

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 June 2014

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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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CONTENTS

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OCR REPORT TO CENTRES

Content	Page
R061 Introduction to business	1
R062 Planning for Work and R063 Setting up and running an enterprise	5

R061 Introduction to business

General Comments

In this session most candidates made some attempt to answer all of the questions on the paper. It is very important that candidates make an effort to do this as it is only in this way that any marks can be gained at all. There was more evidence this session that centres had used the report from last year and had spent time preparing the research brief prior to the examination. The purpose of this qualification is for candidates to engage with real businesses in order to make decisions in terms of a variety of business situations. Most seemed to be able to engage with the context of a garden centre although, not all of the examples in the responses were garden centres. On the more general questions candidates could gain marks for specific reference or research gained from any local business. Once again the purpose of the research brief, which is available to centre six weeks before the exam, is to identify the key areas and key decisions a particular business is likely to make. Failure to reference local businesses in a number of the questions restricts the reward that can be gained at any level. Particular parts of the specification can also be highlighted when using the research brief.

There was some evidence this session that candidates were not reading the stems of the question or the introductory paragraph to each section of the paper. Candidates should be encouraged to read through the whole paper before starting the exam in order to gain any extra information not included in the research brief. This includes the name of the business which is not included in the brief but is always in the first stem on the paper.

Most candidates responded reasonably well to the more straightforward questions although there was evidence that they did not really know how to achieve the marks available. Preparation should include candidates becoming familiar with the different ways to gain marks. Centres should be encouraged to familiarise the candidates about how marks will be awarded on all the different types of question, in particular the longer questions which are assessed using levels of response. There was evidence that candidates were unable to access some areas of business knowledge. This was particularly evident in Questions 3, 4a, 4b, 4c and 7. For example in Question 7, using realistic business situations when teaching how different external factors impact on the business and its decision making is useful in creating a candidate's ability to apply knowledge. There is no particular reference to the external factors in the research brief as all businesses will be impacted in different ways. Also over time these factors will change, as will people's attitudes about them. Centres should prepare the scenario using examples of how external factors might impact on the business.

The quality of responses was very variable. Candidates must realise that when one way/reason is being asked for then only the first answer will be awarded. Simply making a list will not gain further reward. It is development and explanation which shows real understanding. Analysis was evident but must be contextual, based on research and clear. Evaluation was rare since in many cases the analysis was inadequate to underpin the final judgement.

Research Brief

The research brief should be downloaded from Interchange six 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 is crucial to the success of the candidates. The brief is set out to follow the learning outcomes in the specification and gives an idea of the areas to be covered in the examination, the type of business and the decisions which the business, in this case Ykale will need to make. It is vital that candidates research similar businesses so that the responses to some of the longer questions can be applied realistically in

context. There was more evidence this session that centres had prepared candidates in this way but there are still too many examples of candidates being unprepared both in terms of the specification and the context of the business. When preparing for the examination centres should ensure that candidates are able to recognise and apply factors such as the type of business organisation the business might be, the product and service it sells, its market and potential market, ways it could promote its goods and services, any external factors which may affect its decision making etc. For example, simple identification that the business is a plc should trigger a number of characteristics and businesses which could be researched in terms of their legal set-up, finance, ownership etc. Sentences such as ‘the business needs to investigate ways to market itself’ should encourage centres to deliver a number of scenarios about how businesses selling plants might market themselves.

Candidates who do not carry out the research and prepare for the exam in this way will be at a disadvantage.

Comments on Individual Questions

Section A

1a. This question required simple knowledge of business organisation. The majority were able to choose the correct option.

1b. Most candidates identified at least one benefit and one drawback of a plc. Most common answers were limited liability and loss of control due to size plus an explanation. However there were too many who did not develop their answers and therefore only gained limited reward.

Section B

2a. Knowledge of objectives was reasonably good with most giving growth/expansion as their answer. Most could state the objectives but the development of the answers was variable and therefore the reward was limited. Best answers explained that opening more stores would increase the reputation of the business and may result in increased sales.

b. This is the first question on the paper which requires candidates to reference the actual research they had carried out to inform the answer. The question is based on Learning Outcome 2 and this is flagged in the research brief by reference to the development of a ‘new range of organic plants’ and the word ‘current’ under objectives. Most candidates did not reference their own research and therefore were limited to the lower levels of response. Some candidates did know that objectives should change over time but the development of the answers and consequent analysis was poor. Best answers gave reasons to change as increased competition, recession and reduced disposable income as the answer. These reasons tend to lead to reasonable analysis since there is a direct implication to the firm of a change in them. Evaluation can be achieved by candidates recognising that there are some situations where objectives do not need to be changed and that costs might be a contributory factor in making a decision.

Section C

This section concentrates on Learning Outcome 3 and tests candidates’ knowledge and use of the different functions of business. Candidates can be specifically directed towards issues with each of these functions by using the research brief.

3. This question simply tested the knowledge of the candidates and their ability to explain the effect of an action on profit. Very few candidates showed knowledge of the components of profit and therefore a real problem throughout the paper was the assumption made by candidates that a change in costs would change profit or a change in sales would change profit. Profit is made up of revenue, costs and profits; therefore any statement about profit which does not reference

both sales revenue and costs is simply an assumption. This is an important issue as it impacts many of the responses given by the candidates.

However candidates did gain marks for simple statements such as growing organic plants would be more expensive.

4a. This question was very poorly answered with the majority selecting the wrong answer. Pricing is part of learning outcome 2 and is also part of the marketing mix. The different methods which businesses use to price their products and services should be the starting point when delivering this part of the specification.

b. Responses to this were very disappointing. Once again this is a fundamental part of marketing. Most businesses can neither afford the time or the money to target the whole population. Therefore market segmentation is crucial if a business is to be successful. This was an example of a question with a high number of no responses. Candidates should be encouraged to answer every question. If no answer is given they will definitely get no marks, an attempt may well be rewarded.

4c. This question was very well answered by most candidates.

4d. A standard question about the marketing mix. Most candidates did know at least three of the components of the mix and could explain how they might be used by business. However there was some confusion with market research. There was more evidence this session that candidates had used the research brief and could give examples of garden centres that were in the local area to apply their answers. However it is not enough just to mention the name of a business, there must be some use of the business and application to marketing. It is also not enough simply to say 'a business in my local area'. Best answers were able to justify the benefits of different elements of the marketing mix but most answers only achieved analysis because detailed recommendations were not made. The marketing mix is a strategy which is developed and changed over time. Garden centres now offer a variety of products and services and have had to respond to internet sales and specialist competition. Candidates should spend time preparing such strategies and looking at the factors which impact on garden centres and which might cause a change in price, promotion and product development. There was much confusion between place and location. Place refers to the distribution method, in this case retailing the new range of organic plants or finding other methods of distribution, for example via the internet. Candidates should be encouraged to look at all the elements of the mix in order to justify any recommendation.

5a. There was some confusion between retain and retrain. Candidates should be careful that they have read the question properly. However there were some very good answers to this question with candidates explaining that existing employees would be experienced and already trained, therefore costing the business less in terms of recruitment and training.

b. This question was reasonably well answered although it would have been better if more could have been made of the actual conditions rather than simply making statements about 'staff being happy'. Best answers talked about health and safety, legal rights, avoidance of being sued etc. Once again candidates need to be much more specific in order to gain the highest reward.

c. Answers to this were variable. Most understood why employees should be supervised but there was less evidence about how this should be managed over time. Best answers suggested payment/ promotion strategies which might result. Very few mentioned annual appraisal and its purpose. Most answers did not reference the context and therefore were limited in terms of the reward they could achieve. Performance management is a large part of modern management and candidates should understand that it will be part of their working lives.

Section D

6. On the whole, considering the question, the responses to this were very disappointing. It is difficult to know whether candidates simply did not know what ethical meant or whether it was due to 'guessing'. The context of the research brief should have flagged that this may be important to Ykale plc and therefore candidates should be prepared to answer questions on this area of the specification.

7. The format of this question remains unchanged from previous sessions. Candidates are once again required to use the research of garden centres or businesses selling similar products in their area to inform the answer to this question. In general, to come to an informed conclusion, candidates are required to analyse and evaluate at least two of the external factors in the question. Candidates can be encouraged to evaluate by using term such as 'depends on' or 'is more important than'. In other words, one factor is likely to have a greater impact even though this may change over time and will depend on both internal and external changes. External factors impact all businesses and this should be an area for extensive preparation prior to the exam.

Most candidates went through each of the elements making general statements about their impact. There was some confusion between environmental and economic which needs to be addressed. It was encouraging to see that more candidates attempted to use the context of the garden centre this session and a greater number referenced actual garden centres in their area. Now it is important that they use this research effectively. Best answers explained that technology might impact garden centres through development of better fertilisers, insect sprays, use of website, social networking, payment systems etc. However it is not enough simply to explain these, candidates must analyse the implications of them to the garden centre in terms of increased/ decreased costs, increased / decreased revenue, increased/ decrease efficiency etc. This also applies to both environmental and legal factors. Most important is that candidates must not simply write that profit will increase or decrease without explaining that this will be dependent on whether costs change, number of products sold change and sales revenue changes.

Once again evaluation was rare. Simply making a recommendation is insufficient if it is not underpinned by analysis in context and based on at least two of the factors in the question.

R062 Planning for Work and R063 Setting up and running an enterprise

General comments

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. The Unit Recording Sheets were well completed by most centres. 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 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. For unit R063 many of the enterprise activities were well thought out and planned. It was, however, sometimes difficult to differentiate individual candidate contributions as identical portfolios/evidence was submitted without any supporting witness statements or commentaries.

Model Assignments

Centres are reminded to visit the permitted changes section of each Model Assignment before making significant changes to the model assignments. For example, the list of employment areas can be modified; however, the list should be limited and established before the assignment is given to the candidates. If centres focus their attention on one business then candidates should be encouraged to research employment areas and not just job roles. Centres are reminded that although candidates will work in teams on unit R063, the evidence presented should be individual and it must show each candidate's individual contributions to each activity. If a centre's submit candidate work and claim marks for a candidate against a received email from another candidate then there is no evidence from the first candidate. Centres must be careful about the evidence submitted.

Internal standardisation

Centres must have a robust internal standardisation system in place in order to ensure a consistency of assessment across teaching staff. Failure to have a robust system in place will result in inconsistent judgements.

R062 – Planning for work

Introduction

Those candidates who produced the best responses were those who followed the model assignment accurately and included well-constructed job descriptions and person specifications. Those candidates who provided weaker responses failed to include copies of the job descriptions and person specifications or they were so brief that any skills/competencies could not be used for self-assessment or for the completion of the application documents.

Application of the Learning Outcomes

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, 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 and were able to show the differences between the roles and working practices. Those who presented theoretical evidence of working practices achieved lower marks. Candidates who identified an employment area rather than just jobs also did better than those that failed to identify an employment area.

Learning outcome 2 (LO2)

Candidates achieved the higher marks when their self-assessment was thorough and self-reflective. Some candidate's self-assessment included tick boxes without any further expansion as to the interpretation of their findings resulting in lower marks.

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 vacancy (job description and person specification). 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.

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

Introduction

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 and supported the evidence presented by the candidates. 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.

Application of the Learning Outcomes

Learning Outcome 1 (LO1)

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, or where there was no evidence of their individual ideas, this prevented them from meeting the criterion.

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.

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 learnt and how they were using it within this unit they achieved the highest marks. Candidates who failed to provide any evidence of synoptic assessment achieved few 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. 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. 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. 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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