

Cambridge Nationals
Business and Enterprise

Level 1/2 Award in Business **J804**

Level 1/2 Certificate in Business and Enterprise **J814**

OCR Report to Centres January 2016

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This report on the examination provides information on the performance of candidates which it is hoped will be useful to teachers in their preparation of candidates for future examinations. It is intended to be constructive and informative and to promote better understanding of the specification content, of the operation of the scheme of assessment and of the application of assessment criteria.

Reports should be read in conjunction with the published question papers and mark schemes for the examination.

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R061 Introduction to business

General Comments

In this session it was evident that candidates struggled to attempt all of the questions. Centres should encourage candidates to think clearly about the questions and to attempt to answer all of them in order to have the greatest possible chance of achieving reward. Reading the stem of the question is also essential as it often gives more context to the business itself. This is especially important for Section A where the type of ownership is being tested.

Most candidates responded reasonably well to the more straightforward questions and were able to engage with the Kenns and the product and service offered by the kennels. However there are still some gaps in knowledge which were common in much of the work in particular Questions 4b, 5b, 6d and 7. For example, the majority of the candidates did not appear to understand the concepts of business planning, market segmentation or performance appraisal and therefore struggled to gain marks on these questions. Question 2b, for example, was about business planning which is a key part of R063, as is market segmentation. Candidates should use the practical knowledge they have gained from other units to inform their answers in the examination. R062 for example covers much of the content of Section C and performance appraisal is a factor in the work of both R062 and R063.

The quality of the responses overall was variable. Use of paragraphs in the longer questions would be useful when addressing different issues. On the shorter questions requiring explanation, many of the explanations were repetitive and did not really develop the initial statement, for example Question 1b and 1c. Better candidates were able to identify a business and explain how an issue could be addressed by using that business. It was encouraging to see that there was more evidence that candidates had been taught the skill of analysis and were able to show the implications of a certain action to the business. Evaluation remains a problem for candidates. This is a skill which needs to be taught and can be achieved by ensuring that analysis has taken place but that any decision 'depends' on a number of factors being in place and that these factors may change. This was particularly important when answering Question 8.

Research Brief

The research brief should be downloaded from Interchange eight weeks before the examination. Previous reports, past papers and mark schemes can also be downloaded from Interchange and used in preparation for the examination.

Preparation and understanding of the research brief remains the best way for candidates to do well in this examination. The qualification is based on the idea that all decisions in business are dependent on the characteristics of a business and the external environment in which it operates.

There was a little more evidence that candidates had prepared using the research brief but there are still too many candidates who do not refer to the context or to specific businesses which have been researched locally.. The business can be any and only has to be 'similar' to that in the research brief for example similar in size, ownership, product or service. However it is essential that the candidate names the particular business, a simple reference such as 'we studied a local business' will not allow the candidate to achieve the full range of marks available.

It is very important that candidates are prepared for possible questions by looking at the issues highlighted in the research brief. In this case it was obvious from the research brief that Kenns had an issue with planning and market segmentation. These areas need to be thoroughly

prepared in order to give candidates the best chance of success. Use of past research briefs, papers and mark schemes is essential in order to see how the paper is structured and how the questions are linked to the business itself.

Comments on Individual Questions

Section A

This section tests Learning Outcome 1

1a. Generally well done. Few candidates ticked more than one box.

1b. Most candidates gained at least one mark for the reason to become a partnership but often the explanation simply repeated the reason. Candidates also failed to gain the third mark by using the context of the business. Reference to past papers and mark schemes highlight that reference to context is essential in three mark questions.

1c. Reasonably well answered with most candidates giving shares, increased finance and limited liability as the benefits of being a private limited company. It was encouraging to see that many candidates could accurately explain the meaning of limited liability.

Section B

This section tests Learning Outcome 2

2a. Most candidates gave survival and profit as the two objectives a small business might have when it starts. However the explanations were disappointing and were often simply a repeat of the objective. It is important that candidates can explain the objective in terms of break even, costs and sales for example.

2b. Candidates gained some marks for stating how a business plan might help a business but there was limited evidence of analysis in terms of local research. This should have been straightforward for those candidates who had completed R063 in particular. The research brief highlighted the need for plans to be carefully considered. This was a hook on which preparation for the exam in the context of Kenns should take place. Better candidates had visited kennels or had an presentation from one and could identify and explain the key reasons for having a plan – for example, the unsure nature of demand, problems with staff motivation and setting targets and raising and controlling finance. Analysis could be achieved by looking at the implications on the business of having and not having a business plan.

Section C

This section tests Learning Outcome 3

3a. Well answered with majority of candidates selecting the three correct costs.

3b. Best answers to this question identified that the key word is 'expected'. These answers were able to explain a factor which may not have been expected by the new business such as costs increasing due to prices of certain resources, new competition, legislation changes etc. Some candidates achieved one mark for the identification of a factor but these candidates were unable to explain why this might not have been expected and the effect it would have on the business and profit in particular.

4a. It was encouraging to see that the majority of candidates correctly answered this question.

4b. This was poorly answered on the whole; the majority of candidates unable to explain the meaning of market segmentation. This is a key concept in business decision making as it breaks down the population so that any promotion is only targeted towards specific parts of the market, thereby increasing the financial efficiency of the action. Some candidates were able to achieve some marks for knowledge of promotion but higher levels could only be achieved by linking the two together and using information from local business. This was disappointing as the issue was flagged in the research brief under marketing with the sentence beginning 'Finding new types of customers'. Once again proper use of the research brief gives candidates the best chance of success.

5a. Most candidates answered this correctly.

5b. this was poorly answered on the whole. Once again the third mark was given for using the context of production of the organic dog food. Best answers identified a method such as testing, checking, inspecting, TQM etc. These candidates were able to explain the method in context. However too many candidates simply did not know a quality control method. The research brief says 'Making quality important...' and therefore flags that this might be an area for investigation.

6a. This question was reasonably well done with most of those who knew what external recruitment is, being able to explain it as a benefit to the business in terms of a larger pool of candidates, new skills and ideas etc. Once again some candidates could give a benefit but were unable to explain it well. A tip here is to use the context to explain the benefit.

6b. Generally well answered with most correct answers identifying 'on the job training' as an appropriate form of training.

6c. Retention of staff seemed to be better understood this session. In particular best answers were able to identify that care of animals requires more than just training, it requires a trust and commitment that customers come to expect, and are loyal to, when selecting where to leave their dogs. Overall this was well answered although some candidates still tend to repeat the benefit in the explanation.

6d. The research brief states that 'owners have to make sure that the care is of the highest quality'. This flags up that not only is quality important but that those who are providing the care are of high quality. Performance management provides a number of ways to assess the service, care and quality of product. Best answers explained that Kennels could use customer surveys and feedback, observation, performance appraisal, setting objectives and targets etc. Once again best answers could refer to research of a local business in terms of these methods and the extent to which impacted on both the business in terms of repeat customers and the workforce in terms of increased productivity, motivation and desire to stay with the business. However these answers were rare. Too many candidates failed to read the question and only explained the reasons for performance management rather than the methods used.

Section D

This section tests Learning Outcome 4

7. This was not well answered on the whole. Best answers identified that use of social media would have a large impact on Kennels. Also changes in culture, religion, attitudes towards organic food were also correct. Explanation was good amongst those who explained the correct factor but again too many failed to gain the third mark for context.

8. This is the one area which is not specifically mentioned in the research brief and therefore relies on centres to identify how external factors might impact on the actions and decisions of the business. In this case Kennis is a small business offering a relatively luxury service. In all businesses the impact of changes in the economy especially recession, unemployment, inflation and interest rate changes will impact the business either directly or indirectly due to the changing circumstances in the target market, such as a fall in disposable income. Some candidates explained a few of these factors, in particular the effect of recession but again too few were able to analyse in terms of local research and therefore were restricted to the lower level of marks.

The environmental factors were less well done, although most recognised that the weather in particular might affect Kennis as less people might go on holiday. Others recognised issues such as noise, pollution and waste which are all rewardable. However the development of the issue was superficial and analysis was rare. Candidates needed to look at these issues in terms of their implication to the business in terms of loss of customers, sales revenue, increased costs and perhaps loss of reputation.

A few candidates were able to analyse both factors using local research and come to an informed judgement about which factor would be more likely to affect the business.

R062 Planning for Work

General Comments:

It was good to see that improvements had been made to the marking of the unit and the quality of evidence submitted by candidates. Some candidates had produced good evidence to meet the requirements needed for higher marks to be awarded. The best responses were achieved when the candidates followed the model assignment alongside the marking criteria grid and applied the marking scheme relating to the sample assessments. The Unit Recording Sheets were well completed by most centres; however some have a tendency to repeat the criteria which is not helpful. All centres should be encouraged to complete these to show how marks have been awarded.

Most of the candidates followed the model assignment with few deviations. Where weaknesses occurred in candidate work for unit R062 it was often due to a lack of identifying one employment area and job vacancies within this employment area, application to a specific job role, errors in the business documents, failing to use the job descriptions or person specifications or changing their job role throughout the assessment without giving any explanation as to why with the biggest impact on changing career plan.

Comments on Individual Questions:

Learning Outcome 1 (LO1)

Candidates achieved higher marks when they took more than a traditional view of recruitment, eg they looked at online recruitment, recruitment agencies, networks, and applied these to specific businesses etc. The best responses were evidenced when the candidates used a job description and person specification to identify the skills and competencies and then used these to inform their decision as to a choice of employment area/job role.

Candidates who did well on this LO researched a wide range of different job roles in one single employment area and were able to show the differences between the roles and working practices. This was improved on previous sessions. Those who presented theoretical evidence of working practices achieved lower marks. More still needs to be done to integrate this section into the rest of the work and more real examples would help. Work was better in terms of employment areas; however this is not always followed through the assignment and the work loses its way due to a lack of planning. More evidence to show the qualifications and skills required to match their own qualities and expected qualifications would enhance the evidence presented.

Learning outcome 2 (LO2)

Candidates achieved the higher marks when their self-assessment was thorough and self-reflective. However not all the self-assessments were realistic and usable. Some candidates' self-assessment included tick boxes without any further expansion as to the interpretation of their findings resulting in lower marks. The purpose of why they were doing the self assessment remains unclear in a lot of the work and loosely linked to the chosen role.

The best responses to this learning outcome were when the candidates produced customised application forms and application letters which were fully tailored to the job role. The application documents showed the skills, experience, behaviours and attitudes needed to meet the requirements in the job description and person specification. Those candidates who did not tailor their application or who did relate it to the job description and person specification limited the mark they could achieve. Those candidates who achieved marks in band three fully customised

their documents to match all/most of the requirements from the job description/person specification. Candidates should be encouraged to proofread their work.

Candidates achieving the highest marks for the interview plan fully related this to the job description and person specification to the specific job for which they wanted to apply. Questions were detailed and had full relevance to the vacancy. Where candidates copied interview questions from the Internet, without any referencing, no marks could be awarded.

Learning outcome 3 (LO3)

The best responses were when the candidates produced an evaluation rather than a description of the tasks which they had carried out in the completion of the model assignment. When the candidates had simply described what they had done without making any judgement then they could only achieve relatively low marks.

The candidates achieved the higher marks when their career plan was related to the job vacancy for which they had applied and showed how they would overcome any weaknesses. The plan clearly identified dates, qualifications/experience which would be needed to be successful in this area of employment.

R063 Setting up and Running an Enterprise

General Comments:

The candidates who achieved the best responses were those who followed the model assignment accurately and included individual evidence to show their contributions. This was supported with a detailed/individual witness testimony confirming the contributions of each candidate. Where team portfolios/evidence was included without any evidence of individual contributions it was very difficult to confirm the marks awarded. Centres who submit evidence electronically must follow the instructions in the Admin Guide and upload to the repository.

Comments on Individual Questions:

Learning Outcome 1 (LO1)

This unit needs an introduction with too many candidates starting with a mind map of ideas with no explanation of the purpose of the unit. Candidates achieved the higher marks when they were able to describe the factors which would influence the viability of an enterprise activity by looking at, for example, break even, competitiveness, the availability of resources and the differentiation of products/services. Those candidates who failed to look at these factors achieved few marks. The best responses were when the candidates documented their contributions to the selection of ideas through either a diary or log or write up, which was supported with a witness testimony from their teacher. When the candidates were given three ideas, this prevented them from meeting the criterion. Candidates need to include the relevant agenda and minutes for each meeting as it happens and not in a pile in the middle of what they are doing. Centres are reminded that the WT is about the candidate's contribution to the selection of the idea and not about how well the candidate presented the information. The WT can be used in addition for this purpose in LO3.

Learning Outcome 2 (LO2)

The best responses were those where the candidates clearly identified their own and others contributions to the business planning process. Candidates who all included the same business plan without explanation achieved very few marks. Inclusion of business plans with limited analysis affected some of the marks awarded. This LO is about the business planning process, so marks can be achieved by looking at the whole process.

The candidates achieved the higher marks when they were able to clearly show relevant skills/knowledge from other the units within the qualification in terms of carrying out market research, allocating job roles, looking at financial statements, etc. When the candidates were clearly able to give information about what they had learned, and how they were using it within this unit, they achieved the highest marks.

Learning Outcome 3 (LO3)

The candidates achieved the highest marks when they were individually able to show the contributions which they had made to organising and running at least one meeting and where evidence was organised. When the marks were limited, the candidates had either all presented the same evidence of the meetings or it was unclear who had contributed what aspect to each meeting. Ideally each candidate should take some responsibility in organising and minuting at least one meeting. Some of the meeting documentation did not follow traditional formats and this had an impact on the marks which could be awarded.

The best responses to written, verbal and remote communication were through evidence from those candidates who showed the different business documents which they had individually produced throughout the enterprise activity including letters, promotional materials, agendas, minutes and emails. One poster from four candidates is unlikely to attract the highest marks. Verbal communication was supported through detailed and individual witness testimonies from the teacher.

The candidates who produced their own project plan and as well as combined project plans achieved the highest marks. Candidates who produced identical plans without any explanation were limited to mark band 1.

Learning Outcome 4 (LO4)

The candidates achieved the highest marks when they individually showed their contributions to the running of the enterprise activity. Those candidates who failed to produce individual evidence or a supporting witness testimony from the teacher achieved lower marks. The best responses evidenced before and after project plans showing how progress was monitored against these plans and where changes had to be made. Those candidates who clearly described the issues which they had come across and how they dealt with these issues achieved high marks. Although photographs are helpful they do not show how an individual contributed to an aspect of the activity and centres may wish to reconsider using these in the future.

Learning Outcome 5 (LO5)

The best responses were those when the candidate's review was supported by a wide range of evidence, eg peer feedback, tutor review, customer feedback, etc. Those candidates who compared their activity with the original objectives and identified SMART targets for improvement achieved the highest marks. Candidates who produced an honest and critical review of their own performance based on supporting evidence, eg minutes, feedback, peer review, achieved the highest marks.

The main problem which arose on this unit was that it was frequently difficult to differentiate candidate evidence or when witness testimonies were produced which were insufficiently detailed or which were not specific to the candidate in question. The evidence presented must clearly show what an individual candidate has contributed to a team activity. Guidance on witness statements is provided in Appendix A of the qualification specification.

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