GCSE EXAMINERS' REPORTS

BUSINESS
GCSE

SUMMER 2022

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BUSINESS

GCSE

Summer 2022

Component 1: Business Dynamics

General Comments

This paper followed a similar structure to the previous GCSE Business papers, 100 marks were split into 5 sections of 20 marks each, subsequent papers will continue to follow this style. Many of the scenarios in the paper were fictitious, there were also some real scenarios included e.g. Next Plc and Denny's.

Most candidates completed this paper. All questions had completion rate of between 88.5 and 99.8%, this was slightly down when compared to the paper that was sat in 2019.

The questions ranged from one multiple choice question to a range of extended response questions including one synoptic question that aimed to assess more than one single subject content area in a single question.

As with previous papers, the first 20 marks included a range of mini-scenarios and short-response questions. The next 20 marks were based on the fictitious scenario of Boing Ltd. The next 20 marks were based on Denny's which is a multinational American diner. The next 20 marks were based on a fictitious cricket bat manufacturer named Hiller Ltd. The last 20 marks were based on the British manufacturer and retailer Next PLC.

More candidates, when compared to previous series, did not attempt the longer, extended-response questions. 11.4% of candidates did not attempt the last question which was worth 8 marks. It could be argued some candidates did not have time to complete the paper, however, 10% of candidates did not complete the extended-response question on the previous section, worth 10 marks, indicating some candidates struggled to attempt this style of question.

Generally, there was evidence of sound knowledge of most subject areas throughout the vast majority of the paper. The main issue arising from this paper was very few candidates demonstrating the ability to gain high marks on the extended-response questions, with some candidates not fully understanding what they were being asked to do and others providing responses that did not answer the question. Another concern was candidates not always using the data they had been provided with when required.   There were less generic answers when compared to previous series, this was pleasing, however, there was a lack of knowledge and understanding and many misconceptions in some areas that prevented candidates from accessing marks.

An area that proved challenging for examiners was the poor presentation of candidates' work; some candidates wrote almost illegible responses. It is advised that centres prepare candidates to write with clarity. There were many areas where the candidates were clearly well prepared and previous issues with lack of context in responses found in previous series have clearly been addressed. However, there is still work to do in terms of preparing candidates to use the data they have been provided with appropriately to develop their responses and ensuring that candidates are responding specifically to the question. Centres have clearly worked on ensuring candidates are prepared to respond to the different command words, which was a piece of advice in a previous examiners' report.

Comments on individual questions/sections

Q.1   Nearly all candidates attempted this question, which was the only multiple-choice question on the paper.   Nearly all candidates were able to identify 2 examples of sales promotion.

Q.2   Most candidates were able to identify one reason why a business creates a business plan. Few candidates were able to identify two reasons why a business creates a business plan.

Q. 3   This question asked candidates to read four definitions and select a suitable word from words provided to match to the definition. This question was well attempted with most candidates identifying the correct word to match the definition.

Q. 4   **(a)**   This question used a mini-scenario about Dave's Taxis. Candidates were asked to explain one advantage to Dave's Taxis of introducing a smart phone app. Most candidates were able to gain 1 mark on this 3 mark question by identifying an advantage of introducing a smart phone app. Some candidates failed to answer the question in the context of the scenario and/or did not explain the advantage of introducing the app to Dave's Taxis.

        (b)   This question asked the candidate to suggest ways in which 3 types of software could be used in the workplace. Candidates did not do particularly well with this question. Most were able to correctly identify one way in which the specified software could be used, however, many candidates responded incorrectly. A common misconception was that graphics software was used to create a 3D images and prototypes, clearly mixing this software up with CAD.

Q. 5   **(a)**   Candidates were asked to identify two ways Gino Gelato, an ice cream manufacturer, could manufacturer ice cream ethically. Most candidates were able to identify one way, with many identifying two ways ice cream could be manufactured ethically.

        (b)   This question asked candidates to explain two advantages to a business of adopting ethical business practices. Most candidates were able to either identify two suitable advantages to a business of ethical practices or identify and explain one advantage of ethical practices.

Question 6. Boing Ltd
This was the first scenario, on the second section of the paper. The questions were relating to the fictitious scenario of Boing Ltd which is a business operating trampoline parks, owned by Justine Davies.

Q. 6   **(a)**   This was the first quantitative skills question on the paper, candidates were asked to calculate a percentage increase from data found in a table relating to number of customer visits between 2017 and 2020. The mean mark for this question was 1.3, candidates tended to get 2 or 0 marks, with some candidates gaining 1 mark for completing the first part of the calculation.

Q. 6 **(b)** Candidates were asked to describe two different situations where Boing Ltd.'s staff interact with customers, many candidates were able to give a range of suitable scenarios such as ordering food in the café or gaining health and safety information before going on the trampolines. Some candidates gave similar responses e.g., both examples provided were relating to sales, which meant marks for a similar scenario could not be awarded.

(c) **(i)** This was a well attempted question, with 99% of candidates giving a response. Candidates were asked to provide 2 situations when training was needed in a business. Most candidates were able to provide a least 1 reason.

(ii) In this question candidates were asked to explain two benefits to a business of having a motivated work force, many candidates were able to give 1 or 2 reasons. Few candidates were able to explain both benefits to a business.

(d) This was the final question in the second section of the paper and the first extended response with 8 marks available. 95.6% of candidates attempted this question, however, responses were generally weak. This question asked candidates to advise Justine whether she should grow her business through franchising or internal growth. The mean mark for this question was 2.3. Candidates who failed to gain marks were unable to demonstrate knowledge and understanding of franchising and/or internal growth. There was a lack of technical vocabulary used in candidates' responses and although it was clear that most candidates were able to relate their answer to the scenario, comments were often superficial and did not used the data to develop responses. Centres are encouraged to practice using data from scenarios to develop candidates' skills in this area.

Question 7. Denny's
This second scenario, in the third section of the paper, based upon the real multinational American diner which opened branches in the UK in 2019. The first question had the lowest attempt rate for a first question in a new section of the paper.

Q. 7 **(a)** Identifying a SMART objective for Denny's was an area that many candidates found difficult. Although, it was clear from most responses that candidates understood what objective meant, most responses were not considered to be SMART.

(b) **(i)** Many candidates were able to calculate the number of people in employment using the data from the table.

(ii) In this question candidates were asked to explain how Denny's might be affected by economic factors. Overall, candidates did not do particularly well at this question, with a mean mark of 1.6, when there were 6 marks available. Candidates who did well at this question used the economic factors that were found in the data.

(c) 95.1% of candidates attempted this question that asked candidates to discuss the impact of Denny's expanding its business in the UK on 3 different stakeholders. The mean mark for this response was 2.3 out of a possible 10 marks. Firstly, most candidates failed to demonstrate suitable knowledge and understanding of ways Denny's expansion in the UK could impact on the stakeholders. In terms of use of context, this was generally weak, with reference made to Denny's but a lack of understanding of the potential impact Denny's expansion could have on the stakeholders. Limited use of suitable context prevented candidates from fully developing their responses. Overall, candidates need to be coached by centres further to structure and respond to this style of question.

Question 8. Hillier Ltd
This section of the paper was based on a fictitious British cricket bat manufacturer named Hillier Ltd.

Q. 8 **(a)** The first question asked candidates to identify one resource from the data to manufacture cricket bats. This question was attempted by 97.4% of candidates. A mean mark of 0.9 shows that nearly all candidates were able to identify the resource.

(b) Many candidates struggled to explain why a business may use batch production, some candidates provided a definition of batch production, which did not answer the question.

(c) **(i)** This question asked the candidate to state the formula for calculating break even through contribution. This was not well attempted with 8.8% of candidates failing to provide an answer. This question had a mean mark of 0.3. Candidates then had to use the formula in the next part of this question.

(ii) This was a low attempted question on the paper with an attempt rate of 88.5%. Many candidates failed to provide a correct answer.

(d) **(i)** This question asked candidates to state what was meant by cost of sales, only half of candidates were able to answer this correctly.

(ii) Most candidates were able to calculate gross profit correctly.

(iii) This was the least attempted question on the paper with an attempt rate of 86.1%. Candidates were asked to provide a formula for Net Profit Margin (NPM) and use the formula to calculate the NPM for Hillier Ltd using data in a profit and loss account. Most candidates were able to calculate the first stage with some candidates able to provide the correct answer as a percentage.

(e) The quantitative skills questions led into the final question in this section where candidates were asked to use the quantitative and qualitative data to analyse the financial performance of Hillier Ltd and recommend ways to improve its business performance. This question was not only poorly attempted, with 10% of candidates not responding but also poorly answered, with a mean mark of 2.3 out of a possible 10. Most candidates showed limited knowledge and understanding of Hillier Ltd's financial performance, although the question led the candidate to use the data, this was not done particularly well. Recommendations generally showed lack of consideration for the scale and type of business, suggestions for improving financial performance were often unsuitable. Centres need to help candidates consider the data they have been provided with when answering extended response questions and ensure recommendations for improvement are plausible.

Question 9. Next PLC
The final section of the paper stated with a relatively high attempt rate of 97.5% but decreased considerably by the final question which may show some candidates simply failed to complete the paper. Timing is an area that always needs to be discussed with candidates, particularly when final questions are high value in terms of marks. This final section was based on the UK-based multinational retailer Next PLC.

Q. 9 **(a)** **(i)** In this question, candidates were asked to explain two reasons why quality is important to a business. Most candidates were able to offer 1 or 2 suitable reasons with some candidates able to explain this.

(ii) Linking into the subject area of the previous question, candidates were asked to outline two ways Next PLC can achieve quality, most candidates were able to outline 1 suitable way with some outlining 2.

(b) Candidates were asked in this question to explain how Next PLC can ensure it offers good customer service through its website, with 6 marks available and a mean mark of 1.6, this is considered poorly answered. Some candidates referred, incorrectly, in their responses to speaking to customers over the phone and missed the point of question.

(c) The last question on the paper was poorly attempted with 88.6% of candidates providing a response. This was also the question on the paper that was most misinterpreted; a mean mark of 1 out of a possible 8 illustrates this. Few candidates showed they understood what multichannel distribution was. Some candidates got confused with multinational organisations and others simply discussed Next PLC selling online in isolation and did not consider all the other channels Next PLC offer. Centres are advised to ensure candidates are well prepared in all subject areas on the specification.

Summary of key points

- The main area that candidates need to develop is using the data to help develop extended responses. Candidates also need to create more balanced extended response, where appropriate, before making decision or recommendations, ensuring responses are not one-sided.

- An area centres need to encourage candidates to take care with is the clarity of writing, when examiners are struggling to read what candidates are writing this does not help the candidate. Centres should consider access arrangements where candidates struggle to write legibly.

- Candidates also need to consider the scale and size of businesses in scenarios to ensure responses are plausible.

- Particular subject content where there were gaps in knowledge and understanding included how businesses use multi-channel distribution and the use of software in the workplace.

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Component 2: Business Considerations

General Comments

Most candidates completed this paper. All questions had completion rate of between 89.9% and 99.7%.
The question style varied and followed a similar style to previous series with one 1 mark question to a range of extended response questions including one synoptic question.
The businesses in the case study were a mixture of fictional and real businesses. The first case study was Iceland (Question 1), a real British supermarket retailer and the second FitNow PLC (Question 2) a fictional business, although some of the data was based on real trends and data surrounding the UK gym market.

Many candidates used the data well in this paper and this was a clear strength when compared to previous series and Component 1. Questions were generally well attempted with 99.7% of candidates attempting 1(a), however, only 89.0% of candidates attempted 1(f) which was worth 8 marks. 93.4% of candidates attempted the final, highest mark value question 2(e) which was encouraging and indicates that most candidates had sufficient time to complete the paper. Some candidates used additional paper provided, particularly with longer, more challenging questions.

As with Component 1, the quality of handwriting and clarity of responses was low for some candidates. General knowledge of the subject areas was good, the candidates who did well used the data carefully to develop their responses. Questions were structured in a way to allow candidates to build on their understanding of the case study and encouraged candidates to use the data in subsequent questions to develop their responses, this worked in favour of some candidates who used the data very well to develop some sophisticated responses. As well as good use of the data in some cases, the use of technical vocabulary was considered good for some candidates.

Comments on individual questions/sections

Question 1. Iceland

Q.1 **(a)** 99.7% of candidates attempted this first question, which was an encouraging start. The question asked candidates to state 2 reasons why businesses grow. Most candidates were able to suggest at least 1 reason.

(b) **(i)** In this question, candidates were asked to identify, using the data, how Iceland grew through backward-vertical integration, 9% of candidates did not attempt this question. The mean mark was 0.3 of a possible 1 mark, showing some candidates did not understand this area.

Q.1 **(b)** **(ii)** This question was also about backward-vertical integration, candidates were asked to explain an advantage to Iceland of growing in this way. 10% of candidates did not respond, which confirms a lack of knowledge and understanding in this area. The mean mark was low at 0.4 out of 2 marks.

(c) This question asked candidates to refer to the data and describe changes in Iceland's financial performance between specified dates. This question was looking for candidates to examine the data in the chart and identify periods of profit and loss. Candidates who did well here were specific in terms of years. Most candidates were awarded at least 1 mark for this question.

(d) This was the first extended response question on the paper. On the whole, candidates struggled with his question; the mean mark for this question was 1.2 out of 8. The question asked candidates to evaluate Iceland's decision in 1984 to change from a private limited company to a public limited company. Candidates showed a lack of knowledge and understanding about limited companies in general. Some candidates' responses were completely one sided and did not consider the two types of ownership. Some candidates considered advantages and/or disadvantages that applied to both public and private limited company and failed to consider the differences between these types of business ownership. Although few responses were completely generic, most candidates failed to use the data to help them to develop their response.

(e) This question asked candidates to analyse the ways in which Iceland attempted to reduce the environmental impact of its business activity. Candidates needed to select ways that this was done from the data. Generally, candidates did well with this question. The mean mark was 3.6 out of 6. Most candidates were able to identify the ways in which Iceland did this, some candidates developed their answers in terms of the impact on the environment rather than the business.

(f) In this extended writing question, with a maximum of 8 marks available asked candidates to evaluate Iceland's use of market segmentation. The attempt rate for this accessible question was 89.9%, which was a little disappointing. The mean mark for this question was 3.2. Candidates needed to read the data and write about the several ways that Iceland used market segmentation. Candidates who did well were usually specific about the type of market segment and considered how meeting the needs of these market segments affected Iceland in negative and positive ways, the best answers were well balanced and made excellent use of quantitative and qualitative data.

Question 2. FitNow PLC

Q.2 **(a)** **(i)** Candidates were asked to identify and describe one type of business aim, most candidates were able to identify a type of business aim and some candidates gave a suitable description.

(ii) In this question, candidates were asked to explain one reason why business aims may change over time. Most candidates were able to suggest a suitable reason and some went on to give a suitable explanation.

Q.2 **(b)** This was the first calculation style question on Component 2, candidates were asked to use data in the case study to calculate the total sales revenue. This was not well attempted with 93.1% of candidates attempting this question. Many candidates were able to calculate all or part of this correctly.

(c) **(i)** This question was done well. Candidates were asked to outline the difference between primary and secondary research. The mean mark of 1.4 of a possible 2 was pleasing.

(ii) In this question, candidates were asked to consider 2 limitations of the market research data used by FitNow Plc. 8.1 % of candidates did not attempt this question. The mean mark for this question was 1.7 out of 6 which was a little disappointing because there were quite obvious limitations within the data provided.

(d) Most candidates did quite well on this penultimate question, with a mean mark of 2.1 of 4. Candidates were asked to explain 2 reasons why FitNow Plc can charge a higher price for its membership. Again, candidates needed to use the data to answer this question, most were able to identify at least one reason with some providing a suitable explanation.

(e) The last question on this paper was the synoptic style question, which asked candidates to discuss how FitNow Plc could increase the membership in its gyms, candidates were asked to refer to elements of the marketing mix and training and recruitment in their response. Compared to the last question on Component 1, this was better attempted with 93.4% of candidates attempting the 12 mark question. Candidates who failed to discuss at least one area of the marketing mix and at least training or recruitment were considered to not have sufficient knowledge and understanding of the two subject areas being assessed and receive zero marks. Candidates who did well used the quantitative market research data provided to make considered suggestions on how FitNow Plc could increase gym membership. This question had a mean mark of 3.9 and a facility factor of 32.5 which suggest that some candidates found this question inaccessible, however, it could be suggested that it was accessible, but some candidates simply failed to discuss training or recruitment or sufficient areas of the marketing mix.

Summary of key points

- Many candidates had a good general understanding of the vast majority of subject content, and it is clear that many candidates prepared well; however, this is not always reflected in the marks due to the lack of development and application of answers. Candidates were provided with a wealth of data and that many failed to use sufficiently to develop their responses, particularly extended responses.

- As with Component 1, area centres need to encourage candidates to take care with is the clarity of writing, when examiners are struggling to read what candidates are writing this does not help the candidate. Centres should consider access arrangements where candidates struggle to write legibly.

- Accessible quantitative skills questions were too often answered incorrectly, centres need to prepare candidates with all the formulas and calculations they need to know, which is not an extensive list, to ensure these accessible marks are gained. There was evidence of candidates not using calculators to calculate percentages and thus making errors, candidates are able and are encouraged to use calculators in the exam.

- Particular subject content where there were gaps in knowledge and understanding included integration and methods of production.