



**General Certificate of Education (A-level)
June 2012**

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 © 2012 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 notable feature of this question paper was the impressive level of application apparent in many students' responses demonstrating the accessibility of most questions on both case studies. Students responded equally well across the paper and timing did not appear to be an issue with developed responses given to final questions across both case studies.

A positive aspect of students' responses was the good use of knowledge and application to build relevant lines of reasoning across questions, coupled with a good understanding of the examination technique required for different questions. Many students proved able to combine numerical and non-numerical aspects from the case studies to develop their arguments that demonstrated high quality application. It was pleasing to note the high number of students who had attempted the numerical question and their willingness to attempt evaluation where required, this was particularly effective when students used supporting evidence from the case study to support their theoretical developments in making well-targeted judgements.

Few answers lacked any application to the case study but there was still a fraction which were mainly theoretical responses. Students were able to access the stimulus material and apply their answers well, they frequently forgot to follow this through with the development of effective analysis. It was also evident that regularly students' lines of reasoning drifted from the core of the question, making the analysis that was present ineffective. An effective line of analysis will often direct the argument back to the question itself having fully explored the point being made. In the four evaluative questions a lack of focus on the question, sometimes, led to very generalised or unsupported judgements being made. It is important that students use their time in the examination to plan their responses to ensure a precise response focused on the question and to allow the selection of the most effective and relevant points prior to starting their answer.

Question One

- (a) Good knowledge of customer service was demonstrated and many students were able to apply their answers well, especially using the company's circumstances regarding its lack of facilities and queuing time. Excellent responses came from students who were able to offer solutions to the company's problems in context and fully develop their response as to how customer service would be affected and improved. There were some impressive responses from students who were able to come up with innovative solutions fully in context of the adventure park's scenario.

Less successful students focused on the causes of poor customer service, not the solutions, which thereby failed to answer the core of the question. Alternatively, many students were able to identify possible solutions but missed opportunities for higher marks due to not analysing how the solution would improve customer service. Few students recognised the importance of market research in assessing customer needs and wants.

- (b) The concept of delegated budgets was addressed well although, on some occasions, there was confusion between delegating authority and responsibility. In students' responses, good lines of analysis were frequently offered around financial control and motivation. Students need to be aware that they need to fully develop 'how or why' motivation would occur, not just state that it will. Strong answers were able to combine the theoretical approach with good application to the case study, examining how site managers could adjust their own site facilities and/or training needs. Excellent responses then considered this in the context of overall brand identity.

Less well-developed answers often focused their responses on junior employees not managers and these students often found it harder to apply their answers to the case, or related arguments to do with motivation to increases in productivity and not relating to the leisure industry context.

- (c) This question provoked some insightful and thoughtful responses from students with many aspects of the case study aiding the achievement of good application. A wide range of students were able to identify aspects of the case such as: recent falls in customer numbers, customer dissatisfaction, existing profit margins, company objectives and the activities of competitors. This was frequently coupled with good lines of analysis examining the relationship between price, demand and elasticity.

Less successful students mistook the -2.0 figure as meaning that demand was inelastic. This occurred in the January 2012 BUSS2 paper: centres should ensure that students can understand and apply this concept correctly. The misinterpretation of price elasticity figures then led to well-developed lines of reasoning but based on an incorrect assumption. An issue for some students arose through not reading the question carefully and composing their answers again on an incorrect assumption that prices were going to be increased by 10%.

There were several options available in this question for students to use and manipulate numerical information as application to support their arguments. It was evident in marks achieved the differential between those who could calculate percentage change in prices and/or demand and those that could not.

An excellent line in evaluation presented itself through those students who were able to place their judgement in the context of the business's stated objective, its current long queues and lack of facilities, in conjunction with decreased demand. Strong responses also linked this to competitor actions and the fact that Go Ape expansion plans were yet to take place and thus enabled timescales to be embedded in the judgements made.

- (d) There were strong responses to this question with many students able to use and relate motivational theories in their responses. Impressive answers were also able to consider further impacts such as knock on effects to their quality of service, the company's financial position and the impact of increasing customer numbers on already overstretched facilities. The best evaluation stemmed from students who had previously analysed/questioned how this would work in practice and the other factors that would impact on demand.

Weaknesses in response to the question frequently stemmed from student inability to remain focused on the question. There were extended deliberations centred on motivation and productivity which often involved long discussions concerning Taylorism and piece rate pay methodology, totally ignoring the service industry aspects of this company.

Question Two

- (a) Most students tackled this question well. Many were able to offer a relevant formula and then successfully completed the calculation. The most common errors were either the omission of units or the incorrect expression as a percentage. A surprising number of students found increasing employee numbers by 50% a more tricky calculation than expected.
- (b) The quality of responses to this question was generally disappointing. Many students had good understanding of the marketing mix and elements but then proceeded to analyse the elements of the mix not the influences upon them. The stronger responses were able to relate to the need for promotion and raising brand awareness in entering a new market but also giving consideration to the company's current financial constraints. The strongest students were able to outline the relationship between the product itself, mussels are perishable, and the influence this had on distribution channels and whether or not they could be sold fresh for the premium price.
- (c) Most students had a good understanding of quality issues and the benefits and drawbacks of introducing quality systems in general. More disappointing though was the number of students who were able to authoritatively discuss total quality management (TQM) and make the distinction between this and quality control. Many students' responses were therefore rather generic in their approach and drifted away from answering the specifics regarding implementing TQM. This often involved extensive answers regarding team working.

The best answers considered both sides of the argument and chose their counter arguments carefully to allow use of combined elements of the case study and full development of the line of thought. Students who were able to link together the benefits of TQM with entering a new market, developing a unique selling point (USP) and premium pricing that contrasted with cost, financial constraints and the appropriateness of introducing the system at this time, then benefited from having a good basis on which to build a mature and considered evaluation. Good evaluation in this question frequently considered how the implementation had been approached or a contrast of short-term costs with long-term benefits.

- (d) Answers to this final question were notable for the fact that many students had made an appropriate time allowance and answers were developed.

This question was challenging for many students. Some students had difficulty differentiating between cash flow and a cash flow forecast, with a similar number not understanding the difference between profit and profitability. Many students were unable to convey the distinction between cash flows and profitability and often interrelated terms when constructing their arguments thus making lines of reasoning unclear and confused. Many students attempted to use the numerical data in building their response but very few carried out meaningful calculations and frequently relied on just stating numbers from the case study.

Stronger students did use the data well to calculate forecast net profit margin results, incorporating premium and non-premium pricing. Good students were able to apply the significance of the negative starting position to the expected high outflows in the near future with no or low expected inflows. Many students were able to make insightful evaluative comments throughout their answer and frequently students understood and conveyed the importance of short-term versus long-term considerations.

To be able to answer questions of this genre better, centres must ensure that students have a thorough knowledge of financial key terms and the distinctions between them. Several students confused basic terms such as revenue and profit and presented ideas that good cash flow automatically meant good profits would follow. Whilst on-going evaluation in a student's answer will be rewarded, students are always advised, on evaluative questions, to return to the question set when making their concluding remarks.

Mark Ranges and Award of Grades

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

UMS conversion calculator www.aqa.org.uk/umsconversion