

Examiners' Report/
Principal Examiner Feedback

Summer 2016

Pearson Edexcel GCE
in Applied Business (6917)
Unit 2: Investigating Business

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The candidate is required to investigate planning starting a business. Centres correctly investigated setting up a new business rather than investigating existing businesses.

The majority of centres marked the work appropriately based on the assessment criteria for this unit.

Little reference was made to QWC by centre assessors with the majority of centres not separately identifying QWC marks within the allotted strand. Some centres have responded to comments on previous reports and are now showing QWC.

Overall the standard of work across the four strands was very similar to previous series. The majority of centres assessed the unit accurately and were within the allowances of national standards.

Strand A: As part of the market research questionnaires were usually used but in most cases the sample did not reflect the target market for the product/ service in demographic terms. Once the questionnaires were completed, candidates often produced graphs of the results and described the results but did not analyse the outcomes. Candidates had often decided upon the product/ service, its price, etc. before carrying out the market research and continued with these decisions despite the outcomes of the research. Very few candidates made any use of the research they carried out. A number of candidates used focus groups. Candidates also included secondary research from a range of sources.

The other aspects of strand A were stakeholders, aims and legal aspects. Candidates often gave generic aims and objectives with attempts to make these SMART. Stakeholders were covered but again the answers were generic. For legal aspects, most candidates covered only the ownership of the business. The work was often basic and the wider legal aspect related to taxation, VAT and consumer legislation often were not covered. An increasing proportion of learners investigating setting up cafes, restaurants or refreshment outlets covered legislation relating to food preparation, handling and sales. Prices were given but pricing policy was rarely discussed beyond simple statements of being cheaper than competitors. Where pricing strategies were covered, the answers were theoretical.

Centres now seem to direct candidates to cover the Marketing Mix in this unit. It is not required and misleads candidates as when they cover pricing, they rarely cover pricing policy. Additionally, much of the content of the Marketing Mix is not awardable in this unit.

In strand B, many candidates gave theoretical answers to “quality”. Quality statements were often an afterthought and not linked to other resources. Small businesses were often planning to implement TQM. Human resources and financial resources were covered. Answers to Human Resources tended to be theoretical, covering recruitment and selection, training and motivation. Candidates rarely covered opening hours, sales capacity, etc. Wage rates, where given, tended to be minimum wages but candidates did not calculate total wage bills or carry through such figures to strand C.

Candidates tended to list, and in some cases, explain the range of financial resources and their sources but did not justify their choice of finance. Many candidates covered personal loans rather than business ones. Often financial resources were not appropriate to the business. There were an increasing number of candidates that covered financial resources before other resources. As such there was nothing to support the amount that candidates wished to source. Candidates did not always link financial resource requirements to start up and running costs.

Physical resources were often listed without reference to costing, availability and importance. A number of candidates produced pages of downloaded images with some descriptive detail. Candidates identified premises but few looked at costs beyond rent. Fewer candidates made reference to the use of their own home. Strands A and, in particular, B should be used to provide evidence of costs, capacity and sales for the financial documents in strand C. There are, however, an increasing number of centres that do cover physical and human resources effectively and do try to form a base for capacity and cost information to be used in strand C.

Running costs and start-up costs are covered in strand C, it was noticed that a significant number of centres left details of human and physical resources until they covered start up and running costs. Unfortunately, in these centres, the candidates tended not to cover financial resources.

For strand C, candidates usually calculated cash flow and breakeven but the monitoring aspects were not balanced between limitations and benefits. Candidates could not always explain what they were doing or how they arrived at the figures. Candidates often described the cash flow and breakeven but could not explain how these were used to monitor the performance of their business. An increasing number of candidates do discuss the limitations and advantages of both break even and cash flows.

Candidates in a small number of centres simply produced a range of financial documents without any explanations. There was little linking back to research in strand A or to costs and amounts, e.g. employees/ hours, raw materials, etc. of resources in strand B.

A number of candidates did well on this strand. Where candidates demonstrated knowledge and understanding of finance and financial monitoring, this strand was usually done well and appropriately assessed.

In a number of centres, candidates did not explicitly select or describe start up and running costs.

Strand D was often treated as an “add on” and was not always linked to the business. There was a concentration on generic software, usually Office, with accounting packages or Publisher being the specialised software. Where the specialist software was accounting packages these were often inappropriate to the size of the business. Some candidates did effectively use Publisher and other DTP packages as specialist. Candidates tended to describe the use of word processing for letters, databases for customer records and spreadsheets for accounts. There were examples in relation to their own business in a number of portfolios.

The completion of the mark record sheets was, generally, accurate although in a small number of instances there was a mismatch between totals on the work and what was shown on the OPTEMS. Some centres sent the top copies of the OPTEMS to the moderator rather than to the Pearson Assessment address.

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