurate with higher level mark bands.

Q5 **Evaluate the financial performance of Bedzzz Ltd for the period 2017 to 201, using the appropriate accounting ratios, taking the information from Table 1.**

This question attracted 25 marks and proved to be the most challenging on the paper. There were a significant number of ratios that the candidates could have drawn upon, from the financial information in the stimulus material, in order to evaluate Bedzzz Ltd financial performance.

Successful candidates computed three ratios correctly from the stimulus in Table 1, focusing on the analysis and evaluation required by the question. Their specific analysis and evaluation restricted their chain of argument to the evidence available to Bedzzz Ltd's finances. Although many candidates were able to calculate three ratios to a satisfactory standard, they struggled with analysis and evaluation of the financial performance, tending to provide one-sided arguments only, restricting access to level 4 marks.

There was some evidence also of carelessness in this question. A significant number of candidates confused formulae and chose incorrect figure to discuss. There were a number of candidates who did not compute any ratios and discussed the figures based on the financial statements at a superficial level only. While the 'Own Figure Rule' (OFR) was applied by examiners, candidates lost marks as the outcome did not match the application and therefore impacted on performance at A03 and A04.

A small number of candidates spent a disproportionate amount of time calculating up to six ratios at the expense of a detailed analysis and evaluation of the issues, thus losing out on a Level 4 mark.

A significant number of candidates ignored the instruction in the question to use ratios to evaluate Bedzzz Ltd's business performance. Some candidates chose to calculate the percentage change in the figures from one year to the next and in some cases, simply stated there had been an increase or decrease. This type of response did not answer the question and attracted a Level 2 mark only.

Assessment Unit A2 2 The Competitive Business Environment

This was the first assessment in respect of the revised specification A2 Level, The Competitive Business Environment.

This assessment matched the new specification, reverting to a new six-question format. The new A2 specification must include synoptic assessment.

This examination paper was very detailed providing evidence for all six questions specifically stated in the stimulus. The paper provided candidates with ample opportunity to display the full range of analytical and evaluative skills required by the specification.

Q1 **Explain two reasons why a short chain of command may be beneficial to T G Eakin Ltd.**

The source material in the stimulus stated two reasons and it was expected that candidates would identify each, explaining how they would be beneficial to T G Eakin Ltd.

This question was answered particularly well with many candidates gaining level 3 marks. A number of candidates failed to discuss the concept of a short chain of command specifically - this approach did not gain level 3 marks.

Q2 **Analyse two of the global marketing issues to be addressed by T G Eakin Ltd which enable it to perform well in its global markets.**

Two global marketing issues were stated within the stimulus material, and it was expected that the candidates would analyse the issues and how they would help Ltd to perform well in the global markets.

This question was well answered by the majority of the candidates with many candidates achieving level 3 marks. Exam technique should remain a focus as this question does not require an evaluation.

Q3 **Evaluate how fluctuations in the sterling/euro exchange rate (shown in figure 3) might have affected the financial position of T G Eakin Ltd.**

The stimulus exhibited a Sterling/Euro graph showed the changing exchange rates over a number of years. The question asked how these fluctuating exchange rates would have affected the financial position of T G Eakin Ltd.

This was the least well-answered question. Many candidates provided vague responses not related to the circumstances of T G Eakin Ltd. A significant number were confused by exchange rates movements and the implications of such movements relative to the financial position of T G Eakin Ltd. There was some evidence that the candidates misinterpreted the Sterling/Euro graph. It is imperative that centres revisit the Quantitative Skills (QS) requirement of the specification – particularly the candidates' ability to interpret, apply and analyse quantitative information, presented in graphical and other numerical forms.

Q4 **Evaluate franchising as a method of entering global markets by T G Eakin Ltd.**

In the stimulus there was a discussion regarding the use of franchising by T G Eakin Ltd. The question required an evaluation of franchising by T G Eakin Ltd., and how franchising may be a suitable method for T G Eakin Ltd to enter global markets.

This question was relatively well answered with some candidates looking at the question from the perspective of both the Franchisor and Franchisee. There were some candidates who discussed the advantages and disadvantages of Franchising

generally – this was considered to be a generic approach which could apply to any business, therefore did not attract level 4 marks.

Q5 **Evaluate the impact of its ethical policy as a source of competitive advantage.**

Sufficient data on T G Eakin Ltd's ethical policy was provided in the stimulus material and the question required a candidate to evaluate T G Eakin Ltd 's ethical policy as a source of competitive advantage to the company.

Many of the candidates responded well to this question especially those who made good use of the material in the stimulus. However, some candidates discussed a generic CSR policy and were unable to be awarded level 4 marks. Some candidates had difficulty evaluating the ethical policy as a source of competitive advantage.

Q6 **Evaluate the use of T G Eakin Ltd Business Plan in assisting the company achieve its corporate objectives.**

This was a synoptic question, since this question content - Business Plan – is contained within the A2 1 specification. Sufficient data regarding T G Eakin Ltd corporate objectives was stated within the stimulus material. Candidates were expected to use this information as a basis for their answers. The question asked how T G Eakin's specific Business Plan could help them to achieve its corporate objectives.

This question was not as well answered as Questions 4 and Question 5. Many candidates provided theoretical-based responses giving benefits and limitations of a business plan. This generic-type response is not specific to T G Eakin and cannot achieve level 4 marks. Some candidates continue to comment on generic issues such as time consuming and costly which cannot be awarded marks within the top-level mark band. Many candidates had difficulty evaluating how the business plan could help T G Eakin achieve its corporate objectives.

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