L3 Certificate and Extended Certificate

Applied Business

ABSU (ABS2, ABS5, ABS6, ABS7 and ABS8)
Report on the Examination

1830
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General comments

This session was the third assessment of Business Dynamics (ABS2) and the first assessment of the extended certificate units ie ABS5, 6, 7 and 8. Overall, most learners understood the requirements of each assessment. However, several schools struggled to use the guidance available to fully support their learners. This was especially the case for the optional units (ABS6, 7 and 8). Naturally, with new units, schools run the risk of misinterpreting aspects of each unit's requirements. Schools are reminded that there are allocated advisers for the internally assessed units. If in doubt, they should contact AQA: adviceadmin@aqa.org.uk. Schools **must** use their moderator feedback reports to check for misinterpretations and correct these in future submissions. Moderators will refer to past feedback reports when moderating future assessments from schools.

The skills of application, analysis and evaluation were uppermost in moderators' minds: this is an **applied** qualification and evidence that fails to consider the business being investigated is **not** valid evidence. This report, and each school's feedback report, should be read carefully to ensure that the demands of the criteria are understood by schools and learners.

The following table details the standards expected for pass, merit and distinction criteria in each unit. This table does **not** replace the grading criteria detailed in the specification (eg ABS5 pages 71 to 77). Its purpose is to ensure a similar standard across **all** internally assessed units, such as ABS2 and ABS5, by providing guidance on the qualitative difference between pass, merit and distinction evidence for **single chains of criteria** eg within ABS2, P5-M4-D1 and, within ABS5, P2-M2-D1.

PASS	MERIT	DISTINCTION
The evidence shows that the learner understands the concept/theory specified by the criterion.	The learner has **evidenced the pass criterion**.	The learner has **evidenced the merit criterion**.
The learner has successfully used his/her understanding in a suitable **context** (ie has an ability to apply).	The learner has addressed the issue raised by the merit criterion and has demonstrated an ability to **analyse the question/issue in context**.	The learner has made judgements, required by the distinction criterion, that are **supported by a valid analysis of context**.
The **breadth of coverage** is sufficient, as required by the criterion (ie has the necessary range of understanding).	The learner has used at least **one significant chain of argument** to address the question/issue successfully.	**When asked to evaluate**, the learner has considered the **importance** of at least one judgement against another.

Business context

Many schools used the 'off-the-shelf' sample assignments available for download from AQA's website (https://www.aqa.org.uk/subjects/business-subjects/applied-general/business/assessment-resources). These schools also used the learner evidence templates available for download from https://www.aqa.org.uk/resources/tvq/assess/templates.

The sample assignments (one and two), for each unit, provided sufficient guidance for learners and the evidence templates mostly managed to contain the range and depth of evidence. Some learners, often from the same schools, 'exploded' the templates and produced excessive quantities of evidence. This makes assessment and moderation more difficult than it needs to be.

Schools are encouraged to modify templates **when** this encourages 'joined-up-thinking' and practical evidence. Please contact your AQA adviser who will comment on the suitability of the modified template(s). It is still the case that some evidence is overly theoretical and descriptive – this adds to its bulk, but adds little to its quality. For further improvements in performance, schools should encourage their learners to be **focussed** and **practical** when completing their assignments. The use of **local contexts** often helped to encourage application in ABS2. Practical consideration of **local** markets and competition also helped application in ABS5 and the linked optional unit (ABS6, 7 or 8). It was pleasing to see evidence from research carried out for ABS3 being used in ABS5 and the linked optional unit. This is not a requirement but is proving to be useful for learners.

As in 2017, some schools chose to construct their own assignments for ABS2. This approach is acceptable when the assignments meet the standards and scope illustrated by AQA's sample assignments. Unfortunately, some of the assignments constructed by schools still provided an incorrect steer for learners. This made moderation extremely difficult as learners had been put at a disadvantage by the school.

It was very apparent that time was running out for the completion of the optional units. It is hoped that, in 2019, schools will have the experience to manage learner progress more efficiently. Reducing the volume of evidence might assist this process.

Administration

As stated in the summer 2017 report, where AQA's sample assignments are used, without **any** modification, inclusion of a physical copy with the sample is **not** required. When a different business is used and/or when a school devises its own assignments, the school **must** include a physical copy of the assignments.

A completed unit submission form (USF) **must** be attached to each learner's evidence. Schools generally met this requirement and each USF was signed by the learner and the tutor. Some schools went beyond this and include a centre declaration sheet (CDS). Whilst these were required for the Applied A level, these are **not** required for the Level 3 Certificate in Applied Business.

When re-submitting learner evidence, after a previous submission (eg January 2018), schools **must** include all of the evidence. It is **not** sufficient to send the improved evidence by itself. Best practice would be to include the prior evidence and also submit the improved evidence. The assessor should indicate clearly how the performance has improved. A revised USF **must** also be included.

Assessor annotation

This continues to be an area where many schools need to improve. To quote from the summer 2017 report:

"At best, assessors annotated each criterion by placing annotation against relevant evidence eg P1 against evidence relevant to that criterion. When justifying marginal decisions, these assessors also added brief annotation eg 'chain of argument' against evidence supporting M3 or 'relative importance considered' against evidence supporting D1. This is **all** that is expected.

However, many schools failed to provide suitable annotation, making moderation a difficult task at times. The complete absence of annotation is **not** acceptable and suggests that assessment has not taken place. Ticks are of little use when considering the achievement of merit and distinction criteria ie reference to criteria and quality of evidence communicates assessment decisions, whilst ticks say little more than 'I have read this'."

Internal quality assurance

As stated in the specification (page 135), an internal quality assurer (IQA) must be appointed to ensure quality and consistency of assessments within a school. For large cohorts, this is especially important to ensure consistency of assessment.

Certificate unit ABS2 – Business Dynamics

PO1 – Understand business organisations

The best evidence was concise and applied. It succinctly identified genuine market opportunities, stakeholder needs **in context**, considered reasons for the choice of form of ownership, described the **organisational structure** of the business and considered reasons for this structure. All of this evidence was presented in no more than 3 sides of A4.

Significant misinterpretations of PO1 criteria by schools/learners:

- P2, where the focus was sometimes on how stakeholders benefit the business rather than, as required, the interests of stakeholders
- P2, where **generic** stakeholder interests were identified rather than, as required, the **specific** interests of these stakeholders given the context of the business investigated
- M1, where learners focussed excessively on raising finance rather than the wider considerations stated on page 35 of the specification
- P3, where learners restricted their response to listing functional areas rather than, as stated, the **organisation** of functional activities which requires a description of the organisational structure (as indicated by the unit content on page 35 of the specification)

The above seem to be persistent misinterpretations.

PO2 – Investigate business advantages

The best evidence reflected accurately on focussed research into the business's advantages. Less successful evidence struggled to present sufficient information and/or showed an uncertain understanding of Mintzberg and/or competitive advantage. This resulted in a lack of **focus** in responses and/or a lack of **context** such that no amount of generic analysis could hide the fact that the pass, merit and distinction criteria were not being met.

Significant misinterpretations of PO2 criteria by schools/learners:

- M3, where the focus was sometimes excessively on an analysis of the mechanics of the recruitment process rather than the suitability of its outcomes (as required by the unit content on page 35 of the specification)

- P5/M4/D1, where the focus was on the ‘five parts’ of an organisation (operating core, techno-structure etc) **or** on general organisational issues rather than, as required, the organisational types characterised by Mintzberg and listed on page 35 of the specification (eg the entrepreneurial organisation)

These misinterpretations were, however, less frequent than seen in 2017.

PO3 – Consider business dynamics

Successful learners, just as in PO2, carried out a sufficient range of research so that they could focus on relevant issues and support their arguments with evidence. These learners had a good understanding of factors affecting competitive position and used their research to construct analytical responses. Less successful learners struggled to focus on the merit and distinction criteria – they often described rather than analysed and assumed rather than evaluated.

As in 2017, significant misinterpretations of PO3 criteria by schools/learners:

- P8/M7, where the policies were too general and ‘over-arching’ such that learners found it difficult, understandably at this level, to focus on an analysis of how they could improve competitive position. Schools are advised that these management policies are more likely to be management **tactics**, such as opening new stores, as opposed to more nebulous strategies, such as market development.
- D4, where learners ignored a key aspect of this requirement ie ‘Evaluate the extent to which the policies **improved** the competitive position of the business’. This requires evidence of what **has** happened to the competitive position of the business, which can then be used to consider the extent to which the management policies contributed to this.

Moderators will continue to view the misinterpretation of P3 and M7 as **severely** at risk. Failure of learners to correct this misinterpretation will limit achievement.

Moderators will **not** award D4 if learners fail to use evidence of what has actually happened. Failure to correct this misinterpretation will continue to result in achievements below the potential of each learner.

PO4 – Assess business potential

To quote from the 2017 report:

“The final performance outcome requires learners to carry out a SWOT analysis and consider the business’s potential. This is very much a reflective activity as much of the required evidence should already have been collected in PO1, PO2 and PO3. This proved to be the case with many learners successfully completing the strengths and weakness analysis (P9 and M8). The most successful learners then went on to reflect on the significance of these strengths and weaknesses - these learners had the understanding and skills to marshal their thoughts and findings and construct supported evaluations. Less successful learners struggled to ‘see the wood for the trees’ and could not evidence an ability to consider the significance of their findings.

The opportunities and threats side of the SWOT analysis requires additional research into the business’s external environment. Unfortunately, many learners appeared to struggle with this activity. This was either due to a complete lack of evidence (sometimes with no sets of data collected) or an inability to interpret the evidence. Only the most successful learners managed to evidence D6.”

Improvement in PO4 performances will only happen when the above issues are addressed.

Extended certificate units – ABS5, ABS6, ABS7 and ABS8

It is important to note that the extended certificate units are assessed at the **same** standard as the certificate unit (ABS2). The challenge for ABS2 is in making sense of established business practice, which learners are asked to reflect on. In the extended units the challenge is in **framing a problem and finding a solution**. Consequently, the focus is less on 'after-the fact' reporting (ABS2) and more on **conditional thinking**. The key focus of the extended certificate is to develop learners' ability to make sense of their business environment. The units are **learner centred** and the nature of the evidence should be driven by learners' **personal contexts**.

It was encouraging to see many schools supporting this approach. The evidence presented by successful learners, for both ABS5 and the chosen optional unit, was genuinely problem solving in nature: a sense of personal discovery and development came through; a commitment to finding workable solutions was apparent.

Less successful learners completed the templates in a mechanical fashion. Whilst accurate, the evidence lacked a train of thought across the individual templates and presented findings in snapshots which, taken as a whole, presented a less than convincing record of problem solving.

The least successful learners failed to accurately complete the templates and showed a lack of ability to apply. It was apparent that these learners struggled to understand why they were completing the individual templates.

Improvement in future performance will come from learners understanding what it is they are doing. Success comes from understanding the challenge and taking time to consider possibilities before completing the individual templates.

ABS5 – Developing a Business Proposal

PO1 – Investigate potential business ideas

Successful learners completed PO1 as intended ie investigating potential ideas **in outline**. They produced succinct evidence, never going beyond the provided templates, and quickly arrived at a supported justification for their chosen business idea.

Less successful learners struggled to understand the meaning of 'resource implications' (M1) and failed to make use of accumulated evidence when justifying their chosen idea (D1).

Significant misinterpretation of PO2 criteria by schools/learners:

- M2, where the 'I' in de Bono's PMI tool was seen as an opportunity to repeat/develop aspects of Plus and Minus observations. The 'Interesting' column of the template should be used for lateral thinking eg alternative ways in which the business idea might be developed; different approaches to resource use etc

PO2 – Develop a business proposal

Successful learners carried out focussed research, completing P3 and P4, and used the data to analyse key findings related to **all four** components of their business proposal. No obvious gaps existed. These learners went on to complete the spreadsheet template and use it constructively in their what-if analyses. They used this analysis to reflect on the viability of their proposal **and** clarify their chosen vision and aims. Finally, these learners produced **succinct** outlines of their marketing, operations, human resources and financial plans. They reflected on the inter-connected nature of these plans when analysing the coherence of their proposals, providing **specific** evidence (sales levels, staff employed, costs and cash-flow for example) when justifying the coherence.

Less successful learners restricted their research from the start, failing to specify research related to one or more components of their proposal ie operations, marketing, human resources and finance. They collated data but often did little more than describe this data when attempting M3. Chains of argument and focus were often lacking, making it difficult to award this criterion. They completed the given template and carried out some what-if analyses, but then struggled to make sense of their findings eg offering conflicting and/or inconsistent views on the viability/vision and/or aims of their proposals. Whilst P6 was often completed successfully, these learners struggled to complete the coherence template and, without this scaffolding, failed to justify the coherence of their proposals.

Significant misinterpretations of PO2 criteria by schools/learners:

- M3, descriptive commentaries on bar charts and other diagrams where credited as analysis. This is little more than collation. For analysis we need a chain of argument
- M4/D2, where the focus was solely on viability to the exclusion of aims and vision. Learners should cover all aspects, in particular when evidencing D2
- M5/D3, where the idea of coherence was not understood or was evidenced generically without reference to prior evidence (eg from P5 and P6). Coherence relates to the connections between **different** components of the proposal (eg marketing related to operations) and how the components are logically aligned

PO3 – Present a business proposal to funding providers

Successful learners produced effective materials to communicate their proposal to funding providers. The materials targeted this audience and contained sufficient detail to help inform the **coherence** of the proposal. These learners went on to accurately address M7 and D5. The responses were evidence based.

Less successful learners failed to explain the purpose of their communications (M6). Given this, they struggled to evaluate the strength of their materials. These learners successfully addressed the M7 questions but struggled to address the D5 questions asked by funding providers.

Significant misinterpretations of PO2 criteria by schools/learners:

- P7/M6/D4, where learners produced materials to communicate to people other than the target audience eg advertising to customers. The focus **must** be on funding providers as the target audience
- M7/D5 where the questions asked by the funding providers were sometimes ill-considered and made it difficult for learners to access the criteria. At times the exact same questions were used for each learner, irrespective of the fact that each learner had very different proposals. At other times the D2 questions were not focussed on coherence and, consequently, D2 could not be evidenced by the learners

In general, it would seem that learners need to focus more on effective communication and the meaning of coherence.

PO4 – Review a business proposal

Successful learners identified four relevant risks and analysed possible responses to them in the event of them occurring. They went on to reflect on all completed evidence (**including evidence from their optional unit**) to identify factors possibly affecting the ability of the proposal to achieve its vision and aims. These successful learners analysed possible adjustments to their proposals and justified possible changes.

Less successful learners tended to conflate P9 risks and P10 factors. They also made limited use of prior evidence and seldom referenced findings from their optional units. Proposed changes, when analysed, were often insufficiently supported to merit awarding D6.

In general, schools are advised that PO4 is not likely to be successfully addressed until the optional unit has been completed. In addition, P9 risks should **not** be the same as P10 challenges. The former relates to contingencies, the latter to improvements.

ABS6 – e-Business Implementation

PO1 – Investigate the e-business activities of small businesses

Successful learners covered two e-business models eg B2C and C2C. They went on to consider how these models support the delivery of each businesses' **specific** customer value propositions. Evidence was succinct and focussed. These learners investigated how the small businesses used e-business communications technology and the market opportunities/threats **related** to these technologies. D1 was successfully addressed as the evidence for M2 was focussed on e-business technology and **not** generic market opportunities/threats.

Less successful learners identified e-business models and communications technologies. However, the evidence was often quite generic (eg a general description of the benefits of e-mail) rather than focussed on the specific requirements of M1, M2 and D1. Consequently, performance suffered.

Further improvement will come from a tighter applied focus on market opportunities and threats created by e-business technologies.

PO2 – Plan an e-business strategy

As in ABS5, successful learners carried out focussed research. For ABS6 this meant focussing on the **e-business** external environment ie the research was related to e-business rather than for example, general economic changes such as inflation. These successful learners kept a tight focus on their customer value proposition, derived from ABS5, when specifying their e-business strategy.

Less successful learners tended to present a list of technologies that might possibly enhance their business idea (from ABS5). Consideration of the external environment tended to be generic with little relevance to e-business. No real strategy was evident, with little focus on the customer value proposition.

Further improvement will come from a tighter focus on e-business as it **directly** relates to the external environment and a specific customer value proposition.

PO3 – Develop an e-business proposal

Successful learners illustrated their four outline business applications (P7). It was possible to understand what each application would do for the business. Stakeholders were approached and, because they could understand what the applications were meant to do, feedback was given and taken on-board. From here it was relatively easy for successful learners to explain the rationale of their e-business proposals and to evaluate the viability of them. The work was applied and interesting.

Less successful learners continued to generate evidence which was only loosely applied to their ABS5 business proposal. It was often difficult to grasp what the outline e-business applications were meant to do. From here it was difficult for these less successful learners to explain the rationale of their e-business proposals. D5 was seldom attempted.

Further improvement will come from a **practical** approach to this performance outcome. The outlines of the e-business applications will describe what they are meant to do. Stakeholders will be approached for feedback. A rationale of the e-business proposal will be made.

PO4 – Recommend an e-business implementation plan

Both successful and less successful learners coped well with P9 and M8. However, successful learners went on to offer meaningful feedback for ABS5. These learners thought about the financial, operations, marketing and human resource impacts of their e-business applications. They did not, like their less successful counterparts, assume that the applications would have little impact, other than greater sales, on their ABS5 proposal.

Further improvement in this performance outcome will come from, essentially, taking a breath. All learners need to stop, think and reflect. This seems to be especially the case for ABS6 where too many learners fail to think about the purpose and consequences of their e-business applications.

ABS7 – Managing an Event

PO1 – Investigate events delivered by small businesses

Successful learners often provided informative reviews of events carried out by small businesses. They gathered illustrative evidence of communication methods and channels used. They detailed the resource requirements of the events and judged the importance of resource management. It was relatively easy to read these reviews and understand exactly what the events were about.

Less successful learners attempted to review small business events. However, they often struggled to focus on communication methods and channel use. Whilst they could list resource requirements, they struggled to explain how these resources were managed.

PO2 – Plan an event

This performance outcome proved challenging for many learners.

Successful learners understood that they needed to investigate target audience preferences and kept this as practical as possible, focussing on the areas stated in the specification (page 100): communication methods and channels; event location, activities and duration.

However, even successful learners struggled to use their existing ABS5 information, consider the primary purpose of the event (what it is meant to be achieving) and how competitors use events when competing P5 and M4. In particular, even for successful learners, not understanding the primary purpose of the event made completing M5 and D3 a little difficult.

Less successful learners struggled to move beyond the pass criteria. Further improvement will come from focussing on the content of the unit ie page 100 of the specification.

PO3 – Deliver the event

Successful learners understood that the draft materials would be used to gain target market feedback **before** the event is delivered. Less successful learners did not understand this, perhaps because they did not focus on the content listed on page 101 of the specification (target audience approval)?

Successful learners were careful to gather evidence to support the P8 chain ie during event delivery. They understood that this evidence would be needed to demonstrate M7 and D5. The evidence can come from witness statements, peer reviews and target market feedbacks. Less successful learners failed to gather supporting evidence and tended to produce theoretical responses to M7 and D5.

Further improvement in this PO will come from ensuring that it is **evidence based** ie concrete feedback from involved parties is used to support M6, D4, M7 and D5. This evidence will often be anecdotal, especially in the P8 chain, but it must be present.

PO4 – Review the event

Successful learners understood why they carried out the event – its primary purpose. Less successful learners continued to be vague on this. This was the main differentiator for the P9 chain.

Successful learners, as in ABS6 and ABS8, took the time to reflect on their findings and experiences when completing ABS7. They used this reflection to complete the P10 chain. Less successful learners did not take the opportunity to reflect and were quite unclear as to why they should be considering ABS5 at all.

Further improvement in this PO will come from learners being clear on two matters: the primary purpose of their event and the need to link ABS7 experiences back to their ABS5 proposals.

ABS8 – Marketing Communications

PO1 – Investigate small business marketing communications

PO1 is intended to inform learners on how small businesses communicate with their target markets. It was pleasing to see successful learners producing interesting and tightly focussed evidence on the message content and channels used by one or two small businesses. These learners gathered effective examples of communications and channels used. They analysed the message content in relation to customer value propositions. Successful learners could then demonstrate their understanding of modern and traditional channels of communication by using the examples to explain the relative benefits of each. Their understanding of these relative benefits was sufficient to support a judgement on the effective use of channels. This evidence was practical and firmly grounded in the actual messages communicated by the small business or businesses.

Less successful learners gathered examples of marketing communications but struggled to identify or understand the messages delivered. Armed with a generic understanding of traditional and modern communication channels, these learners also struggled to apply their understanding. M2 responses were usually restricted to generic considerations and a genuine understanding of the benefits to the small business was absent. Given this, D1 lacked evidence to support judgements.

Further improvements in performance is likely to come from a **practical** consideration of small business marketing communications ie what they are communicating (the **message**), how they are communicated (the **channel**) and how this relates to the customer value proposition.

PO2 – Plan a marketing communications strategy

Successful learners focussed on the unit's key research requirements ie the characteristics of the ABS5 proposal's target market and the messages and channel options the business might use. It was evident that the learners understood the influences on target market behaviour, in a practical way, and that they had taken time to understand their target market's preferred channels. Perhaps less evident, even with these learners, was a focus on the messages used by competitors (P5/M4). However, the channel options used by competitors was fully evidenced. Using their focussed research, successful learners detailed the use of an inbound or outbound approach within their strategy. They related this to customer loyalty, demonstrating a good understanding of the loyalty ladder, and used all of their research findings to evaluate the ability of the strategy to gain customer loyalty.

Less successful learners gathered required information. Like the successful learners, they also tended to omit references to competitor messages. Unlike successful learners, however, they struggled to grasp the importance of the gathered information. For example, they never really identified key influences on target market behaviour or identified **appropriate** channel options for their strategies. Whilst a strategy was outlined (P6), connections to customer loyalty were limited and these learners struggled to evidence M5 (making D3 inaccessible).

In general, PO2 was the most challenging section for **all** learners. Further improvement will come from stripping back the apparent complexity of this performance outcome. Focus should be on:

- profiling the target market – what makes them 'tick'?
- the marketing communications of competitors – what are they saying to their customers?
- building customer loyalty – what messages and channels will encourage customers to climb the loyalty ladder?

PO3 – Develop a marketing communications mix

This was the most engaging and practical section of ABS8. It was often a pleasure to moderate learners' evidence.

Successful learners produced thoughtful draft communications materials, which were consistent with their PO2 evidence and strategy. These materials were sufficiently developed for their target markets to understand and provide constructive feedback (eg story boards of YouTube videos, illustrations of staff uniforms and descriptions of e-mail campaigns). From this position of evidence, successful learners explained the nature and rationale of their communications mix. This mix was fully developed ie its content and costs were carefully described. Even at this level of performance, however, successful learners struggled to **evaluate** the coherence of their communications mix (D5), often repeating evidence used for M7. A focus on channel integration and message consistency could help here.

Less successful learners usually got off to a bad start by failing to develop their draft materials. These were often very brief, bordering on generic, and made it difficult for the target market to provide constructive feedback. By this stage, a coherent communications mix was absent and the best that could be evidenced was P8 and, occasionally, M7.

In general, schools should encourage learners to keep evidence for this PO as **practical** and **illustrative** as possible. Without informative drafts of communications materials, it's difficult to see how the merit and distinction criteria can be achieved.

PO4 – Recommend a schedule of marketing communications

As in ABS6, most learners could successfully attempt P9 and M8. Differentiation occurred in the P10 chain. Successful learners stepped back and took an overview of their ABS5 and ABS8 evidence. From here, they could then justify appropriate adjustments to their ABS5 proposals.

Less successful learners completed the template for P10 but struggled to move from there. Perhaps this was because they failed to take an overview of their evidence across PO1, PO2 and PO3? Improvement could come from pausing to think and reflect before attempting P10, M9 and D6.

Concluding comments

Considering the new content structure and assessment criteria, schools and learners are to be congratulated on their efforts for this second year of Applied Business. If schools reflect on the issues raised in this report, and their individual feedback reports, these efforts will be better directed and learner achievement should improve.

Mark Ranges and Award of Grades

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

Converting Marks into UMS marks

Convert raw marks into Uniform Mark Scale (UMS) marks by using the link below.

UMS conversion calculator