

GCSE (9–1)
Candidate style answers

BUSINESS

J204
For first teaching in 2017

Business 1: business activity, marketing and people

Version 3



CONTENTS

INTRODUCTION	7
QUESTION 16 a	8
ANSWER ACHIEVING 1 MARKS OUT OF 2	8
COMMENTARY	8
ANSWER ACHIEVING 2 MARK OUT OF 2	8
COMMENTARY	8
QUESTION 16 b	9
ANSWER ACHIEVING 1 MARK OUT OF 2	9
COMMENTARY	9
ANSWER ACHIEVING 2 MARK OUT OF 2	9
COMMENTARY	9
QUESTION 16 c	10
ANSWER ACHIEVING 1 MARKS OUT OF 2	10
COMMENTARY	10
ANSWER ACHIEVING 2 MARK OUT OF 2	10
COMMENTARY	10
QUESTION 16 d	11
ANSWER ACHIEVING 1 MARKS OUT OF 2	11
COMMENTARY	11
ANSWER ACHIEVING 2 MARK OUT OF 2	11
COMMENTARY	11

DISCLAIMER

This resource was designed using the most up to date information from the specification at the time it was published. Specifications are updated over time, which means there may be contradictions between the resource and the specification, therefore please use the information on the latest specification at all times. If you do notice a discrepancy please contact us on the following email address: resources.feedback@ocr.org.uk

QUESTION 16 e	12
ANSWER ACHIEVING 2 MARKS OUT OF 3	12
COMMENTARY	12
ANSWER ACHIEVING 3 MARK OUT OF 3	12
COMMENTARY	12
QUESTION 16 fi	13
ANSWER ACHIEVING 1 MARK OUT OF 1	13
COMMENTARY	13
ANSWER ACHIEVING 1 MARK OUT OF 1	13
COMMENTARY	13
QUESTION 16 fii	14
ANSWER ACHIEVING 0 MARK OUT OF 1	14
COMMENTARY	14
ANSWER ACHIEVING 1 MARKS OUT OF 1	14
COMMENTARY	14
QUESTION 16fiii	15
LEVEL 1 ANSWER	15
COMMENTARY	15
LEVEL 2 ANSWER	16
COMMENTARY	16
LEVEL 3 ANSWER	16
COMMENTARY	16
QUESTION 17 ai	17
ANSWER ACHIEVING 0 MARK OUT OF 1	17
COMMENTARY	17
ANSWER ACHIEVING 1 MARKS OUT OF 1	17
COMMENTARY	17

QUESTION 17 aii	18
ANSWER ACHIEVING 1 MARK OUT OF 1	18
COMMENTARY	18
ANSWER ACHIEVING 1 MARK OUT OF 1	18
COMMENTARY	18
QUESTION 17 b	19
ANSWER ACHIEVING 1 MARKS OUT OF 2	19
COMMENTARY	19
ANSWER ACHIEVING 2 MARKS OUT OF 2	19
COMMENTARY	19
QUESTION 17 c	20
ANSWER ACHIEVING 0 MARK OUT OF 1	20
COMMENTARY	20
ANSWER ACHIEVING 1 MARKS OUT OF 1	20
COMMENTARY	20
QUESTION 17 di	21
ANSWER ACHIEVING 2 MARK OUT OF 3	21
COMMENTARY	21
ANSWER ACHIEVING 3 MARKS OUT OF 3	21
COMMENTARY	21
QUESTION 17 dii	22
ANSWER ACHIEVING 0 MARK OUT OF 3	22
COMMENTARY	22
ANSWER ACHIEVING 3 MARKS OUT OF 3	22
COMMENTARY	22

QUESTION 17 diii	23
ANSWER ACHIEVING 3 MARKS OUT OF 3	23
COMMENTARY	23
ANSWER ACHIEVING 3 MARKS OUT OF 3	23
COMMENTARY	23
QUESTION 17e	24
ANSWER ACHIEVING 2 MARKS OUT OF 3	24
COMMENTARY	24
ANSWER ACHIEVING 3 MARKS OUT OF 3	24
COMMENTARY	24
QUESTION 17 f	25
ANSWER ACHIEVING 1 MARKS OUT OF 3	25
COMMENTARY	25
ANSWER ACHIEVING 3 MARKS OUT OF 3	25
COMMENTARY	25
QUESTION 18 a	26
ANSWER ACHIEVING 5 MARKS OUT OF 6	26
COMMENTARY	26
ANSWER ACHIEVING 5 MARKS OUT OF 6	26
COMMENTARY	26
QUESTION 18 b*	27
LEVEL 1 ANSWER	27
COMMENTARY	27
LEVEL 2 ANSWER	27
COMMENTARY	27
LEVEL 3 ANSWER	28
COMMENTARY	28

QUESTION 18 c	29
ANSWER ACHIEVING 0 MARK OUT OF 1	29
COMMENTARY	29
ANSWER ACHIEVING 1 MARKS OUT OF 1	29
COMMENTARY	29
QUESTION 18di	30
ANSWER ACHIEVING 2 MARKS OUT OF 6	30
COMMENTARY	30
ANSWER ACHIEVING 6 MARKS OUT OF 6	30
COMMENTARY	30
QUESTION 18dii	31
ANSWER ACHIEVING 1 MARKS OUT OF 3	31
COMMENTARY	31
ANSWER ACHIEVING 3 MARKS OUT OF 3	31
COMMENTARY	31

INTRODUCTION

This resource has been produced by a senior member of the AS Business examining team to offer teachers an insight into how the assessment objectives are applied. It illustrates how the sample assessment questions might be answered and provides some commentary on what factors contribute to overall levels.

As these responses have not been through full standardisation, they have not been graded and are instead, banded to give an indication of the level of each response.

Please note that this resource is provided for advice and guidance only and does not in any way constitute an indication of grade boundaries or endorsed answers.

QUESTION 16a

State **two** characteristics of an entrepreneur.

[4]

ANSWER ACHIEVING 1 MARK OUT OF 2

Entrepreneurs need to be adaptable and risk averse.

EXAMINER COMMENTARY

Only one correct answer here. A key characteristic of entrepreneurs is their willingness to take risks, so 'risk averse' cannot be awarded. One of the available two marks would be awarded.

ANSWER ACHIEVING 2 MARKS OUT OF 2

Hard working

Good with people

EXAMINER COMMENTARY

Both suggestions are correct. Full marks would be awarded.

QUESTION 16b

Explain how Boohoo may have expanded using 'organic growth'.

[2]

ANSWER ACHIEVING 1 MARK OUT OF 2

Boohoo may have gained more customers.

EXAMINER COMMENTARY

On the face of it this is a good answer. The candidate shows an understanding of organic growth. However, the response falls down in two areas. Firstly, the answer is a just a statement rather than an explanation. Secondly, the questions asks how 'Boohoo may have ...'; this means that a contextual, rather than generic, answer is required. Only one of the available two marks would be awarded here.

To improve the answer the candidate would need to provide some form of contextual development to the initial point made e.g. Boohoo may have gained more customers, increasing the revenue they make from selling clothing.

ANSWER ACHIEVING 2 MARKS OUT OF 2

Boohoo may have expanded by attracting customers away from other clothing retailers, leading to Boohoo increasing its market share.

EXAMINER COMMENTARY

This response shows an understanding of organic growth and is explanatory rather than a mere statement. The reference to 'clothing' leaves us no doubt that this is a contextual answer. This response would be awarded full marks.

QUESTION 16c

Explain **one** advantage to Boohoo of using market segmentation.

[2]

ANSWER ACHIEVING 1 MARK OUT OF 2

Market segmentation is good for Boohoo because it puts customers with similar characteristics into categories.

EXAMINER COMMENTARY

Whilst some knowledge is shown of market segmentation, this answer is very weak. The question does not ask what market segmentation is, it asks for an 'advantage'. The answer is not developed in any way – neither presenting an explanation nor giving context. A maximum of one mark would be awarded here.

ANSWER ACHIEVING 2 MARKS OUT OF 2

Market segmentation allows Boohoo to target its marketing more effectively. For example, it can create advertisements that specifically appeal to young people.

EXAMINER COMMENTARY

This is a good answer. An advantage of market segmentation i.e. 'market effectively' is clearly stated. The answer then develops this argument by explaining the impact on Boohoo's advertising. The reference to 'young people' is contextual. Full marks would be awarded.

QUESTION 16d

Explain how Boohoo's objectives may have changed since 2006.

[2]

ANSWER ACHIEVING 1 MARK OUT OF 2

Boohoo are now likely to want to become the biggest online clothing retailer.

EXAMINER COMMENTARY

This answer makes a valid suggestion about what Boohoo's current objectives may be. However, the answer does not actually address the question set – how objectives have 'changed'. Only one of the available two marks would be awarded.

ANSWER ACHIEVING 2 MARKS OUT OF 2

When Boohoo started in 2006 its objective was likely to have been survival. Having been successful for several years, its objectives are now likely to be more financially ambitious.

EXAMINER COMMENTARY

The candidate shows good knowledge of how objectives are likely to change over time, especially when a new startup becomes more established in the market. Full marks would be awarded.

QUESTION 16e

Analyse **one** disadvantage to a customer of Boohoo's distribution channel.

[3]

ANSWER ACHIEVING 2 MARKS OUT OF 3

Customers cannot have the clothing immediately because they have to wait for it to be delivered.

EXAMINER COMMENTARY

Two valid points are made here, albeit in reverse. The candidate identifies that the goods have to be posted (first mark) and explains the disadvantage of this is that the clothes are not available immediately (second mark). The answer would gain two of the available three marks.

The command word in the question is 'analyse'. To gain all three marks, the candidate needs to analyse this disadvantage i.e. suggest a consequence to the customer of having to wait for the goods. One way this candidate could have done this would have been by adding that this means the customer must order in advance of when the clothing is required or factor in the delivery time in their planning.

ANSWER ACHIEVING 3 MARKS OUT OF 3

Boohoo sells clothing online. This means that potential customers need to have the Internet. If the customer is using a smartphone to order and they have run out of data they will be unable to make an order and may have to spend time going out shopping for clothing instead.

EXAMINER COMMENTARY

This response identifies that Boohoo's distribution channel is online. It explains that the disadvantage of this is that the potential customer needs Internet access. This response also contains analysis - it considers the impact on the customer who has run out of data on their smart phone i.e. they may have to go out shopping and this takes time.

The response is analytical and contextual. The full three marks would be awarded.

QUESTION 16fi

State **one** advantage to a business of using social media to promote its products.

[1]

ANSWER ACHIEVING 1 MARK OUT OF 1

Social media is a low cost form of advertising.

EXAMINER COMMENTARY

The wording of this question does not include the name of the business 'Boohoo', instead it refers to 'a business'. The question is, therefore, generic. A theoretical answer is entirely sufficient. In addition it should be noted that the command word in the question is 'state', rather than 'explain' or 'analyse' as we have seen on previous questions. A simple statement is all that is required to gain the mark. Since this answer is correct, one mark would be awarded.

ANSWER ACHIEVING 1 MARK OUT OF 1

Using social media allows a business to communicate with a larger audience. This increases the potential for sales. In Boohoo's case social media is particularly appropriate because it is trying to target the 16 to 24 years age group, and this age group are heavy users of social media.

EXAMINER COMMENTARY

A superb response, clearly showing understanding applied to context. However, the answer can still only be awarded one mark, as that is the maximum tariff for the question. Despite such a pleasing answer this response suggests that the candidate needs to improve their examination technique. Answering a non-contextual 'state' question worth one mark in a contextual and explanatory way is likely to take some time, and may lead to the candidate running short of time later in the paper.

This qualification uses a very small number of command words to make the assessment as accessible as possible to candidates across the full ability range. It will be helpful to candidates of all abilities to have a thorough understanding of what is required for each of the command words listed in the specification.

QUESTION 16fii

State **one** disadvantage to a business of using social media to promote its products.

[1]

ANSWER ACHIEVING 1 MARK OUT OF 1

The business cannot control any negative comments that customers may make on social media.

EXAMINER COMMENTARY

An excellent answer highlighting one of the main disadvantages of the use of social media for promotional purposes i.e. the business' lack of control of recipients responses on social media. The one available mark would be awarded.

ANSWER ACHIEVING 0 MARK OUT OF 1

Recipients may get annoyed by constant social media messages.

EXAMINER COMMENTARY

On the face of it this is a good answer. However, as it stands this is a disadvantage to the customer not to the business. No marks would be awarded.

This answer could have been made valid if the candidate had 'turned it round' so that it was business-facing e.g. social media messages might annoy customers, giving them a negative image of the business.

QUESTION 16fiii

Evaluate whether or not Boohoo should continue to use social media when promoting its products. [7]

LEVEL 1 ANSWER (1-2 MARKS)

Boohoo needs to promote its clothing to as many people as possible. Using social media is appropriate to Boohoo because social media can reach a large audience.

EXAMINER COMMENTARY

The question is marked according to three skills: application, analysis and evaluation.

No evaluative judgement is presented – the candidate has not even attempted to weigh up a counterargument or consider any other promotional methods. However, one analytical point is made here – a simple statement of cause and effect – social media reaches a large audience and Boohoo needs to reach as many people as possible. The point made would apply to almost all businesses but thankfully does refer to the clothing market, albeit the answer takes this context no further.

With no evaluation or application and only limited analysis, the candidate would be awarded a **Level 1 mark**.

The answer could be improved by better use of context to achieve the application marks and a consideration of the other side of the argument. The question clearly says 'whether or not'.

QUESTION 16fiii

LEVEL 2 ANSWER (3-4 MARKS)

Boohoo should use social media because it can target different messages to different types of customers. However, maybe Boohoo should not use social media because there is a risk that messages can get out of control. One negative piece of publicity can spread very quickly and be difficult to counteract. For this reason I suggest Boohoo stops using social media and uses a promotional method which it can directly control.

EXAMINER COMMENTARY

This response shows that the candidate has some understanding of the benefits and drawbacks of the use of social media. It makes valid points for and against the use of social media, but none of them are in context. A basic decision is reached i.e. they stop using social media, however the answer stops short of explaining this reasoning in detail or suggesting a more appropriate method.

With good analysis and limited evaluation, but no application the candidate would be awarded a **Level 2 mark**.

This response could have been easily improved by suggesting a more appropriate promotional method for Boohoo and explaining why it would be more appropriate. Reference to context, for example that Boohoo sells online or to the younger age group, could have been used to tether the context.

LEVEL 3 ANSWER (5-7 MARKS)

Social media is a cost effective way of promoting products. When the business was in its infancy it is unlikely to have had much cash so using social media was an obvious method to use. However, now Boohoo is well established it could consider advertising on the TV.

TV advertising, although expensive is deemed to be the most effect method of promotion. Using TV advertising should, therefore, lead to more customers, more sales and more profit.

However, it may not be the most effective form of advertising for a business which wishes to target the 16 to 24 year age group, as they are far more likely to use social media than watch conventional television. For this reason I recommend that Boohoo continues to use social media when promoting its products.

EXAMINER COMMENTARY

According to the mark scheme this question is to be marked for: application, analysis and evaluation.

Two marks are available for application of knowledge and understanding of business concepts and issues to the context of Boohoo. Application in this response is deemed to be good. The candidate applies their understanding of social media being cost effect to the situation Boohoo was in at business startup. The response then considers Boohoo's more affluent current position and the possibility of it being able to afford TV advertising.

Two marks are available for analysis. The candidate considers the effectiveness of promotional methods and shows clear and logical chains of reasoning i.e. the more effective the method the more customers, sales and profit. The analysis is deemed to be good.

Three marks are available for evaluation. The candidate weighs the use of social media against TV advertising and uses a contextual point (the target market) to reach a valid conclusion. This detailed, accurate and contextual decision is strong.

The candidate would gain a top **Level 3 mark**.

QUESTION 17ai

Identify **one** item of content in a job description.

[1]

ANSWER ACHIEVING 0 MARKS OUT OF 1

How to apply for the job.

EXAMINER COMMENTARY

This answer is incorrect. The candidate may be confusing a job description with a job advertisement. No marks would be awarded.

ANSWER ACHIEVING 1 MARK OUT OF 1

A job description would contain a summary of the what the job involves.

EXAMINER COMMENTARY

Although it could have been expressed more eloquently, this answer shows that the candidate understands what is contained in a job description. The candidate would be awarded one mark.

QUESTION 17a(ii)

Identify **one** item of content in a person specification.

[1]

ANSWER ACHIEVING 1 MARK OUT OF 1

The qualifications needed.

EXAMINER COMMENTARY

Correct, one mark.

ANSWER ACHIEVING 1 MARK OUT OF 1

One item in a person specification might be that the successful candidate must work well as part of a team.

EXAMINER COMMENTARY

The candidate gives a specific example of a skill. The mark scheme indicates that this is acceptable and can be awarded one mark.

QUESTION 17b

Identify **two** methods that McDonald's used to select James as an employee.

[2]

ANSWER ACHIEVING 1 MARK OUT OF 2

Application form

Aptitude test

EXAMINER COMMENTARY

Although an aptitude test is a valid method of recruitment, it is not one given in the text. The question asks for an identification of methods used by McDonald's to select James, therefore, aptitude test cannot be awarded.

The candidate would be awarded one of the available two marks for 'application form'.

ANSWER ACHIEVING 2 MARKS OUT OF 2

An interview and a group activity.

EXAMINER COMMENTARY

Both answers are correct. Two marks would be awarded.

QUESTION 17c

State **one** way in which the law affect business recruitment.

[1]

ANSWER ACHIEVING 0 MARKS OUT OF 1

The law says that goods must be of satisfactory quality.

EXAMINER COMMENTARY

The candidate refers to consumer legislation and is correct in what they say however, the question asks for how the law affects business recruitment and this response has no link with recruitment. No mark can be awarded.

ANSWER ACHIEVING 1 MARK OUT OF 1

The law says that for most jobs the advertisements cannot ask for a particular gender.

EXAMINER COMMENTARY

The candidate clearly understands that the law does not allow discrimination by gender. The answer is correct and one mark would be awarded.

QUESTION 17di

Analyse **one** way in which McDonald's could use induction training for James.

[3]

ANSWER ACHIEVING 2 MARKS OUT OF 3

Induction training would familiarise James with the building he was working in. This would include the staff room, kitchen, public seating area and toilets.

EXAMINER COMMENTARY

This response shows understanding of induction training. The reference to 'kitchen' and 'seating area' is application in context. Sadly, there is no attempt at analysis, so two of the available three marks would be awarded.

Full marks could have been obtained if the candidate had considered some form of consequence to McDonald's of the suggested induction training. Something, for example, as simple as 'so he knows where to go at break times', would suffice.

ANSWER ACHIEVING 3 MARKS OUT OF 3

Induction training introduces a new employee to an organisation. McDonald's would need to tell James about hygiene in the kitchen, this is so that the restaurant meets the required safety standards.

EXAMINER COMMENTARY

The first sentence of this response shows that the candidate understands what induction training is. The first part of the second sentence gives a possible example of the content of induction training at McDonald's. The sentence concludes with analysis i.e. one consequence to McDonald's of providing hygiene training is that it meets legal requirements. This response would be awarded all three marks.

QUESTION 17dii

Analyse **one** way in which McDonald's could use on-the-job training for James.

[3]

ANSWER ACHIEVING 0 MARKS OUT OF 3

James could be taken to the staffroom and shown a health and safety video. This will help to ensure that James works safely.

EXAMINER COMMENTARY

Unfortunately this candidate has confused 'on-the-job training' with 'on-site training'. On-the-job training requires the learning to take place whilst the employee is actually doing their job. Watching a video would be an off-the-job form of training for James who is working at McDonald's. The answer would be awarded zero marks.

ANSWER ACHIEVING 3 MARKS OUT OF 3

On-the-job training involves learning whilst actually doing the job. McDonald's could allocate a mentor to James. The mentor will stand alongside James and show him how to operate the till as he serves his first customers.

EXAMINER COMMENTARY

This response shows a clear understanding of on-the-job training. The answer is applied to context as not all jobs involved serving customers or operating a till. The analysis (the link between the mentor and James learning i.e. 'show him') is just sufficient to award the mark. Three marks would be awarded.

QUESTION 17diii

Analyse **one** way in which McDonald's could use off-the-job training for James.

[3]

ANSWER ACHIEVING 3 MARKS OUT OF 3

James could be sent to the local college to study for a hygiene certificate. This is an example of off-the-job training because when at college James would not be working at McDonald's serving customers. It is likely to be far easier for James to concentrate on his studies in college than in a busy kitchen environment.

EXAMINER COMMENTARY

The candidate gives an example of a training method which is appropriate for James e.g. college course and explains why this is off-the-job training. Analysing the method, the candidate concludes that it is likely to lead to James being better able to concentrate on his studies. Full marks would be awarded.

ANSWER ACHIEVING 3 MARKS OUT OF 3

Instead of serving customers, James could be given a booklet on how to work McDonald's ovens and grills. James could keep this and refer back to it at a later date, if needed.

EXAMINER COMMENTARY

Full marks. Clear understanding of off-the-job training, application to James and McDonald's and analysis.

QUESTION 17e

Recommend **one** type of training McDonald's should use to train James on his first day at work. Give reasons for your answer. [3]

ANSWER ACHIEVING 2 MARKS OUT OF 3

McDonald's should use off-the-job training because it does not want James making mistakes with real food or the money in the till.

EXAMINER COMMENTARY

The candidate makes a judgement with contextual justification – James is likely to work with food and a till. The response would be awarded two marks. A more detailed justification would be need for the full three marks.

ANSWER ACHIEVING 3 MARKS OUT OF 3

McDonald's should use induction training because James is a new employee who has never worked at McDonalds before. He needs to know lots of things including health and safety and hygiene. If he was to start work without training he may cause a fire or undercook a burger and make a member of the public ill. Either of these situations would, potentially, be very expensive for McDonald's.

EXAMINER COMMENTARY

The candidate can choose any method of training. There are no right or wrong answers, so long as there is justification of the choice. This candidate has chosen induction training. The justification is detailed and specific to someone working for the first time in a McDonald's restaurant. The full three marks would be awarded.

QUESTION 17f

James has been offered a contract of 16 hours per week once he is fully trained. Calculate what James' weekly pay will be once he is fully trained. [3]

ANSWER ACHIEVING 1 MARK OUT OF 3

$$16 \times £7.07 = £113.12$$

EXAMINER COMMENTARY

The final answer is incorrect but some of the method is correct. The candidate has understood that the payrate needs to be multiplied by the number of working hours. Looking at the sum presented it appears that the candidate has made an error in calculating the 10% increase (£7.07 instead of £7.70), however as no percentage we cannot be sure. One mark can be awarded, however, for the multiplication by 16. The candidate would be awarded one of the available three marks.

ANSWER ACHIEVING 3 MARKS OUT OF 3

$$£123.20$$

EXAMINER COMMENTARY

The candidate is correct and would be awarded the full three marks. However, simply writing down the answer without showing the workings is a risky strategy which students should be counselled against. Had this candidate made an arithmetical error during their calculation and, therefore, reached an incorrect answer, they would have had to be awarded zero. Showing their workings allows credit to given and part marks to be awarded, even when the final answer is incorrect.

QUESTION 18a

Analyse **two** benefits to Shamira and Zubair of Shirtz Ltd being a private limited company.

[6]

ANSWER ACHIEVING 5 MARKS OUT OF 6

Shamira and Zubair are able to sell shares to family and friends. This means they could raise more capital and, possibly, finance the proposed expansion without needing debt finance.

Shirtz Ltd has a separate legal identity to its owners, so the business can sue and be sued in its own right.

EXAMINER COMMENTARY

The first response relating to selling shares is correct. The benefit to Shamir and Zubair is made clear – more capital to help with the proposed expansion. There is analysis at the end of paragraph one – it may save the need for debt finance.

The second response relating to separate legal identity is also correct and the benefit to Shamira and Zubair clearly stated – the business can sue and be sued in its own right. Sadly there is no analysis of this point.

Three marks for the first benefit and two marks for the second benefit. A total of five of the available six marks.

The second response could easily have gained full marks if a consequence to the business of being able to sue and be sued in its own right had been added to the response e.g. this means that Shamira and Zubair would not face legal action against them personally.

ANSWER ACHIEVING 5 MARKS OUT OF 6

Shirtz Ltd would have continuity. So, if either of the couple died the business would not have to be closed down. The surviving spouse could continue trading under the same name and benefit from the reputation the couple had built up.

Shamira and Zubair would have unlimited liability. This means that they can only lose the money they have invested in the business and so will not have to sell their family's personal assets e.g. their house and cars.

EXAMINER COMMENTARY

At first sight this looks like an answer worth full marks. Both paragraphs include application and analysis. However, closer inspection shows that the candidate has claimed the business has 'unlimited' rather than 'limited' liability. This confusion is a common error. Thankfully only one mark is lost, the remainder of the answer about only losing what has been invested is still correct. Five out of six marks awarded.

QUESTION 18b*

Evaluate the effectiveness of Shirtz Ltd's business plan as shown in **Text 3**.

[9]

LEVEL 1 ANSWER (1-3 MARKS)

A business plan can help a business identify what resources it needs. This makes the likelihood of success far greater. This business plan does not go into much detail so would not be of much use to Shamira and Zubair.

EXAMINER COMMENTARY

The first sentence shows knowledge and understanding of what a business plan can be used for i.e. identification of resource requirements. Application is very limited – just a reference to this particular business plan lacking detail. There is one simple analytical point which joins up two links of a chain – identification of resource requirements makes achieving objectives more likely. The final sentence concludes that the business plan is 'not much use' but gives no specific justification as to why this is the case. So, this response shows one piece of good knowledge and makes one simple analytical point. There is very limited application and no evaluation. The response would be awarded a **Level 1 mark**.

This candidate clearly knows about the purpose and likely content of a business plan. They also demonstrate the skill of analysis. With this knowledge and skill the answer could easily be improved. The candidate needs to consider the specific circumstances the business finds itself in e.g. wishing to grow, needing new finance, wishing to change the marketing mix or employ two production workers. If one or more of these points are considered it is much easier to weigh up the strengths and drawbacks of the business plan and come up with a justified judgement as to its effectiveness.

LEVEL 2 ANSWER (4-6 MARKS)

In order to produce a business plan Shamira and Zubair must have thought carefully about the business. Producing a business plan is one way to identify where a business currently stands and where it wishes to go. The owners can then set out strategies to try and get them to where they wish to go.

This business plan has some market research on pricing but it has very little on costs. The couple should have included costings in the plan. Without these the business plan is little more than a wish list and not very effective.

EXAMINER COMMENTARY

This response shows good knowledge but only limited application to context. The only application to context is the reference to the market research on pricing and the missing costings, there is no application in the first paragraph. There is limited analysis and an attempt at evaluation. The answer would be given a **Level 2 mark**.

This answer could so easily have achieved a Level 3 mark if it had considered the current situation the business is in i.e. it aims to expand. This factor would then become a peg on which to hang the final judgement about the effectiveness of the business plan.

QUESTION 18b*

LEVEL 3 ANSWER (7-9 MARKS)

A business plan can be used to obtain finance from a bank. Since Shirtz Ltd aims to expand it is likely that they will need additional finance. This business plan could be very useful if they want to apply for a loan or an overdraft.

However this particular business plan is lacking in detail and does not contain any cashflow or profit predictions. This might actually cause concern to a bank manager and make the bank less willing to offer finance to Shirtz Ltd. This may mean that Shirtz Ltd could not pursue its plans to employ two full-time workers, nor change its marketing mix. The quality of this business plan may stop the business from being able to purchase the new machinery or rent a new location. In effect this business plan is more likely to stop the business pursuing its growth objectives than be a tool in its success.

EXAMINER COMMENTARY

According to the mark scheme this question is to be marked for: knowledge & understanding, application, analysis and evaluation.

The candidate discusses one potential benefit of a business plan specifically to Shirtz Ltd who are looking to grow. The candidate then investigates the contents of the plan and concludes that it might actually have a negative effect on any attempt to secure finance. The response shows good knowledge and clear application (aims to grow). There is some attempt at analysis followed by a justified judgement about the effectiveness of this particular business plan. The candidate would be awarded a **Level 3 mark**.

QUESTION 18c

Identify which price the market research suggests Shirtz Ltd should charge to obtain the highest revenue.

[1]

ANSWER ACHIEVING 0 MARKS OUT OF 1

£18

EXAMINER COMMENTARY

No marks, the answer is incorrect. No indication is given in this response as to why the candidate chose £18, however a common incorrect assumption by candidates is that the highest price leads to the highest revenue. It may benefit candidates to be explicitly taught that this assumption is incorrect.

ANSWER ACHIEVING 1 MARK OUT OF 1

$$£18 \times 600 = £10,800$$

$$£16 \times 800 = £12,800$$

$$£14 \times 1000 = £14,000$$

Shirtz Ltd should charge £14.

EXAMINER COMMENTARY

Correct workings and correct answer. One mark.

QUESTION 18di

Analyse how the proposed changes to Shirtz Ltd's marketing mix might impact on two stakeholder groups.

[6]

ANSWER ACHIEVING 2 MARKS OUT OF 6

Employees may have a larger workload.

The government may get more revenue from taxes.

EXAMINER COMMENTARY

Two valid points made, but neither of them applied or analysed. This candidate appears to have missed the fact that the command word in the question is 'analyse'. The responses they have given would be entirely appropriate had the command word in the question been 'state'. Two marks would be awarded.

ANSWER ACHIEVING 6 MARKS OUT OF 6

Consumers will have a greater number of t-shirt designs to choose from, and at a lower price. This should give consumers more satisfaction and may save them from having to spend time searching the Internet for other t-shirts they want to buy.

Shamira and Zubair will find that there is a lot of work to do. Creating new designs takes time and developing links with a high street shop could be very difficult. They may end up suffering from work related stress which may affect their marriage.

EXAMINER COMMENTARY

Two good answers here, both applied to Shirtz Ltd. In addition both consider the consequence of these impacts and so the analysis marks can be awarded. Full marks would be awarded.

QUESTION 18dii

Recommend which of Shirtz Ltd's stakeholder groups is most likely to be affected by the proposed changes to Shirtz Ltd's marketing mix. Give reasons for your answer.

[3]

ANSWER ACHIEVING 1 MARK OUT OF 3

The government would be affected most because it would get more money.

EXAMINER COMMENTARY

The candidate suggests that the government would be most affected by the change in Shirtz Ltd's marketing mix. The justification 'get more money' is limited but correct. One mark would be awarded.

To gain full marks for this answer the candidate needs to explain in more detail. They also need to analyse the impact they have suggested. Possibly, they could have suggested how the additional revenue helps the government to provide public services.

ANSWER ACHIEVING 3 MARKS OUT OF 3

Shamira and Zubair are likely to be more affected by the proposed changes to Shirtz Ltd than the consumers because the consumers will only purchase from the business occasionally whereas Shamira and Zubair are involved with the business daily. The couple are the ones taking the risk and are likely to be constantly very busy.

EXAMINER COMMENTARY

This answer compares the impact on consumers with the impact on Shamira and Zubair. A judgement is made with strong justification. The response would be awarded full marks.



We'd like to know your view on the resources we produce. By clicking on the 'Like' or 'Dislike' button you can help us to ensure that our resources work for you. When the email template pops up please add additional comments if you wish and then just click 'Send'. Thank you.

Whether you already offer OCR qualifications, are new to OCR, or are considering switching from your current provider/awarding organisation, you can request more information by completing the Expression of Interest form which can be found here:

www.ocr.org.uk/expression-of-interest

OCR Resources: *the small print*

OCR's resources are provided to support the delivery of OCR qualifications, but in no way constitute an endorsed teaching method that is required by OCR. Whilst every effort is made to ensure the accuracy of the content, OCR cannot be held responsible for any errors or omissions within these resources. We update our resources on a regular basis, so please check the OCR website to ensure you have the most up to date version.

This resource may be freely copied and distributed, as long as the OCR logo and this small print remain intact and OCR is acknowledged as the originator of this work.

OCR acknowledges the use of the following content:
Square down and Square up: alexwhite/Shutterstock.com

Please get in touch if you want to discuss the accessibility of resources we offer to support delivery of our qualifications:
resources.feedback@ocr.org.uk

Looking for a resource?

There is now a quick and easy search tool to help find **free** resources for your qualification:

www.ocr.org.uk/i-want-to-find-resources/

www.ocr.org.uk/gcsereform

OCR Customer Contact Centre

General qualifications

Telephone 01223 553998

Facsimile 01223 552627

Email general.qualifications@ocr.org.uk

OCR is part of Cambridge Assessment, a department of the University of Cambridge. *For staff training purposes and as part of our quality assurance programme your call may be recorded or monitored.*

© **OCR 2017** Oxford Cambridge and RSA Examinations is a Company Limited by Guarantee. Registered in England. Registered office 1 Hills Road, Cambridge CB1 2EU. Registered company number 3484466. OCR is an exempt charity.



Cambridge
Assessment

