

Business Studies

General Certificate of Secondary Education **J253**

OCR Report to Centres

January 2012

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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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Overview

Performance by candidates this session was generally in line with previous performance. There was, however, rather more consistency within unit A291 (Controlled Assessment) than on the unit A292 examination, Business and People.

Whilst it has been covered in previous reports, it is worthwhile emphasising the different assessment demands which each of these units place on candidates.

The key element on the controlled assessment tasks is application which carries 50% more marks than analysis and evaluation. It is vital, therefore, that candidates apply their knowledge to the scenario they are given. Elements of application could include:

- the local area (competition, local population make up, etc.)
- the individual concerned (experienced or not, ability to afford costly marketing, etc.)
- the business (small/large, new/established, etc.)

The unit A292 written paper has its emphasis on knowledge and understanding. Candidates must, therefore, have a sound knowledge of the specification content and be able to use that knowledge in the context of a question. The knowledge of trade unions clearly remains a difficult aspect for a number of candidates (though improved on previous years), along with internal organisation charts.

A291 Marketing and Enterprise

For 2012 the scenarios were Laura, wanting to establish a pizza takeaway business, and Renu, looking to start a home cleaning business. Both had some work experience, but running a business would be a new experience. The majority of candidates opted for Laura and her pizza business. The accuracy of marking was again improved on previous series, though application (AO2) and analysis/evaluation (AO3) were at times generously marked.

Laura considered the possibility of operating the business as a franchise, with candidates being asked to examine the *marketing* benefits of such a choice. Many candidates were distracted in this part of the work and looked at the general benefits and problems of a franchise operation, rather than restricting themselves to the marketing aspects. The work on promotion and pricing in Investigations 2 and 3 was generally completed well.

Renu had completed part of a business plan, with candidates being asked to appraise the plan being put forward. This was the strength of the work seen, with candidates showing good knowledge of a business plan. It should be emphasised that the specification requires knowledge of a *simple* business plan. Work in Investigation 2 for Renu centred on recommending suitable market research methods for her to undertake; and in Investigation 3 candidates were required to judge whether a wide range of products and services were more appropriate than providing good customer service.

In both options, Investigations 2 and 3 require research to be undertaken. Secondary research would normally be centred on local competitors and what the business 'norm' might be for promotion, services, etc. Primary research should always be undertaken to establish local opinion on the decisions to be made. It is here that questions must be carefully considered in relation to any questionnaire in order that suitable data is collected. In Renu's case data would be needed on local opinion on market research (would local people respond to questionnaires being distributed, would they answer questions if stopped in the street, would they take part in telephone surveys, etc.).

In Laura's situation, she would need data on whether consumers would buy pizza if offered at a lower price than competitors, would they respond to lower prices at a particular time of day/the week, does pricing at £6.99 rather than £7 *really* make a difference in the local area, etc.

Having appropriate data enables a candidate to make more meaningful recommendations, which can be fully supported by figures quoted from the earlier data analysis.

General administration from centres was again improved this series. A minority of centres are still entering candidates through the OCR Repository (entry option 01) when their intention was postal moderation (entry option 02). Care should be taken when making this choice.

Application of the Assessment Objectives (AOs)

AO1

As in previous sessions, knowledge was the strength of much of the work seen. Candidates showed good knowledge of business plans, market research, customer service and the product mix in Renu's case, and franchises, promotion and pricing in Laura's situation.

For Renu, candidates showed good knowledge of market research within Investigation 2. Customer service was examined for the first time in Investigation 3, with candidates showing a good appreciation of what it included. The product mix was completed well in most cases, with candidates using local examples to add to their knowledge base.

In Laura's pizza business, the knowledge of franchises was good, though, as stated, above a number of candidates drifted into details on general issues which were not connected to marketing. The knowledge base on pricing and promotion was very pleasing to see, with many candidates showing a detailed knowledge of these elements within the marketing mix.

It should be emphasised that candidates should show knowledge *and understanding* of these parts of the specification. In some instances there was clear knowledge, though rather less understanding shown. Candidates should also show comprehensive knowledge and understanding of the specification for full marks, not just the elements which they feel are appropriate for a particular situation.

AO2

It should be emphasised again that this assessment objective carries the highest number of marks (24/60) within the controlled assessment. Without good marks on this aspect, a candidate will not achieve the highest grades within this assessment.

Application can consider the individual circumstances of the business owner, the style of business, and the local area.

Within Investigation 1, candidates should apply the data and details in the scenario to the task. For Renu it is whether she has the appropriate information for a simple business plan which would suit a new home cleaning business. This is a new, small business and any plan should apply to that situation. Laura, in Investigation 1 had to decide whether or not to operate as a franchise in order to market her new business. Application here was whether a franchise was a suitable marketing vehicle for Laura in her situation.

On the whole, Investigation 1 was completed well by most candidates, with the greatest problem being a generalised discussion on the merits of franchises.

In Investigations 2 and 3 the knowledge base was rather wider which then had to be applied to the detail of the scenario and the local context. Many candidates investigating pizza takeaways showed good application of pricing and promotion, especially to the local area, with menus, etc. being included emphasising the use of psychological pricing, etc. More could have been done at times on Laura's situation (new, small business, no business experience, locally based) and how this might have impacted on her choice of promotion and pricing.

In Renu's case, there was some varied success with application. Better candidates looked at her individual circumstances (as with Laura) and explained how a lack of funds may affect the choice of market research and her ability to offer a wide range of products and services or high quality customer service. Weaker candidates often failed to make a connection between the scenario and the general specification knowledge shown.

AO3

This assessment objective requires candidates to analyse and interpret data and make recommendations based on that analysis.

Here the collection of suitable data is vital for investigations 2 and 3. For Investigation 1 candidates should restrict themselves to the data provided and their own knowledge of the specification to complete the work. The two marks available in investigation 1 for AO3 should be a guide to the length of the response required. At times the recommendations were far too long, and, whilst often very detailed, they took a disproportionate amount of time from the recommended six hours of writing.

Those candidates undertaking Laura's pizza investigations often collected a vast array of secondary research including menus, advertisements, screenshots, etc. Whilst this is an important part of the research, it should be rather more balanced with the important primary research into local opinion on pricing and promotional methods. Including one menu which is typical of the local area would be sufficient. This will in turn lead to a more focused approach to the analysis of data. At times candidates had rather too much secondary data which was not fully commented on within the work, and in a minority of cases offered no more than bulk to the work submitted.

For Renu's cleaning business, the same amount of secondary data was not readily available, and in some cases, candidates did not undertake primary research, especially in Investigation 2 looking at the choice between market research methods.

Once again, in both situations, better candidates looked to analyse and interpret their data, explaining the significance of particular results and using that analysis directly within their recommendations. It is important that candidates quote figures/percentages from their data analysis if they wish to fully justify the ideas which they are putting forward. Candidates are rewarded for making recommendations which fit the scenario in general, though for the highest marks in Investigations 2 and 3, they should refer back to the local opinion which they have gathered within their primary research.

A number of candidates again failed to develop the change over time element within investigation 3 for Laura's pizza business. Whilst this may come at the end of the work, where candidates are towards the end of the recommended time, they should be reminded that this is an important part of the work and that they should look to examine how a business might change its pricing strategy from being a new business to becoming an established one within the local area. Consideration should be given to the local competition, the type of business and what strategies would be appropriate (and why) in those circumstances.

A292 Business and people

As with last year, the cohort for the January session consisted largely of Year 11 candidates retaking unit A292 and Year 10 candidates who had studied business for only three months. As a consequence, the standard of the scripts varied markedly. Some candidates displayed an excellent knowledge of the specification content and many outstanding scripts were seen. However, there were other scripts which displayed major gaps in knowledge and understanding.

It also seemed apparent that some centres were very well prepared, whilst others were not. Some centres seemed to have not covered certain topics, whilst candidates from some other centres displayed vague understanding thus implying some centres 'rushed' through the unit specification. Areas of the A292 specification which were varied in coverage appeared to be 'trade unions', and 'internal organisation charts'.

As expected, only the more able candidates could fully evaluate and provide good responses to questions 1(d)(ii) and 2(b), although it could be said that attempts by the less able in answering these extended writing questions was better than in previous January sessions.

Comments on individual questions

Question 1

- (a)(i)** This part of the question was satisfactorily answered. The majority of candidates were able to obtain at least one of the two marks on offer.. A correct response included 'businesses exist as they want to make money from the goods which it sells'.
- (ii)** This part of the question was generally well answered. Explaining the potential conflict between motivation and maximising profit has been asked previously and approximately three quarters of the candidates were able to obtain at least one of the marks on offer. Correct responses included 'maximising profit may mean cost cutting and this may lead to poor motivation amongst employees', and 'to increase motivation you may use a financial method such as giving a bonus. This will increase costs and, therefore, not maximise profits.'
- (b)(i)** Demonstrating understanding of internal organisation charts is an important specification area. This part of the question was generally well answered with over four fifths of candidates obtaining at least one of the two marks on offer.

Correct two mark answers included 'each manager knows who they are responsible for, therefore, clear instructions can be fed down the chain of command without wasting time', and 'an organisation chart improves communications as people know who their line manager is'.

- (ii)** This part of the question was satisfactorily answered. For candidates who did not achieve marks it tended to be that they misunderstood the question, in that they did not compare how an organisation chart may change, with the business moving from a partnership to a plc over a 40 year period.

Correct responses included 'there is likely to have been a sharp increase in the number of employees, therefore, these need to be controlled; hence, each area of business will have a manager which may not have been the case with a partnership which may have only a few employees'.

- (iii)** This part of the question was well answered with over three quarters of candidates able to achieve both of the marks on offer by demonstrating knowledge of the phrase 'span

of control' and appropriately used the internal organisation chart provided. Some candidates did not obtain both marks as they did not use Fig.1.

A common full mark answer included 'span of control refers to how many people a manager is in charge of. From Fig.1 we see that the Production Director has direct responsibility for four managers'.

- (c) This part of the question was well answered with four fifths of the candidates demonstrating knowledge of employment law and who achieved at least two of the marks on offer. Common full mark answers reflected the mark scheme and included 'age discrimination as the business is not allowed to be ageist; by stating they want a 20 to 30 year old, when recruiting workers', and 'race discrimination as the business can not specify that it wants a British person'.
- (d)(i) This part of the question was well answered with nearly all of the candidates achieving both of the marks on offer by correctly selecting the definitions for on-the-job training and off the job training; namely 'on the job training occurs at the place of work and while the employee is doing their job,' and 'off the job training occurs when the employee is not doing their job. It may still be at the place of work, or the employee may be sent somewhere else for the training'.
- (ii) This part of the question was generally well answered. Clear knowledge of on the job and off the job training was shown with nearly two thirds of the candidates achieving at least three of the six marks on offer. Some candidates did not analyse both types of training and, therefore, did not achieve Level 3 (five or six marks).

An example of a good response included 'Training your workers yourself is cheaper than employing an outside person to do the training, and the employee is still carrying on doing their job whilst learning skills. However, using an outside company to do the training may be a much better way of training as they are specialised in training employees and they can provide many new ideas. In addition, employees will feel 'wanted' as the business has invested in them. Overall, I think it depends on the type of job. Given this particular job is a receptionist I believe that on-the job training would be more appropriate as Sharon would be learning from the other receptionists, and the job is not that skilled, thus the duties are pretty straightforward to learn'.

- (e) This part of the question was satisfactorily answered. Many candidates were confused by the question and did not provide a 'way' in which companies may respond to a situation in relation to its employees.

Correct responses were evident and included 'Cocoa plc might hold meetings with the employees so that it can listen to the employees concerns and respond to them in a reassuring manner'.

- (f)(i) This part of the question was generally well answered with over three quarters of the candidates obtaining at least two of the four marks on offer. Location of industry is, and will continually be, a common examination question on unit A292. The reason for a loss of marks tended to centre on candidates not providing appropriate location factors for moving the company's factories, eg some candidates incorrectly referred to diversifying and expansion.

Good responses were regularly seen and they included 'because the UK may have a higher minimum wage which increase costs' and 'regulations are less in other countries therefore the business will save on costs'.

- (ii) This part of the question was generally well answered. The majority of the candidates could obtain at least one of the two marks on offer by referencing 'job losses'. Many candidates did not link this 'correct answer' to the effect on the local community.

A typical and common correct response included 'relocation of Cocoa plc will mean employees will lose their jobs and may not have the money to spend in other businesses within the community, therefore, the community will have less money'.

Question 2

- (a)(i) This part of the question was generally well answered. Nearly all of the candidates could accurately select the correct answer relating to given statements namely – 'on its profits Minerals plc pays 'corporation tax''; 'when the Managing Director retires, Minerals plc will 'continue to operate''; 'when Minerals plc mines for gold it is said that the business is a part of the 'primary sector'.

- (ii) This part of the question was satisfactorily answered. A high percentage of the candidates obtained two of the four marks on offer by explaining that limited liability is important to a business. However, only a minority could explain why having an 'ability to raise large amounts of finance' could be important to a business. A common incorrect response explained 'how they could raise large amounts of money from the stock exchange'.

Full mark answers were rare but did include 'limited liability for its owners means that the owners will not lose their personal possessions if the business goes into liquidation/not able to pay its debts', and 'ability to raise large amounts of finance will help with expanding the business which helps keep the business more competitive'.

- (iii) This part of the question was generally well answered with about half of candidates obtaining both of the marks on offer by explaining how access to business accounts may be a problem for the stated company. However, many candidates only achieved one mark as they could not explain why 'competitors seeing accounts' may be a disadvantage for the stated business.

A correct answer included 'competitors can see all information which may give them a competitive advantage, eg. see ways in which they can get their costs lower', and 'the public can see accounts, therefore, may sell their shares which decreases the value of the business'.

- (iv) This part of the question was poorly answered. Candidates found difficulty establishing the link between stakeholders and the global community. Many candidates misunderstood what the question required. However the more able produced many excellent responses and included those outlined in the mark scheme namely 'gold is valuable and customers around the world want gold products, therefore, without companies such as Minerals plc there would be less gold for sale. However, as mining causes pollution then people would be concerned about the environment'.

- (b) This part of the question was generally well answered. There has been a marked improvement in centre coverage of trade unions and candidates, in the main, could demonstrate appropriate knowledge and analyse the advantages to employees of being a trade union member. The reason for not achieving Level 3 (thus five or six marks) tended to be that candidates did not explain the benefits to employees of not being in a trade union.

A common Level 3 response included 'Being a trade union member is helpful as the union can keep members up to date regarding employment law, and the union helps to

ensure the workers' workplace is safe. The union is also beneficial to employees as it can collectively bargain with the management in order to get pay rises or improve working conditions. However, not being a member is also beneficial as you will not have to pay union monthly subscriptions, which saves you money each month. Overall, I would suggest an employee is better off from being a member of a trade union as having a body to fight for you will be more powerful than doing it yourself. An employer will take a group of employees' views more importantly than an individuals'.

- (c)(i)** This part of the question was well answered. Nearly all of the candidates could accurately explain a 'quick' method of communicating with managers who are in other countries. The most common correct answer included 'e-mail as it is a very quick way of communicating with people all over the world, and you can keep a hard copy of the message'
- (ii)** This part of the question was well answered. A high percentage of candidates could explain how video conferencing can be an advantage and a disadvantage to a business with overseas managers. Explaining an advantage tended to be more problematic than explaining a disadvantage.

Full mark answers were rare but did include 'an advantage of video conferencing is that it can save the business money as it does not need to pay travel expenses for bringing each Director to the UK', whilst 'a disadvantage can be that a virus may mean that the communication either breaks down or simply does not work which means your messages cannot be conveyed'.

- (d)(i)** This part of the question was generally well answered. Many candidates could obtain at least two of the marks on offer by explaining the possible impact on employees on working from home.

Answers which achieved full marks included 'an advantage to employees of working from home is that they do not have to travel to work and, thus are less stressed'. For the disadvantage, correct responses included 'employees may have many distractions at home, therefore, they may not be as focussed as if they were at company office.' Many candidates also correctly referenced the lack of a 'social aspect which prevents informal conversations which impacts on motivation'.

- (ii)** This part of the question was well answered. The majority of candidates could obtain at least one of the marks on offer. A common correct response included 'If people work from home, then less space is needed for offices which may decrease costs'.

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