Version 1.0



General Certificate of Education (A-level)
January 2013

Business Studies BUSS2

(Specification 2130)

Unit 2: Managing a Business.

Report on the Examination

Further copies of this Report on the Examination are available from: aqa.org.uk

Copyright © 2013 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 (company number 3644723) and a registered charity (registered charity number 1073334).
Registered address: AQA, Devas Street, Manchester M15 6EX.

General Comments

A prominent feature of this exam paper was the good level of discursive application apparent in many students' responses demonstrating the accessibility of most questions for students on both case studies. Although there were few failures to attempt questions and developed responses were given to final questions across both case studies, it was apparent for many students that the time given to responding to question 2d was less than that devoted to similar mark value questions elsewhere in the paper. It can be seen that many students did not give full responses to the final question but devoted time writing extended answers elsewhere, often using additional sheets. On the shorter answer questions these extensions may often pick up additional marginal marks, but the time devoted to doing so often did not compensate for the marks forgone by not developing a full answer to question 2d.

A positive aspect of student's responses was the good use of knowledge and application to build relevant lines of reasoning across questions and case studies, coupled with a good understanding of the examination technique required at the varying levels of questions. Many students proved able to combine aspects from the case studies to develop arguments that demonstrated high quality application and to pick out relevant numerical data in support. In particular it was pleasing to note the high number of students who had attempted and were successful at the numerical question. Students also demonstrated a clear understanding of where and when they needed to attempt evaluation, which was particularly effective when students used supporting evidence from the case study to underpin well targeted judgements.

Few answers lacked any application to the case study but there were still a minority which were theoretical responses only. A common weakness on this paper was that although students were able to access the stimulus material to pick out relevant aspects of application they often failed to combine salient points together to make a strong line of reasoning that was fully in context, ie students would apply their response with a brief explanation and/or development and then move on to develop their next point, also fairly often just as briefly. There was also a distinct lack of relevant calculations to support arguments and/or conclusions especially on question 2 where a considerable amount of numerical information was available. An effective line of application will often consider several aspects of the businesses position together, merging different relevant factors into a single line of support.

Along similar lines analysis often lacked depth of development or relied on assertion to support responses. It was also evident that regularly student's lines of reasoning drifted from the core of the question. An effective line of analysis will often refocus the argument back the question itself having fully explored their point. A fully explored point involves the student following a logical journey down a line of reasoning that isn't reliant on assertions or unsupported statements. This was particularly evident in the four evaluative questions whereby a lack of focus on the question leads to very generalised or unsupported judgements being made.

Question One

(a) Most students tackled this question well; many were able to offer a relevant formula at the beginning and then successfully completed the calculation. The most common error was students who failed to apply their raw calculations as a percentage. Less common were using the base data from the wrong year or incorrectly calculating the new level of workforce.

(b) This question solicited mixed answers. Excellent responses came from students who first understood what the promotional mix was and were then able to offer reasons why the company had changed it in context. A good response fully developed how the promotional mix had been changed and explored the rationale of likely outcomes from changing the promotional mix in these ways.

A common mistake made by students on this question was to focus firstly on the marketing mix rather than aspects of the promotional mix. Alternatively, many students were able to identify possible reasons for the change but failed to gain opportunities for higher marks due to not applying how the promotional mix had changed or analysing how the change would impact on the way the business communicated with its customers. Few students recognised the importance of fully analysing "why" though.

(c) Most students showed a good degree of knowledge on this question with the concept of training addressed well. Although, some students went to too much depth describing differing forms and types of training available without attempting the focus of the question. Similarly many students took this opportunity to describe most of what they knew about motivation. Many answers, even when initially focussed in the right direction, then either failed to address workforce performance, looking at aspects such as profits instead or then failed to address the issue of was this the "best" way. Some students confused increasing labour turnover as being good for the business and few identified the need for better recruitment and selection processes that stemmed from this figure. Weaknesses in response to the question frequently stemmed from students inability to remain focussed on the question and drifting off into extended deliberations centred on motivation, often involving long discussions concerning Taylorism and piece rate pay methodology, totally ignoring the retail industry aspects of this company.

Good responses demonstrated knowledge and combined this application to the businesses new products and consumer base, some students were able to combine this then with good arguments supporting workforce performance such as looking at customer service and the number of complaints. This was then developed further by contrasting to increasing labour turnover, which was frequently effectively combined with the cost of the increased amount spent on training employees who then left. Good analysis and evaluation was often then able to offer alternatives to training and the impact on workforce performance. Excellent evaluation developed clear judgements and conclusions as to whether or not training was therefore the "best" approach.

(d) In student's responses good lines of analysis were frequently offered revolving around the advantages and disadvantages of niche marketing. Students demonstrated a good understanding of both sides of the situation and this question was frequently well answered. Strong answers were able to combine the theoretical approach with good application to the case study, examining how profit margins had changed, the opportunities afforded to them from the sales of other stores, change in promotional mix, the higher income target market and the impact on success and risk factors. Good evaluation frequently examined the choice that faced the company or considered the short and long term implications of success in a niche market. An interesting judgement though was the comparison of whether or not it was better to have a large share of a smaller market or smaller share of a larger market. There were several options available in this question for students to use and manipulate numerical information as application to support their arguments.

Less well developed answers often focussed on theoretical responses and these students often found it harder to apply their answers to the case. Frequently the less well rewarded responses focussed primarily on why the company had to move to the niche market, concentrating on past events rather than an examination of the pros and cons to be found in a niche market situation for this company. Many students made incorrect assumptions and/or assertions that a niche market meant a monopoly situation, that there were no competitors worthy of note, that Alldays would automatically become the market leader and/or have first mover advantage.

Question Two

(a) The majority of students were able to demonstrate good knowledge of cash flow, and frequently were able to pick out supporting factors that contributed to cash flow problems. Key application points like creditor/debtor days, the seasonality of the business or the high costs of outstanding loans were often picked up and referred to, but often not in one holistic piece of combined reasoning. Good analysis was then able to relate effectively how these elements had contributed to a poor cash flow situation. For example the combination of seasonal cash inflows with steady but high cash outflows due to loan repayments demonstrated an excellent approach of combing and exploring lines of development that focussed on the reasons "why" cash flow problems occurred.

Less developed answers often picked out areas for application but then focussed on costs and profit, or found it hard to develop a chain of argument toward impact on cash flow. A common error was students who went down the route of offering solutions to cash flow problems.

(b) This question proved to be very polarised with students who read and answered the question set and those who did not. Good responses were very focussed on the core of the question addressing those factors which impact on choice of suppliers: price, credit terms, quality, reliability and flexibility and were able to very effectively apply these to Boxed Ltd's situation regarding type of product, customer service and operations.

Weaker answers focussed on reasons why additional suppliers were needed, such as the growing market instead of focussing on the factors influencing choice. Many students confused supplying with subcontracting and thus developed answers that were irrelevant to the question set. A good definition at the start of this question was useful for students to target the actual question set.

(c) It is pleasing to report that most students seemed to have a good understanding of capacity and capacity utilisation issues and the benefits and drawback of introducing increased capacity in general. Many students were able to develop a reasonable approach looking at the cost of the investment, potential impact on profit margins and production capability with good application to the case study. Good responses looked in depth at issues such as the seasonality of the business combined with increasing capacity and the forecast sales growth, combining factors to make cogent arguments. The potential for good evaluation existed, with many students focussing on cost and financial outlay but, some interesting judgments were made that questioned the necessity to double capacity or if it was excessive. High level responses include students who were also able to consider slightly wider issues such as the increasing labour productivity figures when reaching their conclusion.

Common errors in response to this question was frequent confusion by students in analysing impacts of this decision as to whether or not impacts on costs and/or outflows would then consequently impact on profit or cash flow and how. Students often relied on assertion that such an event would happen without any explanation for example a common theme was that increased capacity would automatically assume more sales and market share. This then lead onto students also making rather assertive judgements with little supporting justification.

(d) Answers to this final question were notable for the fact that many students had not left themselves an appropriate amount of time and answers were less developed than in some previous series.

Good responses focussed closely on the key aspects of the question namely improving the level of profits earned and an immediate rise. Many students were able to correctly identify the price inelastic demand, apply it to their response and develop the likely impact on revenue reaching suitable conclusions as to impact on profit. Excellent responses then considered this in context of an industry figure and Boxed Ltd.'s situation in an increasingly competitive market. Many students also drew upon Boxed Ltd's perceived quality to help support their arguments. A few students also considered pricing options and elasticity in seasonal market conditions and perhaps the options for price discrimination. An approach that didn't concentrate only on pricing decisions but also considered other ways in which the company could increase profits, such as looking at costs, capacity and increasing labour productivity provided students with a good balance in their response.

To be able to answer questions of this type better in future centres must ensure that students have a thorough knowledge of financial key terms and the distinctions between them. Several students were still confusing basic terms like revenue, cash flow and profit. Frequently students focussed their response on the impact on cash flow rather than profit and there were still many students who incorrectly interpreted and applied the price elasticity figure. Of the many students who did interpret the PED as inelastic many went on to state that this meant there would then be no change in demand at all. All these factors lead to students building lines of reasoning built upon incorrect or false premises.

Mark Ranges and Award of Grades

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