

GCE 2005

January Series



Report on the Examination

Business Studies

(5131, 6131)

-
- Advanced Subsidiary
 - Advanced Level

Further copies of this Report on the Examination are available to download from the AQA Website:
www.aqa.org.uk

Copyright © 2005 AQA and its licensors. All rights reserved.

COPYRIGHT

AQA retains the copyright on all its publications. However, registered centres for AQA are permitted to copy material from this booklet for their own internal use, with the following important exception: AQA cannot give permission to centres to photocopy any material that is acknowledged to a third party even for internal use within the centre.

Set and published by the Assessment and Qualifications Alliance.

The Assessment and Qualifications Alliance (AQA) is a company limited by guarantee registered in England and Wales 3644723 and a registered charity number 1073334. Registered address AQA, Devas Street, Manchester. M15 6EX.

Dr Michael Cresswell Director General

CONTENTS

AS Units

| | | <i>Page No.</i> |
|------|--|-----------------|
| BUS1 | Marketing and Accounting and Finance..... | 5 |
| BUS2 | People and Operations Management..... | 8 |
| BUS3 | External Influences and Objectives and Strategy..... | 10 |

A2 Units

| | | <i>Page No.</i> |
|------|--|-----------------|
| BUS4 | Marketing and Accounting and Finance, People and Operations Management..... | 11 |
| BU5C | Coursework Project..... | 14 |
| BU5W | Business Report and Essay..... | 18 |
| BUS6 | External Influences and Objectives and Strategy..... | 20 |

| | |
|--------------------------------------|----|
| Mark Ranges and Award of Grades..... | 23 |
|--------------------------------------|----|

Advanced Subsidiary

Unit 1 (BUS1)

General

This paper proved more challenging than it may have appeared at first glance. The relative straightforwardness of the calculations was compensated for by demanding questions elsewhere. The outcome was that the mean mark rose only slightly whilst the dispersion of marks was satisfyingly wide suggesting that the paper achieved one of its prime objectives: to differentiate between candidates.

There was a substantial rise in the number of candidates taking this module confirming a trend towards centres opting for January entry. A clear majority of candidates and centres prefer this option. It was pleasing that candidates avoided some of the pitfalls into which they had stumbled last June. There were, for example, only a tiny minority of candidates who only answered question one through failing to realise that there was a second question on page four. Furthermore, most candidates managed their time effectively. These observations suggest that, despite the limited time available to deliver the subject material and develop examination technique, most centres were able to prepare candidates thoroughly.

Question 1

The typical candidate performed better on this question than on the second one. In part, this might have been because they found the question more accessible; but it may also be because candidates spend longer on the first question.

- a) Candidates have been asked to define budgets before. Their performance was significantly better this time. It was pleasing to see a majority offer a concise answer and move on quickly to more demanding questions. As ever, those who knew least wrote the most.
- b) There were relatively few very good answers to this question. Two failings were common. Many candidates offered too many possible approaches that Bill could take in researching his market without ever developing and applying one idea to the context. Others focused on the advantages and disadvantages of their chosen technique without explaining **how** it would be carried out.
- c) The calculations of the cash flow forecast produced a range of responses. Most candidates were able to complete part (ii) by calculating the value of X. However, a significant minority did not pick out from the text that W would be 130% of the previous month's figure. Some of those who did were unable to complete the necessary arithmetic. Answers to the final element of this calculation varied in quality. A number of candidates struggled to cope with the negative figures. It is common for this style of question to involve negative numbers.

Most candidates were able to suggest one method by which Bill could improve the cash flow position of his business. A minority of candidates developed their arguments in context and were rewarded with high marks. Common mistakes included offering more than one method (and failing to develop arguments fully) or writing a theoretical response, ignoring the scenario, and missing out on the application marks that were available for this question.

- d) This question divided candidates into two distinct groups: those who had a clear understanding of profit centres and those who didn't. Obviously, the former produced much higher quality answers and were able to write fluent arguments supporting and opposing the move. The latter group merely offered vague generalisations which might have applied to this question, or to a number of different ones. Profit centres is a concept of which many candidates only have a hazy grasp, and may be an area which requires some reinforcement.

This question emphasised the importance of mastering terms as a gateway to accessing marks for higher skills. Commencing the answer to a question such as this with a brief definition gives subsequent arguments greater validity and conviction, as well as helping to ensure relevance from the outset.

Question 2

This question was based on a scenario with which many candidates appeared familiar. There was a pleasing amount of use made of the text in developing arguments, but the questions revealed some gaps in candidates' knowledge.

- a) This definition troubled many candidates. Examiners were left with the impression that most had some understanding of the term, but experienced difficulty in expressing their ideas. With tougher definitions such as this, an example can often help to support an answer.
- b) Many answers to this question were disappointing. Surprisingly, a number of candidates were unclear about the exact meaning of "losses" and wrote confused comments, for example suggesting that "...it would result in lower profits". Other common failings included offering multiple disadvantages, despite the unambiguous wording of the question, or failing to relate the answer to the 'easy' group of companies. Indeed, the emphasis in answering this style of question should be on application as a majority of the marks on offer are normally awarded for this skill.
- c) This question attracted some very well written responses combining subject knowledge and examination skills to good effect, interweaving theory and the issues described in the text. Better quality responses used the wealth of information in the text to good effect. Such candidates drew on the benefits to the companies, and especially *easyJet*, of marketing to a wider geographical market or how the lower costs, resulting from the use of the Internet, could reinforce the group's USP.

A disappointing feature of a minority of answers was the construction of arguments explaining the benefits to **consumers** of the 'easy' group's use of the Internet as a sales method. The question expressly asked for the benefits to the **company**.

- d) This question was demanding. It elicited a lot of description of the operation of the 'easy cinema' from weaker candidates which did not address the question. Some of these candidates appeared unsure as to the meaning of strategy, whilst a minority struggled to distinguish between cost and price. Some answers were based around a misinterpretation of the question and offered advice to the 'easy group' on how to develop a strategy, rather than assessing the merits of the group's existing one.

Better answers contained a clear structure considering the case for and against the current strategy and making some judgement as to its overall value. Perceptive candidates recognised that the markets in which the 'easy group' is trading may not possess similar characteristics.

Summary

There were many encouraging and high quality responses to this paper. Good answers were characterised by the sound knowledge across the range of questions, by the application of answers consistently to the scenario and by candidates developing answers fully to gain access to the complete range of marks. It is the candidate's ability to apply his or her knowledge which is perhaps the most significant single discriminator on this paper.

Unit 2 (BUS2)

General

In this session there was evidence of good understanding of the key concepts. However, there was a noticeable variation between centres of the level of understanding of product development (Question 2) and cell production (Question 4).

There was an improvement from previous sessions in many candidates' ability to write analytically and to make evaluative comments. This may be due to the fact that a significant proportion of candidates taking the exam were A2 re-sit candidates, who had developed these skills in preparation for the BUS4 examination.

It was pleasing to see that many centres had prepared their candidates effectively by enabling them to grasp the key issues in the case study and relate them to their answers. Consequently, these candidates were able to achieve the higher mark levels awarded for application.

Despite this, a significant number of candidates still struggle with the skill of application. This was particularly evident in Questions 1 and 2 where candidates often revealed good understanding of the key concept, but failed to make any reference to the case study, despite the significant amount of relevant material available. Another typical weakness, particularly evident in Questions 3 and 5, was for candidates to write lengthy, descriptive answers which simply retold the events in the case. At best, these answers will only gain Level 1 marks for application. It is important that centres recognise the significant proportion of marks awarded for the skill of application and emphasise this to their candidates.

Timing did not appear to be an issue and most candidates were able to attempt all of the questions. A significant number of candidates failed to leave themselves sufficient time to answer Question 5, which proved to be the most challenging one on the paper. This was often due to the fact that too much time had been spent on Question 3. It is important that candidates remember that the final question will be worth 15 marks and require them to reveal all the skills of content, application, analysis and evaluation. Consequently, they should aim to leave themselves sufficient time for such an important question.

Question 1

The overwhelming majority of candidates were able to provide correct definitions of 'internal recruitment' and/or explain the problems of using it for appointing positions of responsibility. Many candidates scored well on application by referring to the specific problems identified in the case study material, resulting from those staff who had not been appointed. There were also examples of excellent preparation by some centres whose candidates made reference to the advantages of external recruitment, in terms of the benefits Kate brought to the business or the need for fresh ideas in such a technologically driven industry.

Disappointingly, a significant number of candidates revealed good understanding of the problems of only using internal recruitment but failed to apply their answers to *Sounds Perfect*.

Question 2

There was a significant variation between centres regarding the understanding of product development. The most obvious difference was that some candidates wrote about the benefits of faster *production* instead of product *development* and consequently gained zero marks. On the other hand many candidates revealed good understanding of the concept and often went on to gain high marks for application, recognising that a key USP for *Sounds Perfect* was its ability to innovate compared with its ‘low cost’ competitors. As with Question 1, frustratingly, a large number of candidates revealed good subject knowledge but failed to apply it.

Question 3

This proved to be a very accessible question. The majority of candidates were able to show good understanding of organisation structures and/or explain relevant points. It was also pleasing to see that candidates were able to write analytically regarding the pros and cons of a more formal structure and also gained good application marks by referring to relevant material in the case study.

Another significant improvement on previous similar questions was that most candidates attempted to look at both sides of the argument before providing an overall conclusion. Consequently, it was possible for candidates to be awarded marks for each of the exam skills. Furthermore, there were many examples of impressive evaluation from candidates who recognised the necessity for a more formal structure as the business expanded.

The two most common characteristics of weaker responses were either to write lengthy descriptive answers which simply re-told the case study or to focus too much upon the different leadership styles of Andy and Kate.

Question 4

As with Question 2, there was a noticeable difference between centres regarding the level of understanding of the concept. Many candidates revealed only a vague understanding of cell production and often confused it with either batch or flow production methods. Others wrote in general terms about the problems of working in teams but without any specific reference to cell production. Better candidates revealed good subject knowledge and/or identified relevant problems which were well explained.

Generally, candidates were able to relate their answers to relevant material in the case study but only a minority could provide more sophisticated application.

Question 5

This proved to be the most challenging question on the paper and many candidates disadvantaged themselves by leaving insufficient time to answer it fully. A very large number of responses discussed quality issues in general terms but failed to show clear understanding of quality control. Similarly, most candidates applied their answers to specific issues in the case but they tended to be too descriptive. More impressive answers focused on the effectiveness of the actual quality control methods used by *Sounds Perfect* and weighed up their relative merits.

Alternative sophisticated responses examined the importance of quality control in relation to other relevant factors identified in the case, which also could have contributed to the success of *Sounds Perfect*.

Unit 3 (BUS3)

General

There was a pleasing improvement in the ability of candidates to tackle this paper, especially showing a good understanding of patents in Question 1. There is still, however, a weak understanding of certain terms e.g. economic trend and export drive.

Question 1

Many candidates scored full or nearly full marks managing to apply good knowledge of patents to the case of *Sounds Perfect Ltd*. Some of the best answers wrote about the use of a patent enabling the company to act like a monopolist and build up a customer base insulated from direct competition.

Question 2

Many candidates were unable to cope with the concept of an export drive and wrote about *Sounds Perfect Ltd* producing in the USA rather than exporting to the USA. The best approach was to take one or two indicators e.g. annual % change in GDP, and show how the USA had the highest average growth rate over the period. Some candidates got tangled up with inflation and found it harder to gain marks compared with those who referred to GDP and unemployment.

Question 3

Part (a), even though it has been asked before, caused serious problems for candidates who misunderstood the term “economic trend”. The best answers referred to economic events over a period of time e.g. stable inflation, rising house prices, the strong pound against the US\$. Some candidates referred to the data in the Table 1. Credit was given where possible but the table consisted of *forecast* data.

Many candidates did not refer to Strategy A and, therefore, lost marks. The best answers took aspects of the strategy e.g. the switch to Poland, and then looked at the effect of the economic trend e.g. the strong pound on this switch of strategy.

Question 4

Questions have been set before on objectives and a good starting point would have been to give a clear definition of objectives. One valid approach to this question looked at *Sounds Perfect Ltd*, a growing company, needing objectives to avoid a lack of direction. Another avenue was that objectives needed to be agreed before a decision could be taken on Strategy A or Strategy B.

Question 5

There was plenty of material in the case study to assist candidates. Many candidates were unable to choose between Strategy A or B and many suggested a “bit of both”. The best answers weighed up the evidence from the SWOT and came to a conclusion based on the SWOT. There was no “correct answer” the majority chose Strategy B, but a good case could be made for a James Dyson, Strategy A approach by moving to Poland as the only means of long term success for the company.

Advanced Level

Unit 4 (BUS4)

General

This case study proved to be accessible to the vast majority of candidates. There were very few common errors of misinterpretation of either the text or the data. The questions, similarly, led to very few examples of mis-reading or misunderstanding of the central thrust of each task demanded of candidates. It was very rewarding to read a large number of very high quality scripts that displayed excellent case study examination techniques. In general, candidates seemed to have been well prepared for this Unit and a higher proportion of scripts than is usual contained extensive evidence of widespread subject knowledge in the two modules covered by BUS4.

Effective time management was a key feature in all of the good scripts marked. This is a feature of candidate's work that has recently improved in recent sessions and may reflect the increasing use of the growing stock of past papers as mock examinations or class tests. Very few candidates were unable to attempt answers to all questions due to poor time management.

Question 1

- a) This was an accessible question that allowed nearly all candidates to gain some credit. The notion of marketing budgets is now well understood and the factors that can determine the size of such budgets were referred to in nearly all answers. A definition was acceptable for one content mark but other marks could only be accessed by referring to these factors. Many candidates found it straightforward to apply their answers to the case study. Lack of finance within this business, threats from competitors, the sales/advertising correlation graph and other contextual points were frequently made. Analysis marks were rather harder to earn for some candidates. There had to be some explanation of the significance of the factor(s) mentioned for analysis to be recognised. One of the most common ways in which these marks were accessed was the correct interpretation of the graph and the significance this might have for setting a higher or lower budget than the present one.
- b) The scientific approach to marketing decisions, for example through the marketing model, is now widely and effectively taught. The skill comes in being able to apply this knowledge to the business context – again, quite straightforward in this case – and then to analyse and judge its suitability for *Tregory Growers*. Answers to this type of question have improved markedly since the first BUS4 papers were set, and again, the use of past papers and the study of previous examiner's reports seem to be contributory factors in this. The best answers tended to start with a clear definition or diagram (e.g. the marketing model) before applying to the case. Many answers tended to show this understanding by implication and this is rarely to be recommended. Definitions are still important in BUS4.

The main problem candidates came across in answering this question – assuming they knew what the scientific approach was – concerned the use of critical path analysis as a scientific tool. This had to be put into the context of a marketing decision for it to gain marks.

Question 2

- a) The rate of success of candidates on this question tended to vary significantly from centre to centre – perhaps more than any other question. In some quite large centres virtually all of the candidates achieved full marks yet, in others, it is still the case that many candidates have gained little practice at constructing or manipulating this model. With network analysis, practice invariably makes better – if not always perfect. Candidates from some centres seem not to have benefited from this.

Own Figure Rule (OFR) applied to the calculation of the earliest start times and latest finish times. Predictably, perhaps, it was the latter that tended to cause most of the problems. The candidates' own critical paths was also accepted if this was supported by EST and LFT results. The clarity of figures was sometimes a problem – larger nodes would have helped in these cases!

- b) OFR again applied to a discussion of the length of the critical path – and any spare time or lack of it for the whole project. There were some outstanding answers that reflected not just a full understanding of this technique but also a wise approach to considering the advantages and drawbacks to this technique when used by *Tregory Growers*. Textbook answers were more common for this question than any other on the paper and they gained few marks. The key part of the question was missed by many candidates. It was not just a simple matter of listing the benefits and then the drawbacks – and putting the name of the business somewhere in the answer. The question demanded a consideration of how confident the directors could be about the critical path “result” in this case and that required a really close examination of the project itself, the problems that could occur within it and the lack of experience of the company in using the planning tool.

Question 3

- a) (i) The majority of candidates scored three marks for entering and labelling the new fixed cost line and starting the new total cost line from it. The other two marks – for correct plotting and drawing of the new total cost line – were awarded less frequently but there were still very many completely correct graphs. The quality of presentation often left a lot to be desired and marks were sometimes lost for careless drawing of the new lines or for drawing two total cost lines and not indicating which should be considered the correct one.
- (ii) OFR applied again and the only reasons for candidates not scoring this additional mark were: not indicating at all where the break-even point was, confusing the old total cost for the revenue line and careless indication (outside of a tolerance range) of the break even point.
- b) There was a considerable quantity of data for candidates to refer to and it was clearly not necessary for every financial figure to be referred to in the answer or for every conceivable accounting ratio to be calculated. It is recommended that candidates become more selective in their application of ratios if the question does not “spell out” which ones to use. It is most unlikely that a BUS4 mark scheme will ever award additional marks for more than two appropriate ratios, so it is important for candidates to accurately identify which to apply to a particular question. OFR applied to the break even point, but it was surprising that so few analysed the impact on the margin of safety and the increased vulnerability of this business to unforeseen falls in demand below the level forecasted. Weaker answers tended to dwell on the accounting data as indicating “high or low” liquidity, gearing or profitability – without calculating any ratios to support their analysis. The better answers did this – as well as making reference to the considerable risks the business was taking with the Kenyan order in the light of the revised data. The most common area of misinterpretation concerned the accounting data itself. Candidates often took this to refer to the state of the company's profits and finances after – not before – the accepting of the Kenyan order. A less frequent problem

that presented itself was the misreading of the question to mean “qualitative” data not financial data. This was not considered an acceptable way to approach the question.

Question 4

This was an accessible question with much relevant information in the case study for candidates to draw upon. There were many outstanding answers and most of the others clearly understood the drawbacks of the approach to managing staff used by Yewende. There was frequent and appropriate reference to motivational theorists but it was pleasing to see that very few candidates just focused their answer on motivational theory lifted from textbooks. The balance that Yewende had to strike in her handling of staff was examined well by the best answers. The potential competitive advantages for this business at this time – in a market with some seasonal swings in demand – were examined in detail by the better responses. Full analysis and evaluation marks could then be gained if candidates assessed this potential short-term advantage with the longer-term problems that could result from the “hard” approach, especially with the original and loyal workers.

Overall

The signs for BUS4 are encouraging. It is proving to be an accessible examination for well prepared candidates who have gained experience at working through past papers. The wide range of marks and the standard deviation of these marks also suggest that it remains a challenging A2 examination for many. The range of potential questions is extensive as the two modules examined by this Unit include much new material, in addition to the AS material which candidates are still expected to be able to refer, when appropriate. The Principal Examiner will use the full range of topics and techniques available, to continue to set examinations that challenge and discriminate between the very large number of candidates who are prepared for this examination.

Unit 5 (BU5C)

General

The number of candidates entering their coursework for assessment in January is fewer than those who opt for the summer entry. However, the full range of abilities was represented in the samples seen by the moderators.

The quality of some of the projects indicated that many candidates had a positive experience and that their investigation was likely to have enriched and developed their understanding of the subject.

It was pleasing to note that there were many examples of good practice in the January cohort; this related primarily to the depth of the investigations and to the presentation of the final report. The majority of candidates presented their work in a clear and logical manner with the work being divided into relevant sections. It was also good to see that the number of candidates who failed to include sections such as a title page, contents and bibliography were very small in number. There were, however, still a small number of candidates who required the reader to begin reading the report in order to determine what exactly they had investigated. A small number also failed to include a bibliography thus rendering their sources of information impossible to determine. Candidates should be reminded to make it clear which information was obtained from where and to include clear evidence in the appendix.

The majority of candidates once again chose to undertake a feasibility project. Some candidates opted to undertake an investigation into the possible feasibility of an existing business offering an additional product or service or of opening a new branch of the business. This is a useful variation on the feasibility theme as it allows candidates to draw together an investigation into a new idea but to have the opportunity to consider this within the context of a ‘real’ and existing business.

It appeared that fewer centres had “taught” coursework as there was more evidence of candidates taking an individual approach to the direction that their coursework should follow. This was pleasing to note as there have been many instances where candidates have tried to include a concept with which they are not fully conversant, thus only succeeding in highlighting one of their weaknesses. The stronger candidates might be able to include some of the more complex concepts and to use them effectively. Weaker candidates might be better served by attempting to include the more basic concepts that they can use accurately. The inclusion of complex theories and/or concepts that are not understood by the candidate does nothing to raise the mark for the candidate and in fact can have the opposite effect due to lack of understanding being highlighted.

Administration

The majority of centres were able to ensure that the relevant work and/or documentation was received by their coursework moderator by the due date. However, there were still some centres that failed to meet the deadline of 10 January and had to be reminded of the need to provide all the required work and documents, as a matter of urgency, in order that the moderation process was not unduly delayed. As in previous examination series there were a number of addition errors on the Candidate Record Forms and these are not always in the candidate’s favour so there remains a need for all centres to double check all documentation prior to sending in their final candidate marks to AQA. In the instances where errors were found by the moderators AQA was informed and the mark was corrected.

The recording of candidate marks on the Centre Mark Sheets was generally very accurate although a small number of centres still encode ‘0’ when the total mark is a multiple of 10: this is not required.

Assessment Objectives

Knowledge and Understanding (AO1)

The awarding of marks for this assessment objective is improving in terms of accuracy, however, there is still a tendency to over-reward knowledge and understanding in cases where the candidate is presenting textbook details of a business theory or concept. The same applies to class notes. Centres should be mindful of the fact that to award marks in Levels 3 or 4 candidates must demonstrate clarity, focus and, very importantly, depth of understanding. This indicates that breadth of knowledge is not the key trigger to the higher levels of marks. The presentation of business theories is likely to remain at Level 2 unless they are explained in such a way that the candidate demonstrate the requisite depth of understanding. Similarly, when candidates include theories and/or concepts that are not relevant to their specific investigation they fail to meet the requirement to be focused and so preclude the highest level of award.

There were, however, many candidates who were able to meet all of the elements of the descriptors for Levels 3 and 4 and were accurately rewarded accordingly.

Application of knowledge/methodology (AO2)

The majority of candidates demonstrated knowledge of both primary and secondary sources of information, most of which were appropriate given the investigation being undertaken. There was evidence of some excellent use of secondary research that was used to great effect in conjunction with the primary research undertaken. Some candidates still deal with the two branches of research totally separately and do not appear to recognise any connection between the two types of information sources. Stronger candidates were, once again, able to draw their primary and secondary research together in a way that strengthened the arguments presented by using one source either to confirm or refute the findings from an alternative source. This was sometimes used effectively, for example, when local trends did not mirror national trends for a particular sector of the economy.

Centres should remind candidates to give a lot of thought to the questions that they intend to pose in their primary research, whether it is to be in the form of conducting a questionnaire or an interview. The questions asked should be derived from the result of careful consideration having been given to what information the candidate needs to obtain. There were too many examples of projects that relied heavily on the results of conducting a questionnaire when the questions asked would not provide relevant evidence on which to base safe judgements. For example, several candidates claimed to use the results of their questionnaires as a basis for producing a projected sales forecast but they had failed to ask potential customers how much they were willing to spend and how frequently. This undermined the validity of their sales projections and consequently their final judgements regarding feasibility of their idea.

While some excellent research was evident both from primary and secondary sources, there remains an issue with candidates undertaking research with a view to “ticking boxes” rather than with a view to acquiring genuinely useful information. The latter approach needs to be encouraged in order to match the best practice seen in this unit.

Candidates should also be reminded that in order to gain marks in Level 4, for AO2, they must offer some critical comment on the methods used and this should be more than pure textbook criticism such as ‘people might not have been totally truthful when answering questions on a questionnaire’. Candidates should look for drawbacks to their particular investigation rather than general theoretical criticisms.

Analysis (AO3)

The stronger candidates were able to offer logical and accurate analysis of the evidence presented. Good candidates were able to identify relevant information and discuss the significance of that evidence for their specific investigation. Weaker candidates were not always able to discuss the significance of information gathered and relied more on a description of the evidence rather than a discussion that could have demonstrated the insight and depth required in order to gain marks from Levels 3 or 4.

The majority of candidates offered both written and numerical analysis, however, it appears that centres are automatically awarding marks in Level 3 for analysis as soon as their candidates attempt any numerate technique. Centres should note that the descriptor for Level 2 indicates that both written and numerate techniques might be present but an award in this level is still appropriate if the analysis is “lacking insight and depth”. When awarding marks in Level 3, centres should be satisfied that the candidate has demonstrated insight and depth in addition to using both written and numerate techniques. Level 4 can be awarded when the previous elements have been satisfied but in addition the candidate has demonstrated selectivity and judgement in the techniques used and has been able to “identify causes and/or solutions”.

There were many examples of thorough and accurate analysis of the evidence that candidates had collected while some projects contained many inaccuracies, particularly within calculations. It is essential that centres check the accuracy of any calculations and bear this in mind when awarding marks in this section. Ratio analysis seems to be a particular culprit here with sometimes the wrong figures being selected to use in the various calculations, yet the centre giving high reward, perhaps based on the accuracy of the arithmetic. All calculations must be carefully checked in order for an appropriate award of marks to be made.

The focus for awarding marks for analysis must be based not on the amount of information gathered but on the extent to which that information is used and related to the specific investigation being undertaken.

Evaluation (AO4)

Most candidates were able to draw appropriate conclusions that developed logically from the evidence presented. However, some candidates based their final judgements on their own beliefs rather than drawing on the evidence.

In many cases, the various pieces of evidence were drawn together very effectively in order to allow conclusions to be made but there were still some candidates who would base their recommendations on very flimsy evidence. For example, when a questionnaire had been conducted, some candidates would assume that if fifteen out of twenty people gave a positive response that this was sufficient evidence on which to base their final conclusions.

Candidates should be encouraged to use their primary and secondary data in a more integrated way; this might lend more weight to their final judgements as, by doing this, evidence from one source can be confirmed or refuted by reference to an alternative source.

It was pleasing to note that when candidates were undertaking a feasibility study, more candidates provided logical calculations in support of their projected figures although some candidates continue to produce a cash flow forecast without any justification for the figures used. The latter approach leads to the final judgement being, at best, only partially supported and therefore worthy of Level 2 reward for evaluation. Candidates who use their research of a source of information on which to base their calculations/figures are worthy of reward in Level 3 or higher.

There was some evidence that Levels 4 and 5 for evaluation were being awarded when the candidate had not fully satisfied all of the elements of the relevant descriptor. For example, centres occasionally added a justification on the reverse side of the Candidate Record Form to the effect that the judgements were “fully supported by the evidence provided”. However, an award of marks in Level 4 requires there to be an awareness of “immediate underlying themes and issues”. The themes and issues that candidates frequently include here are those that we regularly teach as part of the External Environment section of the Specification. However, candidates should be encouraged to ensure that the issues that they raise would, indeed, possibly have an impact on the business situation that they are investigating. Candidates frequently introduce the possibility of changes in inflation and/or interest rates but do not make it clear if and how those economic variables would/could have an effect on their investigation.

Some candidates, however, were able to introduce appropriate issues and to discuss them with a clear focus on the potential impact of the aspect of business under investigation in their project.

Overall, many candidates appear to have had a positive experience while preparing their coursework for submission and have developed the various skills in such a way that one would hope that this will be of benefit to them in future assessments. In particular, this relates to the ability to offer an in depth analysis of information gathered and then to extract the most important aspects as a basis for supporting their final judgements.

In general, the majority of centres appear to have prepared their candidates well for this assessment. Any centres that remain uncertain as to what makes a good coursework title or how much help to give to candidates with regard to developing a suitable title or with devising a sound methodology should contact their Coursework Adviser for advice. Details of all Coursework Advisers are available from the Subject Office in Guildford.

Unit 5 (BUS5W)

General

The overall format of the paper remained the same with candidates having to write a business report and choose one essay from four titles. There was no evidence of significant time problems and the paper proved accessible to candidates. This session, two of the essay titles focused on real firms (British Airways and Hutchinson Whampoa). This approach seemed to work well and is likely to be used again for some, if not all, of the essay titles in the future.

Question 1

The five appendices of the business report spread on to three pages in this examination rather than the more usual two pages. This did not seem to have caused problems for candidates and the amount of data gave them plenty to choose from when building their arguments. The data was accessible and many candidates were able to demonstrate a good grasp of the material.

The overall impression was that the majority of candidates were familiar with the requirements of the report in terms of structure and approach. Stronger candidates focused on key elements of the data presented and developed these in some depth. Their arguments were organised under appropriate sections – in this case, “strengths” and “weaknesses”- and their recommendations built on this analysis. As ever, weaker candidates tended to try to cover too many aspects of the data and failed to examine these in any depth. Better answers were more selective, choosing data that could be analysed effectively. For example, candidates examined the significance of Bret plc’s product portfolio and the possible consequences of a cut in research and development spending as a percentage of turnover or they considered the possible impact of wider spans of control and higher labour turnover of full time staff.

The recommendation in this report required candidates to assess the effectiveness of the changes made by a new management team. Most gave a score of between 3 and 5 (out of 5) suggesting that the changes were satisfactory or better. Of course, what matters is the quality of the recommendations and the extent to which the score that is selected is supported. As ever, it is important that candidates spend enough time developing their recommendation as this is a key part of the report. The recommendations should build on the earlier analysis. In drawing their conclusions, some candidates weighed the improvement in the firm’s finances against possible human resource issues. Others considered whether the managers had adopted a short term approach that meant the firm might suffer in the long term.

The skill that generally needs more attention is that of application. Candidates need to make sure their answer is specific to this firm, in this industry, at this time, rather than producing general responses.

Question 2

This was a very popular essay title. Candidates were generally able to apply their answers to the airline industry and examined the possible impact on firms, such as British Airways, of an industrial dispute. Answers typically focused on areas such as the effect on the firm’s image and revenue. It is important for candidates to remember the need to evaluate effectively when writing essays; a number of candidates simply included a brief and rather weak concluding paragraph rather than really discussing the possible impact of such an event.

Question 3

This was also a popular title. Many candidates examined the possible advantages and disadvantages of a takeover from the firm's perspective but far fewer discussed the "desirability" of such a takeover in any depth. Possible considerations could have included the impact on customers, suppliers and competitors, as well as the firm itself. The desirability of any action can, of course, be considered from a variety of perspectives. Most candidates attempted to place their answers in the context of the supermarket industry.

Question 4

This was probably the third most popular essay title. However, some candidates focused on the possible causes of the fall in sales rather than examining the implications of the fall for the business. Better answers considered issues such as the impact on profits, the firm's reputation and the willingness and the ability of the business to undertake new projects. Once again, it is important for candidates to discuss these implications rather than simply analyse them. What determines whether they are significant or not? Are they likely to be short or long term? Is this type of business likely to be more or less vulnerable?

Question 5

This was not a popular essay title at all. Very few candidates chose it and those that did often struggled to focus effectively on the possible significance of the data. Possible lines of argument could have included demands from investors for directors' pay to be reduced, the possibility of some firms being more vulnerable to takeover due to lower share prices and questioning the extent to which profits would be able to provide a significant source of funds for growth. Much of the significance of the data was open to questioning; how relevant was the data for UK firms in general? To what extent were the individual items interrelated? Better answers naturally made judgements about the significance of the information given.

Overview

In general, candidates' awareness of the demands of the report appears to be improving. Candidates seem more conscious of the need to develop their arguments on either side of the argument. The recommendations still need more attention but some progress does seem to have been made here. It is also pleasing that less candidates waste time by including an introduction to their report or simply repeating the introductory material in the question. The main areas for candidates to focus on are, ensuring that their recommendations are even more supported and trying throughout to relate to the given context.

This session, however, essay technique did not appear to be as strong. Candidates' responses often did not cover the skills in the appropriate proportions; in particular, evaluation was relatively weak. The essay part of the exam remains the bigger discriminator in terms of candidates' responses and more practice and focus on this part of the examination would certainly benefit many candidates.

Unit 6 (BUS6)

General

There were many impressive answers from well prepared candidates, demonstrating the ability to use good understanding of business studies theory effectively to analyse problems and evaluate solutions within the context of the stimulus material. Having said that, a proportion of candidates were not well prepared, having substantial gaps in their knowledge, or lacking the analytical and evaluative skills to attain high marks. There was evidence to suggest that some candidates had been entered before they had completed the specification. This is not recommended as a strategy. This unit is inherently synoptic, enabling candidates to draw on all preceding areas of theory from the other units, as well as the theory specific to Unit 6.

In addition to a comprehensive understanding of the content of the specification, centres are advised to prepare candidates by regular reference to real business case studies that explore the kind of strategic issues found in the specification. Regular exposure to real business case studies, supported by sound understanding of business theory from across the other units, is the best preparation for this unit.

Candidates were generally able to manage their time effectively and there was no evidence of candidates failing to finish. Some, did, however, fail to answer all the questions.

Very few candidates appeared to plan their answers, and it remains the case that, with the broad, strategic nature of the questions, candidates are strongly advised to practise planning responses in order to develop a structure and coherence to their thoughts that is unlikely to emerge from answers that are not pre-planned.

Question 1

This was answered well by many candidates, who correctly identified the range of factors, both positive and negative, that are likely to have affected Roe Ltd's growth. Better responses used the stimulus material to analyse the effects of changing market conditions, macro economic indicators and external shocks such as the fire, on Roe Ltd's growth. Weaker responses merely re-wrote the factors in a descriptive way with little attempt to use the information analytically. As preparation for this unit, candidates are advised to spend a significant proportion of their revision time practising applying their knowledge to specific business contexts and problems. In this way, they will begin to appreciate that high marks can only be gained by responses that use the information in the stimulus material to inform their understanding of business theory. This is a difficult skill that is only developed over time, through practice.

A few candidates misinterpreted this question, answering it from the point of view of how the arrival of Danjon plc was going to affect Roe Ltd's growth. In these instances, credit was awarded if the general point was valid, but candidates lost most of the application, analysis and evaluation marks with such a response.

Question 2

This question produced a range of responses, differentiating effectively between those with a good understanding of contingency planning and those with little or no knowledge. A small proportion of candidates answered in very general terms about the benefits of planning, with no reference to contingency planning. Better responses correctly defined the term and were able to apply it to the uncertainties Roe Ltd has faced. Many candidates wrote clearly and accurately about how contingency planning might have reduced the impact of the fire, or about how it could have reduced the uncertainties of Roe Ltd's changing market conditions. Again, a tendency to describe the features of the plan rather than analyse its impact reduced the marks gained by some candidates. The best responses correctly identified the possible reduction in the amount of time that Roe Ltd would need to recover from external shocks such as the fire or a significant change in market conditions and went on to argue that this would most likely reduce the cost of such factors. They went on to balance this with an analysis of the cost to Roe Ltd of the contingency planning itself, evaluating the relative costs and benefits of contingency planning to a relatively small company such as Roe Ltd.

A small number of candidates suggested that contingency planning prevented events such as fires rather than, more correctly, arguing that it reduced their impact.

Question 3

Whilst there were some good responses to this question that correctly analysed how Roe Ltd might use the market and macro economic data to inform its strategy, too many merely described the effect the data might have on the company. For instance, many candidates argued that a fall in spending would mean a fall in the demand for Roe Ltd's products, but did not go on to analyse what that might mean for their strategy.

Responses to this question also revealed widespread misunderstanding of the data. A large number of candidates seemed unable to distinguish between a fall in a value and a reduction in its rate of increase, with many arguing that GDP was forecast to fall between 2005 and 2007. There was little genuine appreciation of how useful data pertaining to the whole economy might be to a relatively small company such as Roe Ltd. A small minority of candidates were able to analyse effectively the possible effect of changes in macro variables such as GDP growth and the market changes in construction, DIY and builders' wholesalers, whilst appreciating that such data is only of limited value as it relates to the whole economy or industry. A few candidates wrote vague, general conclusions that bore little relation to their preceding analysis commenting merely that forecasts may prove inaccurate. Such conclusions gained only low level evaluation. Candidates should be encouraged to draw genuine conclusions from their own analysis rather than rely on standard clichés.

Question 4

This question provoked many good answers, with a large number of candidates able to write analytically about both sides of the argument as to whether the size of Roe Ltd affected its ability to implement an ethical policy. Weaker answers merely described some of the ways that Roe Ltd could act ethically, whilst better answers analysed how a small company such as Roe Ltd might act ethically. Some very good evaluation emerged from answers to this question, including judgements about the relative costs of various ethical approaches and conclusions that distinguished between ethical policies and ethical actions. This question suggested that this is a topic on which many candidates hold strong, well informed views. As such, this question was very effective at discriminating.

Question 5

This question also acted as an effective discriminator. There was a number of impressive answers to this question that effectively constructed strategic responses to the new competition. A number of candidates were able to think strategically, and formulate complex answers that combined marketing, financial and Human Resource issues. This question provided the opportunity for a truly synoptic response. Weaker responses merely described one or two tactics that Roe Ltd could adopt, without really integrating these into a strategy. Some were unrealistic or totally unrelated to the context. It is likely that questions of this nature, that focus on the strategic response of a business in a particular situation, will continue to feature in this unit.

Mark Ranges and Award of Grades

| Unit | Maximum Mark (Raw) | Maximum Mark (Scaled) | Mean Mark (Scaled) | Standard Deviation (Scaled) |
|-------------|--------------------|-----------------------|--------------------|-----------------------------|
| Unit 1 BUS1 | 52 | 52 | 25.7 | 7.3 |
| Unit 2 BUS2 | 53 | 53 | 26.1 | 7.5 |
| Unit 3 BUS3 | 53 | 53 | 25.1 | 8.2 |
| Unit 4 BUS4 | 84 | 84 | 42.8 | 12.6 |
| Unit 5 BU5W | 84 | 84 | 40.9 | 11.1 |
| Unit 5 BU5C | 84 | 84 | 52.4 | 13.9 |
| Unit 6 BUS6 | 84 | 84 | 45.6 | 12.5 |

For units which contain only one component, scaled marks are the same as raw marks.

Unit 1 BUS1/Marketing and Accounting and Finance (33249 candidates)

| Grade | Max. mark | A | B | C | D | E |
|-----------------------|-----------|----|----|----|----|----|
| Scaled Boundary Mark | 52 | 32 | 28 | 24 | 20 | 17 |
| Uniform Boundary Mark | 90 | 72 | 63 | 54 | 45 | 36 |

Unit 2 BUS2/People and Operations Management (6757 candidates)

| Grade | Max. mark | A | B | C | D | E |
|-----------------------|-----------|----|----|----|----|----|
| Scaled Boundary Mark | 53 | 32 | 28 | 25 | 22 | 19 |
| Uniform Boundary Mark | 90 | 72 | 63 | 54 | 45 | 36 |

Unit 3 BUS3/External Influences and Objectives and Strategy (4642 candidates)

| Grade | Max. mark | A | B | C | D | E |
|-----------------------|-----------|----|----|----|----|----|
| Scaled Boundary Mark | 53 | 32 | 28 | 24 | 21 | 18 |
| Uniform Boundary Mark | 120 | 96 | 84 | 72 | 60 | 48 |

Unit 4 BUS4/Marketing and Accounting and Finance, People and Operations Management

(15559 candidates)

| Grade | Max. mark | A | B | C | D | E |
|-----------------------|-----------|----|----|----|----|----|
| Scaled Boundary Mark | 84 | 52 | 46 | 40 | 34 | 29 |
| Uniform Boundary Mark | 90 | 72 | 63 | 54 | 45 | 36 |

Unit 5 BU5W/Business Report and Essay

(1746 candidates)

| Grade | Max. mark | A | B | C | D | E |
|-----------------------|-----------|----|----|----|----|----|
| Scaled Boundary Mark | 84 | 54 | 48 | 42 | 36 | 31 |
| Uniform Boundary Mark | 90 | 72 | 63 | 54 | 45 | 36 |

Unit 5 BU5C/Coursework

(1976 candidates)

| Grade | Max. mark | A | B | C | D | E |
|-----------------------|-----------|----|----|----|----|----|
| Scaled Boundary Mark | 84 | 66 | 58 | 51 | 44 | 37 |
| Uniform Boundary Mark | 90 | 72 | 63 | 54 | 45 | 36 |

Unit 6 BUS6/External Influences and Objectives and Strategy

(606 candidates)

| Grade | Max. mark | A | B | C | D | E |
|-----------------------|-----------|----|----|----|----|----|
| Scaled Boundary Mark | 84 | 62 | 57 | 52 | 48 | 44 |
| Uniform Boundary Mark | 120 | 96 | 84 | 72 | 60 | 48 |

Advanced Subsidiary award

Provisional statistics for the award (1113 candidates)

| | A | B | C | D | E |
|--------------|------|------|------|------|------|
| Cumulative % | 12.4 | 33.9 | 61.2 | 81.6 | 94.3 |

Advanced award

Provisional statistics for the award (222 candidates)

| | A | B | C | D | E |
|--------------|------|------|------|------|------|
| Cumulative % | 11.7 | 38.3 | 67.6 | 90.1 | 96.4 |

Definitions

Boundary Mark: the minimum mark required by a candidate to qualify for a given grade.

Mean Mark: is the sum of all candidates' marks divided by the number of candidates. In order to compare mean marks for different components, the mean mark (scaled) should be expressed as a percentage of the maximum mark (scaled).

Standard Deviation: a measure of the spread of candidates' marks. In most components, approximately two-thirds of all candidates lie in a range of plus or minus one standard deviation from the mean, and approximately 95% of all candidates lie in a range of plus or minus two standard deviations from the mean. In order to compare the standard deviations for different components, the standard deviation (scaled) should be expressed as a percentage of the maximum mark (scaled).

Uniform Mark: a score on a standard scale which indicates a candidate's performance. The lowest uniform mark for grade A is always 80% of the maximum uniform mark for the unit, similarly grade B is 70%, grade C is 60%, grade D is 50% and grade E is 40%. A candidate's total scaled mark for each unit is converted to a uniform mark and the uniform marks for the units which count towards the AS or A-level qualification are added in order to determine the candidate's overall grade.