General Certificate of Secondary Education
June 2011

Business Studies   **413001**

(Specification 4133)

Unit 1: Setting up a Business

Report on the Examination

General Comments

It was pleasing to see that students had been well prepared for this examination. The three questions followed previous formats with the questions becoming increasingly demanding with each finishing with a longer evaluative question. The scenarios proved to be accessible to most students and the inclusion of a franchise for the first time did not cause any problems. The internet based translation service provided to be the most demanding context but, as Question 3, this should be expected.

In the nine mark evaluation questions there are still some students who did not to make a judgement, although these numbers are much reduced. Where options are provided the most common mistake is that students discuss the options but do not make the necessary recommendation asked for in the question.

Centres are reminded of the need to cover all aspects of the specification so that all possible vocabulary is covered. The topics assessed by this paper provided a wide coverage of the specification and it was often a key differentiator as to whether a student had a good all-round knowledge of the specification or whether there were gaps in their understanding. In general, the questions on Batch Production, E-Commerce and Customer Service showed some weaknesses in knowledge.

Question One

(a)   This was generally well answered with 'unlimited liability' being the most popular response. 'Decision making', 'keeping profits' and 'own boss' were all common correct answers.

(b)   Most students showed a reasonable knowledge of franchise operations. Advantages were often built round the services provided by the franchiser and the disadvantage most commonly identified was the consequent restrictions from this relationship. The cost issue, given in the scenario, was surprisingly less frequently identified.

(c)   Although most students could successfully explain two methods of market research, the last part of the question was often ignored meaning a loss of two marks. It was very straightforward to contextualise market research for a new café, ie questionnaires, to check out what prices to charge for sandwiches/cakes/drinks etc. But many students made no attempt to use the scenario, or to link the information to how it would make Jenny's business more successful.

(d)   Many students attempted to answer this question using a traditional structure of location 1 – advantages and disadvantages; location 2 - advantages and disadvantages, then a reasoned conclusion. Unfortunately, this often resulted in students not reaching a conclusion or a judgement. It is essential that conclusions are reached and are sufficiently detailed to reflect the six marks available for evaluation.

Successful students often started with a judgement and proceeded to justify it through either comparison, or a weighing up of the advantages and disadvantages of the two options.

Question Two

(a)   This question was well answered with 'uniqueness', 'cost/price' issues and 'better quality' all being possible answers. Students should be reminded that 'state' questions should be answered briefly. There were a number who went on to explain the particular feature but this was neither necessary nor required.

(b)   The most common weakness in this question was not using the scenario to help with the answer. The business made three types of frames, yet many answers did not refer to this, providing only a theoretical answer, which in many cases described flow production rather than batch production.

(c)   Students often made excellent use of the scenario in this question, identifying the fact that the workers were skilled and experienced as a basis of higher pay. Many others developed good answers around the competitor situation for employees and referred to the unfilled vacancies.

(d)   Students discussed well the advantages and disadvantages of switching to piece rate, often with reference to the scenario in terms of possible quality issues and the competition from imports.

The need to reduce costs due to imports was clearly directed by the first line of the question. Most students, however, did not spend sufficient time developing this context into their conclusion and therefore could not achieve Level 2 evaluation marks.

Question Three

(a)   There were many possible answers to this question and most students identified a type of marketing strategy. Successful students identified what would be suitable for a web based internationally orientated business. A significant number of students did, however, suggest advertising options that would be totally unsuitable for this size of business.

(b)   This question was not well answered and there was considerable confusion between having a website and using e-commerce. Successful students not only understood the term but could also apply the benefits of its introduction to a translation based business, many however just referred to advertising and emails.

(c)   Many students recognised the benefits for a business of improving its customer service. In some cases the benefits were identified rather than explained and so only Level 1 marks were awarded.

(d)   Generally the cash flow was well understood although, for many students, the answers were generic. Successful students used both the data and the scenario and related the identified issues as to when it should develop its website. There was often reference to the possibility of reducing salaries as this was the most expensive item in the cash flow. Insufficient time was often allocated to a discussion of which would be the best solution. Better answers related to how best to afford the website, and often considered the short-term costs against the long-term gains.

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Mark Ranges and Award of Grades

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