

Cambridge **NATIONALS LEVEL 1/2**



BUSINESS

Combined feedback on the June 2015
Exam Paper

Unit R061: Introduction to Business
Version 1



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INTRODUCTION

This resource brings together the questions from the June 2015 examined unit (R061), the marking guidance, the examiner's comments and the exemplar answers into one place for easy reference.

The marking guidance and the examiner's comments are taken from the Report to Centre for this question paper.

The Question Paper, Mark Scheme and the Report to Centre are available from:

<http://www.ocr.org.uk/qualifications/cambridge-nationals-business-level-1-2-award-business-and-enterprise-level-1-2-certificate-j804-j814/>

OCR
Oxford Cambridge and RSA

Wednesday 20 May 2015 – Morning
LEVEL 1/2 CAMBRIDGE NATIONALS IN BUSINESS AND ENTERPRISE
R061/01 Introduction to Business

Candidates answer on the Question Paper.
Duration: 1 hour

OCR supplied materials:
• Clean copy of the Pre-Release Research Brief (R061/01 – inserted)
Other materials required:
None

Candidate forename: _____ Candidate surname: _____
Centre number: _____ Candidate number: _____

INSTRUCTIONS TO CANDIDATES

- The insert can be found inside this document.
- Write your name, centre number and candidate number in the boxes above. Please write clearly and in capital letters.
- Use black ink. HB pencil may be used for graphs and diagrams only.
- Answer **all** the questions.
- Read each question carefully. Make sure you know what you have to do before starting your answer.
- Write your answer to each question in the space provided. Additional paper may be used if necessary but you must clearly show your candidate number, centre number and question number(s).
- Do **not** write in the bar codes.

INFORMATION FOR CANDIDATES

- The number of marks is given in brackets [] at the end of each question or part question.
- The total number of marks for this paper is 60.
- This document consists of 12 pages. Any blank pages are indicated.

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Cambridge National
Business and Enterprise

Unit **R061/01**: Introduction to Business
Cambridge National Level 1/2 Award/Certificate

Mark Scheme for June 2015

Oxford Cambridge and RSA Examinations

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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 2015

Oxford Cambridge and RSA Examinations

PRE-RELEASE MATERIAL

The question paper is based on a pre-release Research Brief which is issued to centres 6-8 weeks before the examination.

Questions in the question paper will ask learners to draw on the knowledge and understanding gained through researching businesses in their local area which are similar to the business in the Research Brief.

The pre-release Research Brief can be found here:

<http://www.ocr.org.uk/Images/206063-unit-r061-case-study-june-2015.pdf>

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To be opened on receipt
LEVEL 1/2 CAMBRIDGE NATIONALS IN BUSINESS AND ENTERPRISE
R061/01 Introduction to Business
PRE-RELEASE RESEARCH BRIEF JUNE 2015

INSTRUCTIONS TO TEACHERS

- This Research Brief **must** be opened and given to candidates 6-8 weeks before the examination.

INFORMATION FOR CANDIDATES

- You **must** make yourself familiar with the Research Brief before you sit the examination.
- Questions in the question paper will ask you to draw on the knowledge and understanding that you have gained through researching businesses in your local area which are similar to the business in this Research Brief.
- You **must not** take notes into the examination.
- A clean copy of this Research Brief will be given to you with the Question Paper.
- This document consists of 2 pages. Any blank pages are indicated.
- This copy **must not** be taken into the examination.

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GENERAL EXAMINER COMMENTS ON THE PAPER

OCR
Oxford Cambridge and RSA

Wednesday 20 May 2015 – Morning

LEVEL 1/2 CAMBRIDGE NATIONALS IN BUSINESS AND ENTERPRISE

R061/01 Introduction to Business

Candidates answer on the Question Paper.

OCR supplied materials:

- Clean copy of the Pre-Release Research Brief (R061/01 – inserted)

Other materials required:

None

Duration: 1 hour



In this session most candidates made some attempt to answer all of the questions on the paper. There remains a need for centres to investigate thoroughly all of the areas and issues involved and highlighted in the research brief. This type of preparation gives the candidates the best chance of accessing the questions and improves their ability to apply the answers in context. The next step is to encourage candidates to access the skills of analysis and evaluation by using the information the candidates have discovered in the research and looking at the implications to the business.

The research brief is available eight weeks before the examination and should be used to identify and analyse key areas of the specification in preparation for the examination. Use of knowledge and understanding which may have been gained from other units is also important in informing responses on this paper.

There was less evidence this session that candidates had misunderstood the requirements of the questions. An exception was Q.6(c). One of the purposes of preparing the research brief is to investigate specific characteristics of the business, such as the type of organisation, the product and service it sells, its target market, how it raised its finance, its key features etc. Candidates should have a good overview in order to give relevant responses to any decision the business might need to make.

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. For example, 'explain' means to develop a point not just to add another point. Centres should 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 and use of research. There is still evidence that candidates' knowledge is missing. For example, Q.1 (a), Q.1(c), Q.3 (a) and Q.7 showed particular gaps in knowledge amongst many of the candidates. Overall, there remains a real problem with candidates explaining ideas, applying them in context and analysing the implications of certain suggested actions. Use of past papers, mark schemes and reports would improve the overall standard of the answers. Q.8 follows the same structure each session and its purpose is to explain and analyse how external factors impact on business. There is limited evidence that candidates have been properly prepared to meet the requirements of this question.

GENERAL EXAMINER COMMENTS ON THE RESEARCH BRIEF

Research Brief

Context: A business which specialises in the provision of public firework displays for celebrations such as those held on Diwali, New Year and 5 November.

Objective: The business wants to increase sales, profit and market share by developing a wider range of products and services which would be tailor-made for private and corporate events.

Finance: The business needs to raise money to invest in the research and development of new products for use in these new markets. The Board of Directors is considering ways to raise this finance.

Marketing: The business needs to create awareness of these new products and services in these new markets. It already has a well-developed website.

Production: The business produces all of its products at three factories in the United Kingdom (UK). Supplies of raw materials and other resources are purchased from a number of businesses in the UK and also from as far away as China.

Human Resources: The business' full-time employees manufacture the products and set up the displays. The business also employs a number of part-time and temporary employees to meet the seasonal demand. The business has to ensure that all of its employees are highly skilled.

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 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, DDL, 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 some evidence this session that centres had prepared candidates in this way but this was rare. For example, simple identification that the business is a private limited company 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 wants to increase sales, profit and market share' need more clarification and centres should deliver a number of scenarios about how businesses might achieve these objectives and how they may change over time.

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

Question 1

Some of the questions in this examination are based on the scenario in the Research Brief and your background research.

Answer all of the questions

SECTION A

Dazzle Delight Ltd (DDL) was set up 10 years ago as a private limited company.

1 (a) Complete the **two** sentences below which describe features of a private limited company by selecting the correct words from the following list:

- dividend
- interest
- limited
- profit
- unlimited.

The owners of a private limited company have **limited (1 mark)** liability.

The owners of a private limited company are paid a **dividend (1 mark)** [2]

(b) Identify whether the following statement is true or false.

'The Board of Directors of DDL is elected by its shareholders.'

Place a tick (✓) in the correct box in the table below.

True	False
✓	

[1]

(c) The Board of Directors is considering whether DDL should become a public limited company.

Explain **one** reason why DDL might benefit from becoming a public limited company.

Reason **Shares quoted on Stock Exchange (1 mark)** **Other benefits**

- legal personality
- access to finance (sell shares)
- make the business bigger
- economies of scale
- easier finance from banks

Explanation.....
 DDL would be able to raise more money (1 mark) by selling shares on the stock exchange (1 mark) which they could use to develop more products and services (1 mark).

Alternative answer
 .. With an increase of shareholders DDL would become bigger (1 mark). This gives it a chance to expand to different places (1 mark), also there is then a continuous contingency plan (1 mark).

[3]

Mark scheme guidance

This section tests Learning Outcome 1.

1a

One mark for each correct identification up to a maximum of two correct identifications.

1b

One mark for correct identification.

No marks if ticks in both boxes.

If crossed out, reward if not replaced.

1c

One mark for the correct identification of a benefit, plus up to a further two marks for an explanation.

The second mark should show understanding of the reason. These can be benefits of one or drawbacks of the other.

Third mark for context.

Do not reward three separate benefits.

Examiner comments

1a

This question required candidates to simply identify two characteristics of a company. Too many candidates did not answer this correctly.

1b

Most candidates answered this correctly.

1c

Answers to this question were disappointing. Candidates made general statements like 'it has limited liability' and 'it can sell shares'. The question is about public limited companies. These two statements are true of private limited companies and therefore have no value.

Best answers explained that a public limited company could raise more finance from selling shares to the public on the stock exchange and that this money might be used to expand the business.

Question 2

SECTION B

DDL has many competitors. Some members of its Board of Directors are worried that the level of profit may fall in the next year if DDL develops new products and moves into new markets at the same time.

2 (a) Explain how competition might affect DDL's ability to increase its market share.

.. Competition might affect the DDL because the people buying have other options (other than DDL) (1 mark) which means some might not buy from DDL which means they are going to lose money (1 mark) and other companies will be gaining (1 mark).

.....
Competitors might affect DDL through:

- ... • Lower prices
- ... • More products/packages
- ... • Better quality
- ... • Better safety record

..... [3]

(b) Using your research of businesses in your area, analyse why the objectives of a business such as DDL might change over time.

.. **Exemplar answer:**

DDL's objectives should change over time because it operates in a competitive market (Level 1). This means that if it is to survive the business must keep up with changes in firework and light display development if it is to offer the products and services which are demanded by the market (Level 2).

.. As the business is a company it has to make a profit in order to pay dividends to its shareholders but as it get bigger and becomes more successful it might consider becoming a public limited company in order to raise more money (Level 3).

.. Some businesses in our area such as Marks and Spencer have not really moved with the times and have lost profit (research). Often business has to keep up with both fashions and with methods of buying and selling if they are to be competitive.

.. Businesses such as DDL may be affected by changes in the law especially when giving firework displays and therefore may need more money to invest in new products (Level 3) and health and safety.

- ... **Reasons:**
- ... • any economic factor – recession, tax, interest rates
 - ... • demographic changes
 - ... • technological changes
 - ... • competition
 - ... • new products.

... Must be reason for consumer switch from DDL to another business or vice versa.

..... [6]

Mark scheme guidance

2a

One mark for each point of explanation up to a maximum of three such points, but allow development marks.

NB. For third mark must show some understanding of market share

2b

Level 3 – Analysis (5–6 marks)

An analysis of the effects of the reasons for and implications of a business changing objectives over time.

Maximum 5 marks for no context or research.

Level 2 – Application (3–4 marks)

An understanding of the reason(s) for a business to change its objectives over time.

Level 1 – Knowledge (1–2 marks)

Generic knowledge of objectives or simple statements about why objectives might change over time.

Analysis will be shown by explaining the implications of changing or not changing objectives over time.

Examiner comments

This section tests Learning Outcome 2.

2a

Knowledge of objectives was limited. Most candidates had some idea that lower prices would mean that the competition would take custom from DDL. It was not always clear that candidates really understood the meaning of market share. This was highlighted in the research brief and could have been addressed as part of the preparation.

2b

This was the first of the questions requiring candidates to use their own research to support the answer. It is important that candidates actually name the business that they have investigated. The best candidates were able to state and explain why objectives might change but few candidates were able to exemplify this from a real business and therefore analysis was rare. Those candidates who have done R063 should be able to draw from the real experience of running an enterprise to inform them as to how and why objectives might change over time.

Question 3

SECTION C

3 DDL will need to increase the company's overdraft and to apply for a loan to develop the new products and move into the new markets.

(a) The table below lists six statements.

Statements
1. Medium to long term. 2. No interest to pay. 3. No repayments. 4. Rate of interest can be fixed. 5. Rate of interest is always variable. 6. Short term.

Complete Fig. 1 below by writing **four** of these statements in the correct column which identifies features of either an overdraft or a loan.

Overdraft	Loan
Rate of interest is always variable (1 mark)	Rate of interest can be fixed (1 mark)
Short term (1 mark)	Medium to long term (1 mark)

Fig. 1

[4]

(b) DDL would like the new range of products and services to break-even in the first year in which they are sold.

Explain the meaning of the term 'break-even'.

The break-even point is where total costs (1 mark) are the same as total revenue (1 mark).

• Alternative answers:
 No profit (1 mark) or loss (1 mark).

• The break-even point is when the money you put into the business (1 mark) is equal to the money coming out of the business (1 mark).
 [2]

Mark scheme guidance

3a

One mark for each correct identification up to a maximum of four identifications.

Only four boxes to be marked. Mark left to right top to bottom. If all four are in one column mark all four.

3b

Up to two marks for explanation.

The explanation must show an understanding of break even.

Examiner comments

This section tests Learning Outcome 3.

3a

Candidates did not really know the difference between an overdraft and a loan. Knowledge of different types of finance is important when a business makes decisions. The idea that finance might be needed by DDL is highlighted in the research brief.

Candidates need to follow the rubric which asked them to use four statements.

3b

It was encouraging to see that many of the candidates were able to define 'break-even' correctly.

Question 4

4 Analyse why a business such as DDL should plan ahead in order to ensure that it has the correct materials to make its products.

- .. Planning resource needs in a manufacturing business is essential if the right quantity and quality of product is to be made (**Level 1**) to meet the demand or orders for firework and light displays.
- .. Running low raw materials could result in production stopping and the business not having enough to sell (**Level 2**). Customers do not like to be disappointed and could take their custom elsewhere. Or give a bad review to the business on the internet (**Level 3**). Having too many resources can be wasteful and take up a lot of space. In the case of DDL this might be very important because the raw materials could be dangerous and deteriorate which could result in increased costs and, perhaps, accidents (**Level 3**).
-

... Reasons to plan resource needs for production might include (these should be seen in the context of materials):

- ... • To forecast cost of materials
- ... • To set/meet objectives
- ... • To plan for contingencies/deterioration of stock
- ... • Quality
- ... • To raise finance
- ... • To make product decisions
- ... • To review/control
- ... • To know what to do/achieve/targets
- ... • Products come from China (time delay)
- ... • To remain competitive
- ... • Cope with increased/seasonal demand

..... [5]

Mark scheme guidance

Level 3 – Analysis (4–5 marks)

Analysis of at least one reason for businesses to plan/control resources

Level 2 – Application (2–3 marks)

Knowledge and understanding of resource planning / control

Level 1 – Knowledge (1 mark)

Identification of reasons to plan/control resources

Do not reward simple statements eg lower profit or higher profit without mention of revenue and costs.

Examiner comments

On the whole answers to this were disappointing. There was limited evidence that candidates really understood reasons why DDL might need to plan and control its purchase of raw materials for production. The best candidates explained that some materials were coming from China and therefore there might be problems of distance and quality. Others identified the need for more time to produce the fireworks in time for displays and in case products were not delivered. Once again, the idea that there might be a problem with raw materials, and the importance of getting quantities and supplies right, in the particular context of fireworks, was highlighted in the research brief.

Question 5

5 DDL has decided to use only primary market research to find out if there are private individuals and businesses which might be interested in DDL's new product range.

(a) Explain **one disadvantage** to a business such as DDL of using only primary market research to find out this information.

... A disadvantage would be that it would take the business a lot of time (1 mark) since this
 ... requires the collection of first-hand information (1 mark) from businesses and people
 ... who might want the parties (1 mark).

..... Disadvantages of primary research might include:
 • time
 • cost
 • accuracy
 • access to information
 • range (limited amount/types)
 • people might not be interested (in participating)
 [3]

(b) The Marketing Director of DDL has suggested the following methods to promote the new tailor-made firework displays in order to increase sales:

- DDL's website
- direct mail
- newspapers
- social networking
- trade magazines.

Recommend which **two** of these methods DDL should use. Explain why you have recommended **each** method.

Recommendation 1 DDL's website

Explanation DDL should use the website as it is already up and running (1 mark),
 therefore costs will be less (1 mark). It also has the facility to show
 videos of real light and firework displays (1 mark).

Recommendation 2 newspapers

Explanation ... DDL could also use local newspapers and trade magazines as these will
 attract both companies and local people (1 mark) who might want a
 firework display for a special occasion (1 mark).

... Alternative answer
 ... Social networking caters for all ages and you have direct links to your website which
 ... you could sell (1 mark). Also on social media you can share pages with your friends
 ... (1 mark).

[4]

Mark scheme guidance

5a

Candidate gets one mark for the correct identification of a disadvantage plus two marks for expansion.

Only reward for one disadvantage.

One mark for the correct identification, plus up to a further two marks for an explanation.

5b

Up to two marks for each of the correct explanations.

Reasons include:

- Speed
- Target market
- Number of people
- Direct mail can include email.

There is **no** mark for the identification of a recommendation. Any reward should be given for the recommendation.

Examiner comments

5a

This question required candidates to simply identify and explain one disadvantage of primary research. It is important that candidates practise this type of question in order to gain full reward. Three separate disadvantages do not show a candidate's ability to explain a reason such as time, cost, limited sample etc.

5b

Candidates answered this well. Very few ignored the list and used their own forms of promotion. The best candidates were able to select two and explain with reference to a number of people and the particular characteristics of the type of promotion.

Question 6 (a) and (b)

6 (a) The part-time and temporary employees are paid a wage rather than a salary.

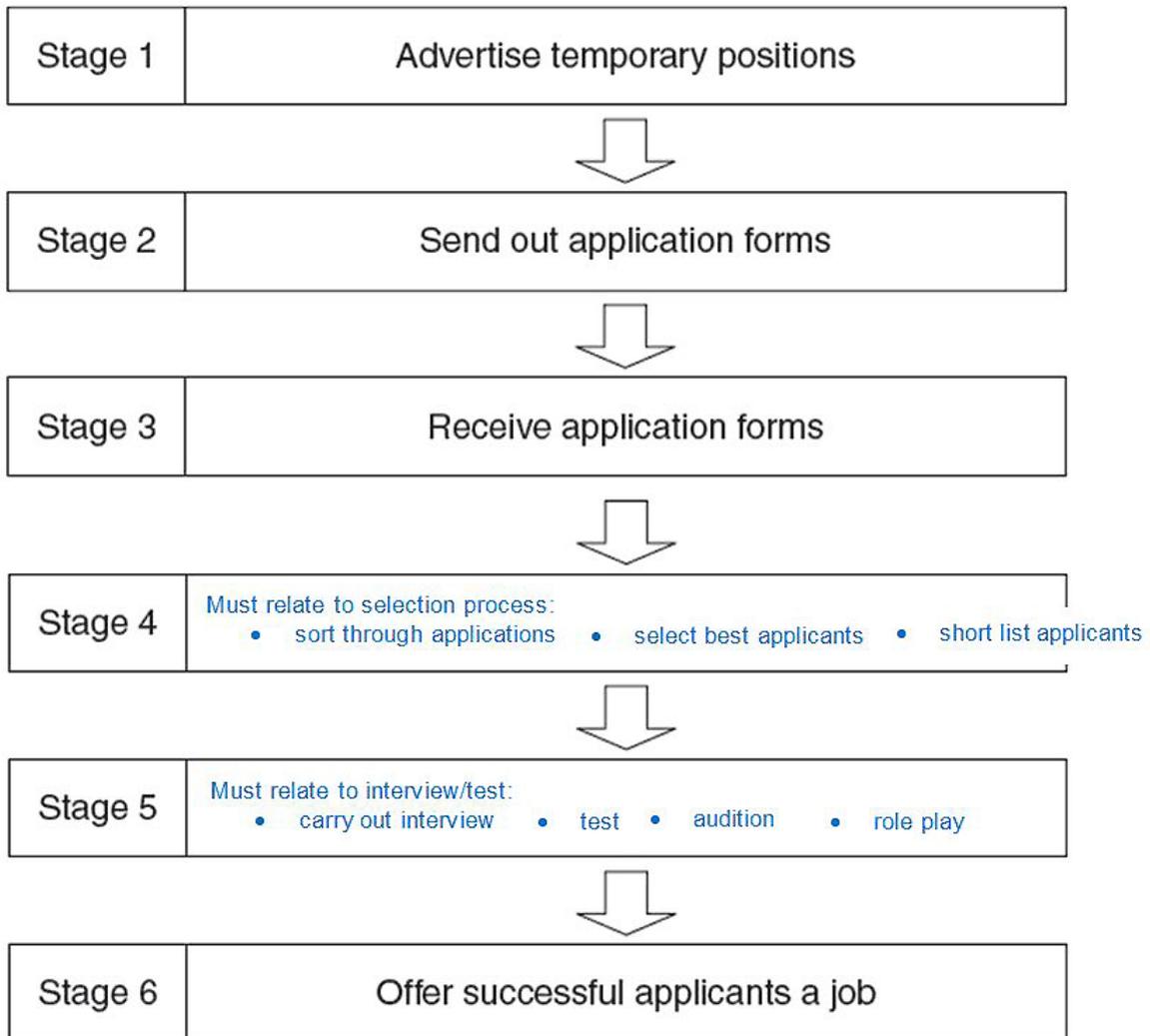
Explain **one** difference between a wage and a salary.

Wages are usually paid to part time, temporary or manual workers and are calculated as an hourly rate (1 mark). Salaries are paid to full time workers (1 mark) and are calculated on an annual basis.

- Differences might include:
- Weekly, monthly, paid yearly
 - Type of worker
 - Time period
 - Method of calculation (e.g. piece rate)
 - Set/fixed amount for salary
- [2]

(b) The following flowchart shows the main stages in the recruitment process for temporary employees at DDL.

Complete Stages 4 and 5 on the flowchart. [2]



Mark scheme guidance

6a

Up to two marks for explanation of difference between wages and salaries.

Wages can be accepted as monthly.

0 marks for an answer not worthy of credit.

6b

One mark for each correct identification up to a maximum of two identifications.

0 marks for an answer not worthy of credit.

Examiner comments

6a

Generally well answered.

6b

Answers to this were very specific. The process should have been familiar to all candidates who had completed unit R062.

Question 6 (c)

(c) Using your research of businesses in your own area, evaluate the costs and benefits to a business such as DDL of providing training for its employees. [10]

The local gym, Fitness First, in my area regularly sends its staff on training courses to keep them up to date with life saving techniques, first aid and health and safety. The benefits of training for most businesses are the same. For the gym and for DDL, training should result in a better skilled workforce (Level 1) which can either produce better products or give a better service (Level 2). When staff are given training it often results in them being better motivated to work, creating a happier workforce, happier customers and increase in sales revenue and market share (Level 3). However, this depends on the quality of the training and the willingness of the workforce to undertake the training (Level 4). Therefore, training results in some problems for businesses. At the local gym the owners have found that once people are trained they want promotion and often leave and move to better jobs. So financially, training can be costly to the business not only in terms of applying for the training or losing time training staff but also in terms of having to recruit more staff when the trained staff leave (Level 4).

Simple statements e.g. training costs a lot of money is not rewardable e.g. 0 marks. However training to learn how to manufacture the product correctly which would be expensive for the business (Level 2).

Possible costs (directly affect the business and not the individual) include:

- financial
- time – internal training
- expertise – specialists
- lost output – external training
- poor quality (if staff are not trained this may lead to poor quality and ultimately high costs of returns)
- opportunity cost.

Possible benefits (directly affect the business and not the individual) include:

- increased skills
- better quality products
- better motivation.

Mark scheme guidance

Level 4 – Evaluation (8–10 marks)

Evaluation of at least one cost and one benefit to DDL using examples from the local area. Maximum of 8 marks for no reference to local area. Evaluation could arise from looking at the relative costs and benefits.

Level 3 – Analysis (5–7 marks)

Analysis of at least one cost **and** one benefit to DDL using examples from the local area. Maximum of 5 marks for no reference to local area **or** only one cost or benefit with L3 analysis.

Level 2 – Application (3–4 marks)

Knowledge and understanding of one cost or benefit of training.

Level 1 – Knowledge (1–2 marks)

Identification of cost or benefit of training.

0 marks for an answer not worthy of credit.

Examiner comments

6(c)

This question required candidates to evaluate the costs and benefits to the firm of training. Again, training was highlighted in the research brief as a possible issue for this business. A common problem was where candidates simply showed knowledge of different types of training. Some candidates made simple statements such as 'it costs money' but failed to go any further. Far too many simply explained 'on the job' and 'off the job' training rather than the costs and benefits of training to the business. Costs and benefits can be more than financial. The best answers showed that the candidate had researched a similar business dealing in potentially dangerous products and services and at the same time identified and analysed the implications of a well trained workforce in terms of safety, less accidents, motivated workforce, higher productivity etc. These answers gave a balanced argument for each in terms of the effect on the business. Evaluation came out of this analysis in the form of an assessment of the relative importance of the cost and benefits to the business.

Question 7

SECTION D

7 Businesses such as DDL might be affected by changes in technology.

Explain how changes in technology might affect DDL.

Firework displays are now set off by computers (1 mark). If you do not have the latest technology people are less likely to hire you (1 mark) because your shows may not be as impressive. However technology costs a lot (1 mark) of money so this could potentially lower profit. (Do not reward any statement which states 'lower profit').

Possible examples of changes in technology:

- | | | |
|-----|--|-------|
| *** | • keeping electronic records | |
| | • ecommerce | |
| | • materials/product development | |
| ** | • production methods CAD/CAM | |
| | • payment methods | |
| | • website methods of communication/advertising | |
| | • automated stock control systems. | |

Possible effects:

- | | | | |
|----|--|--------------------------|-------|
| | • Competitors | Type of technology e.g.: | |
| | • Costs | • website | |
| ** | • Advertising e.g. internet over paper | • app. | |
| | • Redundancy | | |
| | • Pay for training | | |
| ** | • Change method of production. | | [3] |

Mark scheme guidance

One mark for each correct point of explanation up to a maximum of three such points but allow development marks.

0 marks for an answer not worthy of credit.

Examiner comments

Candidates found it surprisingly difficult to identify one improvement in technology that might have affected DDL or any business at all. The best candidates had researched similar businesses and were able to explain that computers were now used to set off displays and that this meant that more people were going to displays and there was more work for the business. However, marks could have been gained by explaining any change in technology which would have affected the business.

Question 8

- 8 DDL's Board of Directors knows that the business can be affected by external factors. These factors include:

- legal
- social.

Using your research of businesses in your area, evaluate which of these two external factors will have the greatest impact on the objectives of a manufacturing or entertainment business such as DDL.

Please state whether you are writing about a manufacturing business or an entertainment business: [10]

.. **Exemplar answer:**

.. An answer referring to either manufacturing or entertainment is equally valid.

.. Many small businesses, especially those who offer service such as DDL, have suffered due to changes in the law in particular. There are several businesses in my area which offer experiences such as rock climbing and canoeing, such as RC2 and they have been affected in particular by changes in health and safety laws (**Level 1/2**). Firework displays, especially those which are privately held, have been discouraged by the government and by local authorities (**Level 2**). This could affect DDL's objective of expanding the service to private individuals (**Level 3**). In fact this is an example of where legal and social changes come together. There is no actual law against private firework displays but social attitudes have changed and they have gone out of fashion (**Level 3**).

DDL needs to build on its objective of offering a corporate service where businesses market their products and services through more and more elaborate entertainment. This would still be subject to a number of laws such as consumer protection and health and safety but the displays would be controlled by professionals (**Level 3**). Therefore in terms of the objective of market share and growth DDL is probably more affected by legal factors than social factors (**Level 4**).

On the other hand, DDL also has an objective to recruit more part time and temporary staff. In my area there is a university and often students looking for work. The success of this objective might depend on the unemployment levels in the area and also the structure of the population (**Level 2**). Obviously in my area they would have more success but perhaps in a rural area there would be fewer opportunities to employ such labour (**Level 3**). Recruitment and safety but the displays would be controlled by professionals (**Level 3**). Therefore in terms of the objective of market share and growth DDL is probably more affected by legal factors than social factors (**Level 4**).

On the other hand, DDL also has an objective to recruit more part time and temporary staff. In my area there is a university and often students looking for work. The success of this objective might depend on the unemployment levels in the area and also the structure of the population (**Level 2**). Obviously in my area they would have more success but perhaps in a rural area there would be fewer opportunities to employ such labour (**Level 3**). Recruitment and employing labour is an expensive and time consuming task and is subject to legislation such as the Equality Act and Employment Law. Therefore it is difficult to identify which of the two factors would have the greatest impact as it depends on the area in which the business operates and the ability of the business to adhere to employment laws (**Level 4**).

Possible answers include (**Legal**):

- health and safety
- employment law
- consumer protection
- equality act
- data protection
- age
- licences.

Possible answers include (**Social**):

- social networks
- population changes
- fashion in entertainment/fireworks display
- employment levels
- attitudes to noise
- religions and cultures – more opportunities for display/sales
- communication/reputation/feedback online resources.

Mark scheme guidance

Level 4 – Evaluation (8–10 marks)

Evaluation of a both external factors with a supported judgement about which will have the greatest impact on the objectives of businesses such as DDL.

Must have Level 3 on both factors to get Level 4.

For 9/10 marks candidate must come to a justified judgement based upon the preceding analysis and research.

No research max 8 marks.

Level 3 – Analysis (5–7 marks)

Analysis of at least one of the external factors which may impact on the objectives of businesses such as DDL based on research.

No research max 6 marks.

Only one factor/no research maximum 5 marks.

Must have evidence of discussion of “objectives” to go beyond Level 2.

Level 2 – Application (3–4 marks)

Knowledge and understanding of at least one external factor(s) which will impact on a business.

Level 1 – Knowledge (1–2 marks)

Knowledge of legal/social factor(s) affecting business.

0 marks for an answer not worthy of credit.

Examiner comments

The basic format of this question remains unchanged from previous sessions. Candidates need to use their own research of businesses in their area to inform the answer to this question. In this case, the two factors chosen were easy to access and would have been particularly relevant to this and similar businesses. Candidates should practise looking at how different external factors impact on any business and the decisions it makes.

This type of business and any similar manufacturing or entertainment business are really affected by both legal and social factors whether it be Health and Safety or simply the change in fashion to watching public displays rather than having them at home in private gardens. When preparing for the examination using the research brief, it is important that candidates look at all the external factors and their impact on the business. The majority still find the process of analysis difficult. Candidates should be encouraged to discuss the implications of these factors on all aspects and functions of the business as well as its customers and other stakeholders.

Once again, evaluation was rare. Only a few candidates made the effort to link the external factors with the impact on the business' objectives. Simply making a recommendation is insufficient if it is not underpinned by research, analysis in context and based on at least one of the factors in the question.



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