GCSE
Business Studies

413002: Growing as a Business
Report on the Examination

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Overview

The paper appeared to be well received by students with very few of them not attempting all of the questions. There are still lessons to be learned by centres to ensure that students are prepared sufficiently so they receive grades commensurate with their abilities. Some of this advice that follows has been given in previous examiner's reports.

There are still students who believe it is good practice to over-emphasise their knowledge of business terms. There is no need to define business terms at the start of their answers to the 9-mark questions. Additionally, some students show off their knowledge by including unnecessary detail, when skills other than knowledge and understanding are being assessed. For example, when answering Question 2b, there was no need to list and explain the different forms of economies and diseconomies of scale. This approach frequently brings with it the risk of ignoring the individual circumstances of the business in the Item and thereby producing generalised answers lacking in context.

The principal way in which students failed to score marks on the paper occurred when they evaluated in the 9-mark questions. Many students seemed more capable of demonstrating their analytical skills in this year's paper, but remained in the lowest level (E1) when they offered their evaluation. In each of the three cases, students were told to advise the organisation on which of the possible actions would be most suitable. Virtually all students offered a judgement, but in the majority of cases the justification was not strong enough to take the response into level E2. A common approach adopted by students was to consider arguments both for and against the choices given then produce a sentence or short paragraph at the end of the piece stating which route they would advise the company to take. As the arguments were usually well-balanced it was often difficult to discern the reasoning behind the students' choices. There must be clear and unambiguous support for any judgement made to access E2 marks. Students should not leave the reasoning for their choice for the examiner to work out for him/herself. There has become a growing tendency for students to base their judgement on considering the short and long run effects on the business. This approach is only creditworthy if the reasons for the differences between the two terms are made explicit by the student.

Finance remains an area that continues to challenge many students. Their understanding of basic financial terms was often patchy and imprecise and, whilst the students are capable of performing ratio calculations they often were unable to interpret the significance of the numbers they had produced.

Not reading the three items and even the questions carefully enough can frequently be the reason for students failing to score full marks. The scenarios often provide information that can be used to support the answer to a question and help contextualise students' responses. As an example, in Question 1d a large number of students believed that the new manager was to be appointed to be in charge of the factory, rather than the factory shop, despite the question and Item stating otherwise. Investing time reading the Items and questions more carefully will usually pay back the students with more marks than producing excessively long, but erroneous, responses.

Question 1

(a)   Most students scored both available marks. Those who failed to reach the maximum marks usually considered an inappropriate promotional method (for instance, using a non-promotional price strategy), or just stated the method without offering any development or explanation.

(b)   Common advantages were based on the shortening of the chain of distribution; the benefits of having existing employees selling Dotis's products and providing an opportunity to sell the poorer quality glassware. Responses merely needed to identify two advantages and provide a brief explanation of each to gain the maximum 4 marks, which a large number managed.

(c)   There was a split between those who chose a recognised quality assurance method (TQM was popular here) and those students who used the Item to discover the reasons for the low standard products and suggested remedies, such as replacing older employees with younger ones or providing retraining. Those students who used the latter route found it easier to make their answers contextual and they tended to score better than those choosing the former. Such students often became too involved in describing how the quality assurance method worked, rather than explaining its application to Dotis.

(d)   Some students produced responses that were lacking in context and based on a misreading of the Item. It was not uncommon to read answers that suggested that the new manager would be able to reduce the amount of faulty glassware, when the appointment was for a factory shop manager rather than someone to oversee production.

Most students offered a judgement on the appointment, but the degree of support for their recommendation varied considerably. Support was often perfunctory, leaving it to the reader to discern the reasons for the option chosen.

Question 2

(a)   This question presented very few difficulties with most students scoring both marks. The only real error made was by a small number of students who duplicate their choice of stakeholders (most usually: Hey Presto shareholders and its owners).

(b)   Occasionally students failed to read the question carefully enough and provided two advantages rather than one advantage and one disadvantage. Some over-answered the question by providing too much detail (eg describing several forms of economies of scale). Some students struggled to provide an acceptable disadvantage, sometimes writing in very loose and imprecise terms about the demotivation of employees without making it clear how this would impact on the company. On the whole though, the question was well answered with the majority scoring either 3 or 4 marks.

(c)   Virtually all of the students were able to identify one or both of the two main issues relating to the purchase of electric vans: namely: the long term fuel cost savings and the marketing/image advantage it would give Hey Presto over its competitors. The level of explanation, however, varied between students, with about half gaining Level 3 marks.

(d)   Some students were unsure of the meaning of retained profit, believing that shareholders received no dividends if the vans were purchased through this form of profits. Others believed that the two couriers were in direct competition with each other and that merging would reduce this level of competition for Hey Presto. Good responses were able to offer clear evidence for one option or the other. The fact the company has successfully developed for nearly 30 years using organic growth was support, some argued, for maintaining this method of growth. Other students recognised the recent changes in the courier market and the owner's desire to have a national service and, as a result, argued for the rapid growth that a merger would bring.

Question 3

(a)   This question presented no difficulty for those who knew what a balance sheet was. Unfortunately, the majority of students appeared to have but a basic grasp of the term, with a large number believing that balance sheet showed a business's profits and covered a financial year, rather than being a snap shot at a point in time. Those students who used the data in Figure 1 in the item, however, usually managed to score one of the two available marks by referring to assets and liabilities.

(b)   Most students were able to replicate the calculation for the acid test ratio (ATR) given for the previous year and reach the correct answer in part i.

Part ii was less successfully answered. Many students identified that a lowering of the ATR meant that the ability of the business to pay its short term debts was reduced, but added little else to their responses. A similar number of students appeared to have little idea of the significance of the ATR.

(c)   This question was generally well answered with the majority of students scoring at least half of the marks. The students were able to identify reasons for Carpets2U having staff appraisals and to explain them in the context of the business. Common responses identified and explained the motivational effects of the appraisals and the cost savings to Carpets2U of replacing the commission system. Some students, struggling to find a second advantage, tried to recycle their first point as a separate advantage. A significant number of students, however, thought that staff appraisals involved managers praising employees in an attempt to motivate them, rather than a structure system of meetings and target setting.

(d)   Good responses to this question made full use of the data in Item C. The poor liquidity of the company caused by high stock levels was cited as a reason for not diversifying, as was the fact that their sales had been falling because there had been a recession. Other students put forward a case for diversification by arguing that carpets were in the decline phase of the product life cycle and needed new products to maintain the company's profitability. Weaker responses drew conclusions that seemed to be founded on nothing more than the students' personal, but unsupported, preferences.

Mark Ranges and Award of Grades

Grade boundaries and cumulative percentage grades are available on the Results Statistics page of the AQA Website.

Converting Marks into UMS marks

Convert raw marks into Uniform Mark Scale (UMS) marks by using the link below.

UMS conversion calculator