



EXAMINERS' REPORTS

**LEVEL 3 Diploma and Certificate IN
BUSINESS**

SUMMER 2019

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THE ORGANISATION: SURVIVAL AND PROSPERITY

General Comments

This was the second sitting of the new specification. One particularly pleasing aspect of the paper was that every candidate answered all questions in Section A and almost every candidate attempted all questions in Section B. This suggests that candidates were able to finish the paper in the allocated time. This attests both to the candidates' hard work and to that of their teachers who had prepared them well for the exam. However, when continuation pages or additional booklets were used to complete answers they were poorly referenced making it difficult to identify complete answers.

It was disappointing to see, however, that many centres had opted to enter students for the paper-based version of the exam. Where this was the case, there were some examples where the handwriting of candidates tested, and sometimes defeated, the interpretation skills of the examiners, which may also reflect a desire to give quantitative rather than qualitative answers. In contrast, candidates who completed the electronic version of the paper often gave shorter answers for the extended response questions, possibly due to their inability to type more in the allocated time. It is therefore advisable that teachers provide students with plenty of opportunity to practice past on-screen examinations and SAMs prior to the actual examinations.

Most teachers and candidates are conscious of the need to read questions carefully and pay particular attention to key words. This means, for instance, that they will know when evaluation is expected (key words and expressions include assess, discuss, to what extent and evaluate) and cases where it is not (key words include analyse and explain). Candidates who ignore these key words often waste valuable time in the exam without gaining extra marks. There were few examples of this. Furthermore, candidates should always ask themselves "does this question require me to apply my answer to the particular stimulus in the question?" Many students gave generic responses consisting only of theory when they were required to apply their answers fully to the business scenario. These responses could not be awarded marks in the top mark band. If the question uses the term "such as" application is not required and other examples can and probably should be given. Another common problem with the extended response questions was that many candidates copied large amounts of narrative from the question or from the introduction. If this information wasn't specifically applied to the requirements of the question, no marks were awarded for this.

Comments on individual questions/sections

Section A

The questions in this section were based on a case study concerning Dean Roberts, a successful sole trading activity centre looking to expand operations. This type of business scenario should be familiar to most candidates although no detailed knowledge of the operations of an activity centre was required.

- Q.1** This asked candidates to select the best sector to place the coffee shop. This question proved accessible to almost all candidates.
- Q.2** This asked students to identify an external influence, which related to people becoming more health conscious. This question proved accessible to almost all candidates.
- Q.3** This required candidates to identify a feature of a partnership. Again, this question proved accessible to almost all candidates.
- Q.4** This question required students to classify four business items into different types of business resource. Almost all candidates achieved full marks here.
- Q.5** This part asked candidates to identify an internal stakeholder. Most candidates were able to do this correctly.
- Q.6 (a) & (b)**
- This asked candidates to identify two objectives from a list of statements and to explain why they are objectives. The majority of candidates correctly identified objectives, however, many couldn't explain why.
- Q.7** Question 7 was generally answered well showing that candidates had a good knowledge and understanding of characteristics of entrepreneurs. There was plenty of information from the introduction which candidates could have applied, however, some candidates only stated characteristics and could only be awarded a maximum of 2 marks.
- Q.8** Many candidates were able to explain that a rise in interest rates make bank loans more expensive, however, few candidates achieved full-marks as the affect on the business wasn't explained fully.

Section B

Each of the four questions in section B developed the initial business scenario.

- Q.1 (a)** This asked candidates to name and evaluate two external sources of finance. This was a good example of candidates not understanding the command word 'evaluate'. The majority of candidates were able to name relevant sources of finance, however, either just described them or stated an advantage or a disadvantage of the source. Full marks could not be awarded for these answers. There were few examples where students named an inappropriate source e.g. an overdraft or internal sources e.g. sale of assets. No marks were awarded for these.
- (b)** Most answers here focussed on the word 'new' in the question rather than the general benefits of a business plan. If candidates stated that a new business plan was needed because of two different changes for (i) and (ii) a maximum of 2 marks was awarded.
- (c)** (c) asked candidates to assess the decision to form a private limited company from both Dean and Cory's point of view. Very few candidates achieved more than 7 out of 10 here.

Many candidates gave generic theoretical answers without looking at the benefits and problems from each of Cory's and Dean's point of view. A common mistake was for candidates to comment on partnerships – no marks were awarded here.

- Q.2**
- (a)** Nearly all candidates were able to state two attributes of an efficient employee. Few candidates incorrectly stated qualifications and experience.
 - (b)** Nearly all candidates were able to explain the benefits of induction training.
 - (c)** This was generally answered well. The most common mistake was for candidates to explain the advantages from the employee's point of view. They were asked to explain the advantages from the business's point of view. Teachers must stress the importance of reading the questions carefully, especially when candidates are required to give points of view.
 - (d)** This asked candidates to discuss the view that money will always be the prime motivator, with reference to motivation theory. This question was not answered well by the majority of candidates with very few achieving marks in the top mark band. Many candidates were able to describe both financial and non-financial motivators and were able to give brief descriptions of the work of some theorists; however, few made the link between the two. There were many candidates who discussed McGregor's Theory X and Y. Credit was given here even though this management theory is not in the specification. The specification states knowledge of the following Motivational Theorists is needed: Maslow, Mayo, Herzberg and McClelland.

Q.3 (a) & (b)

Most candidates were able to describe TQM successfully and how it will influence or be influenced by employees and customers.

- (c)** In this question, the majority of candidates were able to state 'other' relevant generic software (few candidates incorrectly stated Desk Top Publishing or similar graphics software), however many were unable to describe fully how the use of this software could improve business efficiency and therefore many answers didn't achieve the full 6 marks.
- (d)** Almost all candidates were able to state relevant criteria used to choose suitable communication methods.
- (e)** This was answered well by the majority of candidates.

Q.4 (a) (i) & (ii)

In general this question was answered well. The most common mistake was for candidates to incorrectly name and explain business resources instead of functional areas.

- (b)** This required candidates to suggest and explain a business's legal responsibilities to customers and employees. This question was answered well by almost all candidates.
- (c)** Most candidates could accurately define 'wide span of control'. Only 1 mark was awarded if candidates didn't specify 'direct' responsibility.

- (d) Many candidates were able to explain the advantages of a flat structure e.g. better communication but didn't use specialist terminology. It was expected that candidates apply the terms span of control and chains of command. The majority of candidates were awarded marks in the middle mark band as only a few students fully applied the advantages and disadvantages to Adventures Ltd.

Summary of key points

- The majority of candidates performed well and attempted most questions. Section A was found to be more accessible than Section B with marks being gained across most questions. One potential area for concern is highlighted by the general performance on Section B, question 2(d) which concerned motivation theory. Teachers may wish to develop this area of the specification for future examination preparation. Centres are requested to remind candidates of the need to read the questions and to understand the meaning of the command verbs and what this requires as a response.

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ACTIVE MARKETING

General Comments

The aim of this unit is for learners to understand and appreciate the key role that marketing has in the success of an organisation. The controlled assessment consisted of 3 given tasks to be completed over a 12-hour period.

All learner work had been authenticated appropriately. Many candidate submissions exceeded the 3,000-word limit but it appears that the work was written within the given time limit and so these candidates were not penalised. Please advise students that the inclusion of theory is not necessary, and the work submitted should be vocationally applied.

In the main assessor annotation on the candidates' work was good with assessment criteria (ACs) being shown which greatly helped the moderation process, although some centres had sent 'clean copies' of the work which does not show the moderator where/why the assessor feels marks should be awarded. Some Assessors made clear comments on the work, and this also helped the moderator to understand the assessor decisions. Better centres also annotated the synoptic links throughout the work.

Most assessors had used the performance bands to assess the work correctly, with most assessment decisions falling into the correct bands. Centres are reminded that the descriptor for each mark band describes work at the middle of the band.

Comments on individual questions/sections

The work was well presented and structured with clear use of headings which made it easy to follow. Communication was good with the better candidates using appropriate specialist vocabulary. All work had been word-processed. Although most candidates submitted appendices to show their research with their work there was not always evidence of this research being used in the body of the work. Candidates are advised to reference their appendices throughout (e.g. with footnotes) and use their research as a basis for analysis and evaluation.

All candidates sampled had correctly selected two real organisations offering different products (goods/services) as required. Unfortunately, much of the research undertaken on the two businesses was secondary with a great deal of reliance on the Internet. A range of research techniques was not often found. This appeared to be because candidates choose large businesses, rather than smaller local businesses which could prove to be more accessible. Centres are advised to stress the importance of local knowledge and links and the use of smaller businesses to candidates to allow them to obtain better quality and more relevant information to utilise.

Where a candidate has obtained secondary research e.g. on a large organisation such as Tesco, the learner would benefit from choosing one store in the locality where they could gather primary research to enhance their work, rather than trying relying on secondary research and attempting to write about all the stores in the chain in general.

Summary of key points

- Research carried out could have been used by candidates more overtly for analysis and evaluation – often it was not referenced. Candidates could benefit from varying their approaches to research – a focus on larger organisations tended to promote an overreliance on the internet – use of smaller organisations or local offices/branches of large organisations could provide opportunities for better access and a variation in the research types used.

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ORGANISATIONAL STRATEGIES AND DECISION MAKING

General Comments

This was the first time that the new specification Unit 3 examination was offered to candidates. The cohort was small in size, with a fairly even split between English and Welsh medium centres. There was a spread of ability demonstrated in the cohort entered, although few candidates were of a higher level ability. The examination was split into three sections- Section A (20 marks), Section B (40 marks), both of which contained compulsory questions, whilst candidates had the choice to study either Section C (Finance) or Section D (Marketing).

Overall, Section A was shown to be very accessible to candidates, with most comfortably achieving between 50 and 75% of the marks, Section B delivered a spread of marks in-line with the challenges relevant to asking different difficulty level questions to a range of abilities. The uptake for Section C was very poor, only a very small minority of candidates attempted the optional Finance route questions, so the optional Marketing route, Section D, proved by far the most popular choice for the majority of candidates. Generally, candidates appeared to be well prepared for the examination, demonstrating good knowledge of the specification and examples of good technique in answering both written and numerical questions were evident.

Some candidates struggled to apply their knowledge when adapting their answers to applied-based questions; in some cases, candidates did not read the questions carefully enough so demonstrated knowledge that was not required to answer specific questions.

Comments on individual questions/sections

Section A

Q.1- 4 These were generally answered correctly by the cohort, comprising of multiple choice questions.

Q.5 This showed that candidates had good knowledge of mission statements and their purpose, although some found it difficult to adapt this to explain how a mission statement would affect different strategies.

Q.6 These focused on RPI and contained written, knowledge based and numerical elements. These were generally well executed, although at the higher level, many candidates struggled to assess the use of RPI in decision making and produced quite generic answers regarding the use of statistical information.

Section B

Q.1 This allowed candidates to demonstrate knowledge of SWOT, this was very well done with good examples provided; the location questions were also very well executed.

Although a minority of candidates lost marks by not reading the question properly and instead talked about location factors relating to Stadium UP, not Hatton plc. The 'assess' based question on breakeven was comparatively well done on the whole, with candidates mostly displaying a reasonable understanding of the benefits of breakeven, but less so the drawbacks. Better candidates adapted their answers specifically to Stadium UP, as directed in the question.

- Q.2** Question 2 tested knowledge of product life cycles, an area in which most candidates demonstrated a good understanding. A minority of candidates wrote about 'extension strategies' as being a stage, which, while accepted on this occasion, was not really what was intended to be given as an answer when looking at a traditional life cycle model in business. Marketing decision making was well answered with good examples provided, although not all demonstrated sufficiently detailed, specialist knowledge to gain full marks; Financial decision making was not answered as well, some candidates using Marketing based answers here too.

Section C

- Q.1** Question 1 did not generate the desired responses - in future, if a similar question were to be asked, then additional guidance would need to be included in order for candidates to construct a Profit & Loss account with some accuracy. Profitability calculations were both well executed and analysed. Knowledge of the difference between fixed and flexible budgets was insufficient which prevented candidates from accessing higher level marks in parts b i and ii of the question.
- Q.2** The NPV calculations were very well done, however the depth of knowledge of differing accounting methods needed to be able to compare and contrast the proposed investments was not apparent, candidates had a basic understanding of the differences but not enough insight in order to attempt a 12-mark question.

Section D

- Q.1** Question 1 tested knowledge of the BCG Matrix. Candidates appeared well-prepared for this and understood the mechanics of this decision making tool. However, a number of candidates struggled to assess the extent to which this could be used as a decision making tool, so higher level marks awarded for detailed analysis and evaluation were only awarded in a minority of cases which is disappointing, given that this is a Level 3, A2 qualification. Knowledge of the Ansoff Matrix was, as with Boston, excellent on a mechanical level, but weak from an analytical perspective as a decision making tool. There are many similar questions to parts b and c on the legacy/predecessor 'Applied Business' qualification that centres could have accessed to help prepare their students.
- Q.2** Question 2 was numerically based and candidates demonstrated an excellent understanding of moving averages, however there was an expectation that there would be a use of figures when talking about trends, which very few candidates actually addressed. Candidates demonstrated good basic knowledge of sampling methods but very few specialist terms, e.g. 'sampling frame', or suitable examples to describe each method. Given that this qualification has many similarities to the legacy/predecessor 'Applied Business' qualification, where there are numerous examples and sources of guidance to help prepare candidates, then there was an expectation of more detailed responses here.

In summary, for a first A2 examination of a new qualification, the cohort produced generally good responses to questions, but higher level 'assess' based questions demonstrated gaps in knowledge. Centres clearly prepared their students for the content that was examined however candidates would undoubtedly have scored higher grades across the board if both a higher level understanding of concepts had been covered and if resources from the legacy/predecessor Applied Business specification had been more readily utilised

Summary of key points

- For the first A2 examination of a new qualification, the cohort produced generally good responses to questions, but higher level 'assess' based questions demonstrated gaps in knowledge. Centres clearly prepared their students for the content that was examined, however, candidates would undoubtedly have scored higher marks across the board if both a higher level understanding of concepts had been covered and if resources such as the legacy/predecessor Applied Business specification had been more readily utilised.

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MARKETS AND CUSTOMERS

General Comments

The aim of this unit is for learners to understand the importance of having a detailed knowledge of and being able to respond quickly and appropriately to the needs of an organisation's customers and markets. The controlled assessment consisted of 2 given tasks to be completed over a 10-hour period.

All learner work had been authenticated appropriately. Assessor annotation on the candidates' work was good with assessment criteria (ACs) being shown which greatly helped the moderation process. Some Assessors made clear comments on the work, and this also helped the moderator to understand the assessor decisions.

Most assessors had used the performance bands to assess the work correctly, with most assessment decisions falling into the correct bands. Centres are reminded that the descriptor for each mark band describes work at the middle of the band.

Comments on individual questions/sections

Candidate work was well presented and structured into tasks with clear use of headings which made it easy to follow. Communication was good with the better candidates using appropriate specialist vocabulary. All work had been word-processed. All candidates submitted appendices to show their research and evidenced this in the body of the work.

Centres had used the set task sheets correctly and learners submitted appropriate work for both parts of the assignment. For Part A learners submitted a business plan although many exceeded the given requirement of no more than 12 A4 pages in length (excluding appendices).

For Part B all candidates sampled had correctly selected a global organisation. Centres are advised to stress the importance of checking that the organisation chosen by learners is suitable to allow them to obtain better quality and more relevant information to utilise.

Summary of key points

- Centres are asked to ensure that the business plans submitted do not exceed the prescribed length and that the chosen organisations are suitable as a basis for this work.



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