

**GCE**

**Business**

Advanced Subsidiary GCE **AS H031**

**OCR Report to Centres June 2017**

## About this Examiner Report to Centres

This report on the 2017 Summer assessments aims to highlight:

- areas where students were more successful
- main areas where students may need additional support and some reflection
- points of advice 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.

The report also includes:

- An invitation to get involved in Cambridge Assessment's research into **how current reforms are affecting schools and colleges**
- Links to important documents such as **grade boundaries**
- A reminder of our **post-results services** including Enquiries About Results
- **Further support that you can expect from OCR**, such as our Active Results service and CPD programme
- A link to our handy Teacher Guide on **Supporting the move to linear assessment** to support you with the ongoing transition

Reports should be read in conjunction with the published question papers and mark schemes for the examination.

OCR will not enter into any discussion or correspondence in connection with this report.

### Understanding how current reforms are affecting schools and colleges

Researchers at Cambridge Assessment<sup>1</sup> are undertaking a research study to better understand how the current reforms to AS and A levels are affecting schools and colleges.

If you are a Head of Department (including deputy and acting Heads), then we would be very grateful if you would take part in this research by completing their survey. If you have already completed the survey this spring/summer then you do not need to complete it again. The questionnaire will take approximately 15 minutes and all responses will be anonymous. To take part, please click on this link: <https://www.surveymonkey.co.uk/r/KP96LWB>

### Enquiry About Results

If any of your students' results are not as expected and University places are reliant on them, you may wish to consider one of our Enquiry About Results services. For full information about the options available visit: <http://ocr.org.uk/administration/stage-5-post-results-services/enquiries-about-results/>

---

<sup>1</sup> Cambridge Assessment is a not-for-profit non-teaching department of the University of Cambridge, and is the parent organisation of OCR, Cambridge International Examinations and Cambridge English Assessment

## Grade boundaries

Grade boundaries for this, and all other assessments, can be found on [Interchange](#).

## Enquiry About Results

If any of your students' results are not as expected, you may wish to consider one of our Enquiry About Results services.

For full information about the options available visit: <http://ocr.org.uk/administration/stage-5-post-results-services/enquiries-about-results/>

## Supporting the move to linear assessment

This was the first year that students were assessed in a linear structure. To help you navigate the changes and to support you with areas of difficulty, download our helpful Teacher guide:

<http://www.ocr.org.uk/Images/234734-how-to-structure-and-teach-a-linear-course.pdf>

## Further support from OCR

### activeresults

Active Results offers a unique perspective on results data and greater opportunities to understand students' performance.

It allows you to:

- Review reports on the **performance of individual candidates**, cohorts of students and whole centres
- **Analyse results** at question and/or topic level
- **Compare your centre** with OCR national averages or similar OCR centres.
- Identify areas of the curriculum where students excel or struggle and help **pinpoint strengths and weaknesses** of students and teaching departments.

<http://www.ocr.org.uk/getting-started-with-active-results>



Your route to OCR's teacher training

Attend one of our popular CPD courses to hear exam feedback directly from a senior assessors or drop in to an online Q&A session.

<https://www.cpdhub.ocr.org.uk>

# CONTENTS

## Advanced Subsidiary GCE Business Studies (H031)

### OCR REPORT TO CENTRES

<b>Content</b>	<b>Page</b>
H031/01 The local business environment	5
H031/02 The wider business environment	8

## H031/01 The local business environment

### General Comments:

Preparation for this examination needs to include practice at answering case study based questions and multiple choice questions.

When practicing the multiple choice questions it is important to include information on time management (to ensure sufficient time is left to complete the rest of the examination paper) and include plenty of practice for numerical questions (including calculation and numerical interpretation). In addition, candidates should be encouraged to make a selection for every multiple choice question. Although the volume of unattempted questions was low, and improved from 2016, it was still disappointing to see some candidates leaving a multiple choice question entirely blank.

For case study based questions which required application to the context, it is important that the resource booklet is read very carefully by the candidate and used as appropriate when answering the questions. The resource booklet puts the business, in this case The Cabin, in context and give candidates invaluable information. This allows them to apply their answers and enables them to access the higher marks on the paper. The ability to analyse (consider the impacts or consequences) and the ability to evaluate (make a decision with justification) also needs to be developed through regular practice in order to best answer the 12 and 20 marks questions.

The range of questions presented on this year's examination paper gave candidates of all abilities the opportunity to demonstrate their understanding. The vast majority of the papers showed that the candidate had, at least, attempted to answer all of the questions set, with a consequent very low amount of unattempted questions on the whole paper. The questions addressed a wide range of topics taken from the specification and were a true test of a candidate's ability to apply their knowledge and understanding of business. The higher tariff 12 and 20 mark questions gave higher ability candidates the opportunity to fully demonstrate their understanding using contextual application, analysis and evaluation.

Teachers appear to have used OCR resources (including last year's paper) to good effect to help to prepare candidates for this examination. Those candidates who had been fully prepared for this examination generally performed well.

### Comments on Individual Questions:

Qs. 1 -15

The numerical questions proved to be the most difficult, with questions 4 and 5 proving the most difficult of all.

Question 4 was a numerical interpretation question. Candidates were presented with a current ratio of 2:1 and asked what that meant. Only the correct answer (b) related to liquidity; despite that many were unable to determine the correct answer. Candidates seemed to lack even the most basic of knowledge that the current ratio measures the ability of a firm to pay its debts.

For question 5 the most common incorrect answer was answer (c). This indicates that candidates were able to perform the correct calculation of £31m/117. However, answer (c) was the correct numerical answer shown as a percentage rather than an absolute figure for output

per worker. It appears therefore that many candidates do not have a secure understanding of the term 'productivity'.

Of the non-numerical questions, 7, 11 and 15 proved the most difficult. This indicates some omission in specification coverage – especially in the accounting, legal and economic aspects of the specification.

Question 7 was answered incorrectly by almost half of candidates. Candidates were being tested on their knowledge of the content of an income statement. Many failed to spot that 'current assets' would not be found on an income statement. Possibly not only showing poor knowledge of income statements but also showing poor knowledge of statements of financial position.

Question 11 revealed poor legal knowledge from many candidates, with incorrect answers equally split. Centres are encouraged to ensure that candidates have a sound, if basic, grasp of all areas of legislation listed on the specification.

Question 15 tested candidate knowledge of supply and demand. Not unsurprisingly, many candidates found this question difficult. However, what may be surprising is that the most common incorrect answer was answer (a). It is usually the case that candidates are able to discern whether the factor affects supply or demand but then struggle to work out whether it would cause an increase or decrease in the factor. On this occasion, this appears not to have been the case. The majority of candidates work out the 'decrease' but just under half incorrectly believed that an increase in raw material costs impacts supply, not demand.

#### Q.16(a)

This was a straightforward question with over half of candidates gaining the mark. The most common correct answers were 'absenteeism rates' and 'productivity levels'. The most frequent incorrect answer on this question was 'surveys' (which could not be awarded because it is a method of obtaining data rather than a measure in and of itself).

#### Q.18(b)

The majority of candidates were able to identify from the case study an internal economy of scale which The Cabin was experiencing. The most common correct answers related to purchasing economies/bulk buying – both methods of expression were equally acceptable. There was some evidence, however, that a significant minority of candidates did not appear to be familiar with the term 'economies of scale' and consequently gave answers such as 'profit', 'eggs' and 'sole trader' which could not be awarded.

#### Q.17

This question required candidates to explain two benefits to The Cabin of winning a major award for the quality of its food. Most candidates scored highly on this question. Of those that did not, the most common error was to give benefits that related exclusively to providing high quality food rather than of winning the award.

#### Q.18a

This calculation question required candidates to be able recall and use the formula for calculating break-even. Pleasingly, many did this successfully. Disappointingly, some then rounded the break-even total down rather than up, and thus gained only two of the available three marks. The break-even level of output calculates at 19090.91 average spend meals; the business does not however break-even until it has sold 19091 average spend meals. A further error by some candidates was to correctly calculate the break-even figure but then state that the break-even point was £19091 (i.e. with a pound sign). This shows a significant misunderstanding of the concept of break-even and thus stopped candidates achieving full marks on this question.

Q.18b

This extended response question required candidates to judge the limitations of break-even analysis. To achieve high marks the answer needed to be in context. Disappointingly a significant minority of candidates wrote at length about the limitations of break-even analysis but failed to include any context about The Cabin, thus limiting themselves to two marks.

The case study was deliberately drafted to include issues which should have caused candidates to query the validity of break-even analysis for The Cabin. Such examples include a wide product range and issues over average customer spend, two revenue streams (overnight parking and café food), variation in food costs and perishable stock. Any of these items could have been used to suggest that break-even analysis might have significant limitations for The Cabin.

Some candidates considered the benefits and limitations of using break-even analysis at The Cabin. It should be noted that the question only asked for a consideration of the limitations, and not the benefits. Whilst this did not hinder candidates in achieving marks, it may have lost them valuable time for completing the rest of the paper. Candidates should be encouraged to carefully check the requirements of the question before beginning to frame their answers.

Q.19

This question was disappointingly answered by the vast majority of candidates. Three common errors arose. Firstly, many candidates did not appear to know what 'economic' meant and instead meandered into the social, ethical and political. Others, possibly more understandably, grasped the 'economic' element of the question, but made reference to vague economic factors rather than precise economic indicators. Thus, answers such as 'the state of the economy' could not be awarded. Finally, of those that did suggest two economic indicators the remainder of their answers then explained the impact on the business of these indicators rather than give a description of the indicator. The question uses the command word 'describe' so a description, rather than an explanation, was required. An answer such as 'interest rates' which is 'the cost of borrowing' or 'the reward for saving' would be entirely sufficient for the award of the marks.

Q.20

This was the highest tariff question on the paper. Marks for this question are awarded for knowledge (maximum 2 marks), application (2 marks), analysis (8 marks) and evaluation (8 marks). Context is crucial to gaining more than two marks. Pleasingly, the vast majority of candidates were able to apply their knowledge of the marketing mix to The Cabin. Many excellent answers were read which weighed up the relative importance of the 4Ps to The Cabin, and also considered other factors important to the business' future success e.g. cost control, reputation, competitor behaviour and social trends.

To score good marks for analysis, examiners were looking for a chain of argument that linked causes and consequences to the business. Those who scored most highly appeared to consider each success factor in turn. Although that is not the only approach it does seem to have been one which allowed candidates to work through the analytical links clearly and precisely.

To score high marks for evaluation candidates needed to select which factor they believed would be most important to The Cabin's future success and explain why that factor was more important than the others. Those whose explanation was detailed and contextual were well rewarded. There was no correct answer to this question. So long as the candidate was able to justify their argument, any factor be it Product or otherwise, was equally acceptable.

## H031/02 The wider business environment

### General Comments:

The second year of this new component saw a pleasing improvement in standard, presumably as centres and candidates became more accustomed to the new style and, in particular, the unseen case study about a real business. Candidates appeared to be able to access and understand the material in the Resource Booklet about Timpson Ltd and most appeared to be familiar with the company.

One concerning issue continues to be candidates writing answers in context, when necessary. In this examination, many candidates were limited to two marks out of four in Question 10, as they wrote completely generic answers about the benefits of **any** firm having a large market share, as opposed to Timpson. Another common issue was that many candidates, including those at the higher end of the mark range, failed to gain many marks on the calculative questions – especially when it came to calculating percentages.

There was a very low number of answers not attempted by candidates. Given the earlier comment about calculative questions, it is no surprise that it was mainly Questions 3 and 6 which were most often left unanswered. There was no evidence of candidates running out of time. In fact, most candidates were still able to write at length on the final question.

This report should be read in conjunction with the detailed mark scheme which lists many of the right and common wrong answers seen by examiners.

### Comments on Individual Questions:

#### Question No. 1

The examining team were very surprised to find that less than half of the candidates scored full marks on this question which asked them to name the four factors of production. Centres need to ensure that candidates revise the whole of the course, including what may have been covered in the very first lesson of the year! About a third of candidates scored zero for this answer, as they referred to methods of production or other aspects of the production process.

#### Question No. 2

This question about stakeholders was statistically the best answered on the paper.

#### Question No. 3

It was a slight surprise to find candidates were better able to calculate NPV (a new topic at AS level) compared to ARR (which has been examined at this level for many years). In fact, part (a) of the question was statistically the least well answered question on the paper. Most candidates scored zero for ARR but were able to gain at least some credit for their NPV calculation. It continues to be vital that candidates show their workings so that they may be able to gain some marks, even if they get a wrong answer.

#### Question No. 4

This question about the costs to a business of poor employer/employee relations was answered well. Two issues led to lower marks for a small number of candidates. First, poor motivation is not a cost. It may well be a factor in leading to a cost but examiners did not reward references to 'poor motivation' unless there was a clear link to the cost this created. Second, as per the

question, the cost must be to the business, as opposed to the employee or any other stakeholder.

#### Question No. 5

This question which required candidates to calculate the reorder level was also answered well. The main mistake seen by examiners was where candidates thought that the reorder level was a time period rather than a stock level.

#### Question No. 6

The calculation of price elasticity of demand was a common question in the legacy specification predecessor to this component. It was therefore disappointing to see about half of all candidates scoring zero on this question. The remainder were split between one or two marks, usually determined by whether a direction of change was included in the answer.

#### Question No. 7

Most candidates knew the difference between the secondary and tertiary sector. Although part of Section B, this question did not require any context. This can be clearly seen in the wording of the question, as it is completely generic (compare this with Question 10). A small number of answers were unnecessarily long for only two marks.

#### Question No. 8

Percentage change continues to cause an issue with Business students. The most common mistakes were dividing 12.5 million by the wrong year's revenue (40 million) or forgetting to deduct 100% from their answer of 320% if they had used the alternative method.

#### Question No. 9

Most candidates were able to identify and consider changes which Timpson could make in response to the negative market growth in one of its markets. Most common answers included: it could reduce prices, it could move into a different niche market or it could move back into the manufacturing of shoes.

However, only about a quarter of the candidates managed to get more than eight marks out of twelve, as they did not make any real attempt to evaluate. For example, better answers considered to what extent, with more than 75% of the market and its strong reputation, Timpson would be affected by the decline in the market. Also, whether a 3% fall over a five-year period was something a company of Timpson's size should really be worried about.

#### Question No. 10

As already mentioned, many candidates (nearly three quarters scored two marks or less) answered this question generically. The question clearly asks for "two benefits to Timpson Ltd" but this instruction was generally ignored. Any reference to Timpson could be quite simplistic and examples of full answer responses can be found in the mark scheme.

#### Question No. 11

The final question will always have 20 marks which is one third of the total marks for this component. It is therefore vital that candidates perform well when so many marks are at stake.

This question asked about the significance of Timpson's organisational structure, shown in Extract C. The stakeholder approach, taken in this question, is a common one for Centres

familiar with the legacy units F291, F292 & F297. Unfortunately, many candidates produced long rambling answers which often failed to consider the 'significance' of the structure to any particular stakeholder. Many answers were nothing more than a long discussion of how well Timpson was doing for each of its stakeholders, without any reference to the organisational structure. This led to many answers which scored few analysis (AO3) and evaluation (AO4) marks, leading to a mean mark on this question of about eight.

Better answers did consider the apparently unique nature of the 'upside-down' structure used by Timpson and how, in particular, it may affect the motivation and development of employees and the level of customer service for those shopping in Timpson. There were a pleasing number of excellent answers, scoring 18 or more marks, which were able to consider how different stakeholders may be affected more or less than others, or how any benefits may or may not outweigh any disadvantages.

### **Summary points**

- Candidates must recognise which questions in Section B require context.
- The last question accounts for a third of the total marks and the higher order skills of analysis and evaluation are heavily weighted within these marks.
- Many candidates dropped a disproportionate number of marks on calculation questions
- Questions 2, 4, 5, 7, 8 & 9 were answered best.
- Questions 3, 6 & 11 were answered least well.

## About OCR

OCR (Oxford Cambridge and RSA) is a leading UK awarding body. We provide qualifications which engage people of all ages and abilities at school, college, in work or through part-time learning programmes.

As a not-for-profit organisation, OCR's core purpose is to develop and deliver general and vocational qualifications which equip learners with the knowledge and skills they need for their future, helping them achieve their full potential.

© OCR 2017

**OCR (Oxford Cambridge and RSA Examinations)**  
1 Hills Road  
Cambridge  
CB1 2EU

**OCR Customer Contact Centre**

### Education and Learning

Telephone: 01223 553998

Facsimile: 01223 552627

Email: [general.qualifications@ocr.org.uk](mailto:general.qualifications@ocr.org.uk)

[www.ocr.org.uk](http://www.ocr.org.uk)

For staff training purposes and as part of our quality assurance programme your call may be recorded or monitored

Oxford Cambridge and RSA Examinations  
is a Company Limited by Guarantee  
Registered in England  
Registered Office; 1 Hills Road, Cambridge, CB1 2EU  
Registered Company Number: 3484466  
OCR is an exempt Charity

OCR (Oxford Cambridge and RSA Examinations)  
Head office  
Telephone: 01223 552552  
Facsimile: 01223 552553

© OCR 2017

