



**General Certificate of Education (A-level)
January 2011**

Business Studies

BUSS2

(Specification 2130)

Unit 2: Managing a Business.

Report on the Examination

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General Comments

This proved to be an accessible paper and one on which candidates performed equally well across the two questions. It was pleasing to see a significant proportion of candidates planning their responses to the questions with higher mark allocations aiding them in writing more thoughtful and focused answers. It was also noticeable that many candidates made effective use of the material in the case studies to support the theoretical aspects of their answers and in making well targeted judgements.

Inevitably, there were weaknesses that were observed frequently. Perhaps the most telling was undeveloped arguments. Many candidates were too ambitious in the scope of their responses, seeking to offer too many points that remained unexplained thus limiting their ability to achieve high marks for the skill of analysis. It is important for centres to encourage candidates to select a small number of strong arguments and to develop these fully. There were also significant gaps in knowledge which suggested inadequate revision on the part of a number of candidates.

Question One

- (a) Unsurprisingly, most candidates had a good understanding of advertising. However, there were two types of weaknesses demonstrated in answering this question. Some candidates wrote at length about different types of advertising whilst others discussed the promotional mix. The best responses considered factors such as the entry of *Shearings Holidays Ltd* to the mass market and therefore the importance of advertising in establishing its brand name to new customers.
- (b) Many candidates had a good understanding of budgets although a number struggled to express this accurately and succinctly. A common error was to provide a textbook response on the benefits of budgets without applying this to the situation displayed in the case study. It was also disappointing to see a number of candidates explain the drawbacks of the use of budgets despite the unambiguous wording of this question. Once again, the highest scoring answers drew heavily on the material in the case study, for example, stressing the importance of budgets in controlling expenditure when investing heavily in hotels and coaches and entering a new market.
- (c) Too many candidates offered generalised answers to this question arguing that people could become better at their jobs or that communication may suffer. These points had potential but needed a fuller explanation and to relate to organisational structure. Too few demonstrated in-depth understanding of the changes in spans of control and levels of hierarchy that may result and the likely implications of this. A final weakness was the failure of many candidates to develop their answers in terms of whether this change would improve the business's performance. Many candidates simply argued this was good or bad thereby limiting the marks achieved for the skill of evaluation.
- (d) There were many strong answers to this question with most candidates showing good knowledge of niche and mass markets. Responses which attracted the highest marks recognised the two sides to the question yet concentrated on developing a small number of arguments. Good quality responses also made effective use of the material in the case, especially numerical data, as the basis for supporting judgements. The breadth of this question meant that candidates who planned their responses were more likely to write relevant and focused answers and to gain high marks.

Question Two

- (a) This question revealed a gap in the knowledge of many candidates. Many did not know the formula whilst others offered partly incorrect formulae or were able to make only limited progress with relevant calculations. This paper normally contains a calculation and it is essential that candidates are prepared for these whether on financial or non-financial topics.
- (b) There were some excellent answers to this question but also many in which it was apparent that the candidates did not have clear understanding of the term 'empowerment'. Many answers were expressed in general terms about the positive effects on motivation and employee performance but did not respond directly to the wording of the question. This question invited candidates to explore why *Velocity Ltd* may have decided to empower its workforce.
- (c) This question elicited a wide range of responses in terms of quality. Some candidates interpreted it as a 'source of finance' question and compared the merits of an overdraft with, for example, a bank loan. This approach ignored the context of *Velocity Ltd* and made it more difficult for candidates to attract high marks for evaluation. The question also revealed gaps in knowledge. For example, some candidates stated that overdrafts do not incur interest charges. Better quality responses drew on the material (and especially the numerical data) in the case study and related this to their subject knowledge. An effective line of argument was to note that the amount owed to the company by its competitors easily exceeded its current overdraft and to suggest debt factoring as a viable approach.
- (d) There were many high quality responses to this final question and a large number of candidates explored both sides of the technology issue. It was pleasing to see many answers recognising that although any decision to make greater use of technology offered benefits in terms of increasing capacity it also had implications in terms of the company losing its distinctive USP. This dilemma lay at the heart of this question and the best quality responses balanced the competing claims of the two arguments. Weaker responses tended to refer to the benefits of improved quality or higher levels of production that may be achieved using technology and linked this to higher sales and profits. As with all of the questions on this paper it was vital to apply relevant theory in the context of the case study to provide high quality responses.

Mark Ranges and Award of Grades

Grade boundaries and cumulative percentage grades are available on the [Results statistics](#) page of the AQA Website.