

## **Cambridge Technicals**

### **Business**

Level 3 Cambridge Technicals Certificates in Business **05834, 05835**

Level 3 Cambridge Technicals Diplomas in Business **05836, 05837, 05878**

## **OCR Report to Centres January 2017**

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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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## Unit 1 - The Business Environment

### General comments

Examiners have been pleased to see some exceptionally good papers at this first sitting of the unit. Such papers show that candidates have been well prepared for the examination. Candidates who did well demonstrated five particular strengths:

- good knowledge and understanding across the entire unit
- numerical skills of calculation and interpretation
- research of a wide variety of businesses, targeted to the research brief
- the ability to apply understanding to the unseen scenario in Section C
- the ability to analyse and evaluate.

Sadly, some candidates exhibited a significant lack of knowledge and little, if any, specific research; possibly indicating that they have been entered for the examination far too early in their course of study. Given that candidates can only resit the examination for this unit once, centres should ensure that candidates are fully prepared before taking this assessment.

Section A of the paper was generally well answered by most candidates. Disappointingly, some candidates lost marks by leaving a question blank. In a multiple choice section, this is poor examination technique. Candidates should be encouraged to indicate a response to all 20 questions. A minority of candidates also lost marks because they ticked two responses, say A and D. Such hedging cannot be awarded and candidates should be instructed not to take this approach. Where a candidate indicates an answer and subsequently changes their mind, they should clearly cross out their original tick.

Section B appeared to reveal that those candidates who had studied a wide range of businesses were able to select an appropriate business to answer each of the five questions. Candidates should be encouraged to vary the businesses they use, depending on the question i.e. to choose a specific business for which their understanding is suitable for answering the question. Candidates who chose to answer all five questions using the same business appeared to do less well.

Section C contained three high-tariff extended response questions. These questions are levels-of-response marked. Candidates need to demonstrate the skills of analysis (Level 3) and evaluation (Level 4) to gain the highest marks. An analytical response must contain implications for the business, for example impact on sales, costs, profits, cash flow, customer loyalty, reputation and future performance. In addition to analysis, an evaluative response must contain a reasoned judgement. Candidates should be encouraged to reach decisions and give detailed justification to support their argument using contextual information. Whilst an accurate judgement that applies to most businesses would achieve a low Level 4 mark, an answer which argues using the particular circumstances of the business scenario given in Section C will be rewarded more highly.

The ability of candidates to answer questions requiring numerical skills, both in the multiple choice section and Section C, varied significantly. Centres are advised to give their candidates a great deal of practice at answering both calculation and numerical interpretation questions. One way of doing this would be to display a short numerical question as a starter to each lesson, which candidates can tackle as they arrive into the classroom. This makes good use of time and allows numerical skills to be emphasised and improved over time.

Areas which caused most problems on this paper were sources of finance and the Data Protection Act. On the other hand, question 22, relating to not listening to local residents and question 32, requiring recommendations to deal with high unemployment levels, were well answered.

### Comments on Individual Questions:

#### Section A

The questions which appeared to cause most difficulty in this section were 3, 10, 13 and 18.

**3** - This question revealed a general lack of knowledge about legal forms of business ownership. The most common, and incorrect, answer was A. This shows that many candidates do not have an understanding of the difference between business partnerships and limited companies.

**10** - Worryingly, few candidates showed any evidence of trying to work out this calculation on paper. The correct method for working out this question was rarely seen:  $£38 \times 300 - (£4200 + £14 \times 300) = £11400 - £8400 = £3000$ .

**13** - Many candidates mistakenly thought that local government authorities were community interest companies. This reveals many candidates' underlying confusion regarding the difference between the private, public and third sectors.

**18** - This question tested a candidate's understanding of SWOT analysis at the most basic of levels. Opportunities and Threats are external factors beyond a business' control. Strengths and Weaknesses are internal factors within a business' control.

#### Section B

**21** - Generally well answered, most candidates were able to suggest a financial and non-financial aim. When full marks were not achieved, it was usually the financial aim that was not awarded. In such cases the candidate often confused numerical aims with financial aims e.g. 'increasing output' is an aim measured by a number, but it is not financial.

**22** - Most candidates were able to explain at least one consequence to a business of not listening to the concerns of its local residents. The most common mistake on this question was to give an answer about a different stakeholder e.g. workers going on strike or suppliers not supplying to the business.

**23** - This question required description, not explanation. The most common correct answers were 'dealing with complaints' and 'helping customers find goods in the store'. Each of these are fine for one mark. However, to get the description mark the candidate needs to give detail of 'how' this is done, not 'why' this is done. So, for example 'dealing with complaints (1) by answering social media messages (1)' and not 'dealing with complaints (1) to ensure that the customer is happy with the service received (0)'. Many candidates appeared unsure as to the precise role of customer services. Answers which related to tasks which would be performed by a sales, marketing or human resources function were frequently given and could not be awarded.

**24** - Disappointingly answered. The question required candidates to name a source of finance, give an advantage or disadvantage of this source and analyse the impact of their chosen advantage or disadvantage. Most candidates managed to name two sources, however after that their answers veered off course with many suggesting how the business could spend the funding.

**25** - Some very pleasing answers to this question which showed that candidates had used the research brief and had studied the business of their choice in considerable detail. Those who did not score highly tended to begin well by identifying a type of organisational structure e.g. tall or flat, but then failed to address the question i.e. how the organisation structure affects a business' internal communications.

### Section C

**26** - Generally well answered.

**27** - The most common correct answer related to limited liability. In the main candidates showed a good knowledge of this principle and were able to explain its benefit to Lee. The most common incorrect answer related to being able to share the workload. There was also evidence of a common misconception that sole traders cannot recruit employees.

**28(a)** - Those candidates with a working knowledge of the Data Protection Act did well on this question. Sadly, many did not appear to know what the Act was about, instead giving answers about Health and Safety or Working Time. Candidates who wrote that data cannot be shared were not rewarded. The data can be shared with the data subject's consent. Those who correctly wrote that data cannot be shared without consent, achieved the mark. Please see the mark scheme for other provisions of the Data Protection Act.

**28(b)** - In general candidates showed good knowledge of the consequences of breaching legislation. Answers were evenly split between non-legal consequences e.g. reputation and legal consequences e.g. a fine. To score highly on the question, the candidate needed to analyse the consequences i.e. suggest the impacts to the business of the identified consequences e.g. a fine would lead to increased costs, negatively affecting cashflow. Such answers would achieve a Level 3 mark. Those candidates who went on to evaluate the seriousness of breaching the legislation gained a low Level 4 mark; even better was a response that considered the short term versus long term implications or a contextual answer which judged which of the consequences would be most problematic for Marcin Holidays Ltd.

**29(a)** - Generally well answered with most candidates gaining a mark. It is perhaps a worrying sign that most candidates' initial reaction to a pay rise refusal is to go on strike. More usual methods concerning communication and negotiation were seldom seen.

**29(b)** - Most candidates were able to give a benefit and a drawback. To gain full marks they needed to explain, rather than state, these.

**30** - This question is a data response question which required the candidate to consider the graphical data and other information in order to judge the profit performance of Marcin Holiday Ltd. The question did not require candidates to suggest the causes of any issues identified or, indeed, any solutions to any issues identified. Those that did well judged the company's performance according to some sort of criteria. The most successful candidates used the criteria OCR had given – Lee's need for £40,000 profit per year. Other criteria were also acceptable, e.g. comparison with the competitor performance. However, the important point to note is that some criteria need to be used in order to reach a justified decision as to the business' profit performance.

Those candidates who confused profit with sales revenue, or assumed that the terms are interchangeable, did less well on this question. The graphical data shows the business' profit performance, it does not show sales performance. Nor can it be assumed that low profits are from low sales; the problem could be high expenses. Candidates need to take care not to make assumptions but rather to use the data given.

**31(a)** - Most candidates were able to gain a mark for 'assets'. The most commonly awarded expression being 'what the business owns'. 'Creditors' on the other hand proved more difficult. Two confusions were common. By far the most common was confusion with the term liabilities. Candidates would suggest that creditors are 'money owed by the business' (the meaning of liabilities) rather than suggest that creditors are 'organisations the business owes money to'.

**31(b)** - Generally well answered.

**32** - Most candidates were able to make at least two recommendations and analyse the impact on the business. Such candidates were awarded a Level 3 mark. To achieve Level 4 the candidate needs to have chosen one of their suggested recommendations and justify why it would be the best course of action for Marcin Holidays Ltd to take. Those who did give a justified recommendation as to the best course of action were rewarded more highly if their argument used the context of the business and the circumstances it finds itself in.

Some candidates did less well because they presented arguments relating to taking on a lot of the unemployed people, running charity events or even soup kitchens for the unemployed. These arguments were not rewarded. Other candidates suggested that the business should expand. In a period of low demand, expansion is not a suitable business response.

The most common, correct recommendations included lowering the prices of the holidays, offering more UK holidays and short breaks, offering all inclusive holidays, relocation of the business to a more affluent area and employing one of the unemployed with IT skills to build a website to advertise the business.

## Unit 2 - Working in Business

### General Comments

Overall, candidates' responses demonstrated good understanding of the day-to-day activities of a plumbing business. On the whole, candidates' understanding of the importance of following protocols was good. Their ability to perform administrative tasks such as letter writing and arranging travelling schedules was to be commended. Numerical questions were well-performed in the main. However, prioritising tasks proved to be difficult for some candidates.

There was minimal evidence of misinterpretation of the rubric, however, care must be taken before attempting questions on implications or consequences to ensure that they are focusing their discussions on the stakeholder in question.

This paper contains six synoptic marks from Unit 1 and these can be found in questions 2c and 3b.

### Comments on Individual Questions:

#### 1a

The majority of candidates were able to explain possible consequences to the business if protocols were not followed by employees gaining full marks. Answers which explained consequences to employees i.e. 'being sacked' were not awarded. Candidates are advised to read the question carefully before attempting to answer it.

#### 1b

This is perhaps the easiest question on the paper and most candidates were able to identify two appropriate ways of protecting information stored on a computer.

#### 2a

Most candidates performed well on this question, scoring full marks. Calculations were mostly accurate showing sound understanding of the different elements on an invoice. Own figure rule applies to subtotal, VAT and total (i.e. candidates were not penalised for an earlier incorrect calculation).

#### 2b

This question was well-understood by the majority of candidates. Different methods of payment were generally well-explained and analysed. However, some candidates tended to use debit and credit cards interchangeably, showing some confusion between these two methods of payment. There was also evidence to suggest that the majority of candidates failed to understand the cost implications to a business of accepting these two methods of payment, especially credit cards. Perhaps when teaching payment methods, these two methods of payment should be explored in more detail, separately.

Whilst a good number of candidates achieved level 4, few evaluated in context to access the top marks, where there needed to be evidence of specific arguments relating to a plumbing business.

**2ci**

This question tested candidates' ability to distinguish between revenue and costs when calculating profits. A good number of candidates were able to access these three synoptic marks from Unit 1.

**2cii**

Many answers were in context showing good understanding of the case study and most candidates performed well on this question. However, care must be taken not to repeat answers e.g. 'find a cheaper supplier' and 'bulk buy supplies to achieve economies of scale' would score one mark, as both refer to the reduction of material costs.

**3a**

This is possibly the hardest question on the paper as most candidates evidently struggled to prioritise the tasks given and explain their decisions. This suggests that more practice is needed in developing candidates' ability to prioritise tasks. It is a life skill that could affect their personal lives as well as their careers. Vague answers such as 'because it is urgent' should be avoided as they do not explain why a task has high priority. Full explanation marks were awarded for an answer which is in the context of the situation given e.g. 'burst pipes are damaging customers' properties and are therefore urgent'.

**3b**

This question was well-attempted by all candidates in terms of context and tone. The layout of a formal letter, in particular, the opening salutation and matching complementary close needs to be examined in more detail. The mark scheme provides guidance on how a formal letter should be laid out and candidates are strongly advised to study this carefully.

**4**

The majority of candidates are to be congratulated for demonstrating excellent planning and organisational skills. Both time and financial constraints had to be taken into account for planning this travelling arrangement and candidates' performance on the whole exceeded expectations.

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