

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 January 2018

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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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R061 Introduction to business

General Comments

In this session fewer candidates were able to attempt all of the questions. There was more evidence of 'No Response' which was disappointing. Candidates should be encouraged to attempt all of the questions if they are to have a chance of gaining marks. There was less evidence that candidates had been well prepared for the exam using the research brief. However a greater number of candidates mentioned the actual name of the business which had been researched and hence some gained the higher mark in each level.

Too few candidates were able to explain and use the context of the research brief adequately when addressing the more straightforward questions, for example 2a, 2b and 5b. Hence many of the questions showed a lack of the knowledge needed to underpin the answers. This was particularly evident in Questions 3a, 3b, 5a and 8.

Candidates should use the practical knowledge they have gained from other units to inform their answers in the examination. R062 for example covers much of the content of Section C and much of the paper, especially Question 8, is addressed in the work of both R062 and R063.

The quality of the responses overall was disappointing this session with more candidates failing to attempt the questions at all. Section A was done reasonably well but in other parts some of the simpler questions were poorly answered. For example questions on market segments have been asked on many occasions. Question 4a was poorly answered with candidates unable to give a relevant market segment for TforU. On the shorter questions requiring explanation of a reason, there was less evidence than previously of candidates giving different reasons instead of explaining one reason. However the third mark is often given for context and many candidates did not address this in their responses. There was a lack of basic knowledge across some of the responses but especially in Questions 3b and 8.

Skills of analysis were poorer this session with many candidates failing to understand that analysis arises from looking at the implications to either the business or some other stakeholder. Hence it was difficult for candidates to achieve evaluation on any of the longer questions. Evaluation is still an issue. It is not sufficient to state what is best; it must be supported by analysis and a final justification.

Research Brief

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.

It remains the case that thorough preparation and understanding of the research brief remains the best way for candidates to do well in this examination. The work in this session showed less evidence that candidates really engaged with the scenario of a coffee shop in terms of answering the questions.

There was limited evidence that candidates had been prepared using the research brief. The business can be any local business and only has to be 'similar' to that in the research brief for example similar in size, ownership, product or service. However, if a question specifically references TforU, answers should reference the context given in the research brief as well as own research into similar businesses.

It is very important that candidates are prepared for possible questions by looking at the issues highlighted in the research brief. In this case it was obvious from the research brief that TforU had issues with finance, the marketing mix and motivation, all of which might impact on its future objectives. Such areas need to be thoroughly prepared in order to give candidates the best chance of success. Use of past research briefs, papers and mark schemes is essential in order to see how the paper is structured and how the questions are linked to the business itself.

Comments on Individual Questions

Section A

This section tests Learning Outcome 1

1a. Generally well done.

1b. Most candidates were able to state a rewardable disadvantage and it was encouraging that many could also explain the meaning and impact of that disadvantage to a sole trader. Better candidates gained all 3 marks for knowing unlimited liability and referring to debt and the loss of personal possessions.

1c. Reasonably well answered with many candidates giving reasons such as ease of setting up, make own decisions etc. However too many lost the third mark by not referring to TforU or any aspect of the business itself.

Section B

This section tests Learning Outcome 2

2a. Generally well answered. Best answers gave increased profit, increased sales and increased locations as the answer, and were able to explain them. However, once again too many failed to gain the third mark due to lack of context. Some candidates failed to read the stem of the question and repeated the stated objective in their response.

2b. Objectives and their purpose are an integral part of R063 in particular. Best candidates were able to give examples such as raising finance, setting targets, monitoring results, and setting contingency plans. Some candidates were also able to apply their explanation to TforU in order to achieve all the marks. Once again too many failed to achieve the third mark for context.

2c. The research brief highlighted this issue under the heading 'objectives' with the sentence 'The owners want to expand the business.....' This should have highlighted that a business should be constantly looking at moving forward and changing its objectives if it is to survive. Most candidates were able to reference real businesses which was encouraging but then failed to develop the arguments and implications of any change in objectives on TforU. In this case TforU might have to look at issues such as a fall in tourism due to economic change or perhaps a move towards eating out due to an aging population having high disposable incomes.

Analysis should be evidenced by looking at the how TforU might be affected by changing objectives. Candidates should be discouraged from simply stating that something will increase or decrease profit with no supporting statement regarding sales or costs.

Section C

This section tests Learning Outcome 3

3a. This was referenced in the research brief in the sentence ‘..there will be an increase in running costs to plan for.’ Very few candidates gained full marks on this question and too many simply did not know what cash flow is. Better answers suggested that a cash flow forecast could be used, cheaper suppliers could be found to source materials and overdrafts could be acquired.

3b. This was poorly answered. On the whole candidates were unable to explain either a bank loan or an overdraft. Finance, its sources and characteristics are commonly assessed in each session. It is an integral part of the whole qualification. The type of finance chosen depends on a number of factors common to all businesses, in particular what the finance is used for, how long it is needed, the ability to repay and the rate of interest involved. In the case of TforU this small business would need something longer term to buy large assets for expansion. As a small business with concerns about cash flow it needs to keep its monthly payments as low as possible and therefore a loan is probably the best choice. Too many candidates thought that a loan only needed paying back when the business had enough money to do so and also that an overdraft did not incur interest costs.

4a. Most candidates were unable to identify two relevant market segments in terms of the market research that should be carried out by TforU. Too many simply stated parts of the marketing mix or types of market research in their answers. It is important that candidates understand that a small business such as TforU cannot research the whole population. It must restrict its research to those segments of the market which are relevant to them.

4b. Once again the context was key to answering this question correctly and the clue was in the research brief under ‘marketing’ where it was stated that ‘the business needs to plan all aspects of the marketing mix’ In most cases candidates were able to identify and use at least two parts of the marketing mix in their answers. Many candidates also used their own research to support their answers. However once again many of the responses did not go beyond simple statements about changes TforU could make. There was very limited development and few examples of analysis in terms of the effects on TforU. Suggesting more advertising is rewardable but in this case the business needs to be aware of the costs involved in this change.

Best answers analysed at least two parts of the mix and were able to apply the answers using their research. However very few were able to come to a justified decision about which parts would be best to improve in this context.

5a. Some candidates understood that this type of production was ‘one off’ and ‘bespoke’ and gave good examples such as wedding cakes to get the second mark. Too many simply did not know the answer to this question.

5b. The responses to this question were variable. The answer to this was a method of quality control and an example of how this would affect the quality of the product or service offered by TforU. Best answers gave examples such as quality checks, inspection, training, performance management, finding new suppliers and total quality management. Others gave examples such as keeping food fresh, adhering to sell by dates, checking meals as they were served, training staff and often were able to explain these in context. Lack of context in the answers resulted in many candidates losing the third mark.

6. Candidates identified a monetary and non-monetary method of reward but too many were unable to really explain how this might motivate the employees. For example quite a number of candidates gave the example of a 'bonus' but did not explain that this is an 'extra' reward for good results and therefore employees might work harder to reach a target. Simple statements such as 'this would make them more motivated or work harder' simply restated the stem of the question.

Section D

This section tests Learning Outcome 4

7. Most candidates could give an example of legislation and explain what it is. Once again too many lost the third mark through lack of development in terms of the impact on TforU such as increased costs and reduced profit.

8. The structure and requirements of this question remain the same in each session. This is the one area which is not specifically mentioned in the research brief and therefore relies on centres to identify how external factors might impact on the actions and decisions of the business. Candidates need to look at any potential decisions made by TforU, specifically in terms of their implications for TforU such as of loss of customers, effect on sales revenue, effects on costs and perhaps loss of reputation for example.

In this case TforU is a small, sole trader business in the retail and catering sector.

It is disappointing that quite a few candidates still find it difficult to give any examples of changes in the economy which might impact on TforU. In such a small business with a specific market and product/service, changes in the economy especially in terms of taxation, interest rates, competition, disposable incomes and Brexit might have a considerable impact on costs, number of customers, ability to borrow, revenue and profit. Better answers did give such examples and were able to analyse the effect of these using their own research into similar businesses in their area.

Social factors were done better this session with many candidates giving examples such as social media reviews and changes in population. It was encouraging to see that candidates were able to explain these in terms of TforU, especially with regard to impact of online reviews on the shop and perhaps its potential profit. Changes in the demographics and an increase in the aging population who have high disposable incomes were also common. Better answers referenced actual research of local coffee shops and gave relevant explanations of the impact and its effects.

A few candidates were able to analyse both factors using local research and come to an informed judgement about which factor would be more likely to affect the business. However too many simply made a statement about which was better without analysis of both and therefore the decision was unjustified.

R062 Planning for Work

General Comments:

It was good to see that improvements had been made to the marking of the unit and the quality of evidence submitted by candidates. Marking was much more accurate reflecting the actual standard of the work received. It was pleasing to see that more candidates are accessing tasks in both assignments. 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 and applied the marking scheme relating to the sample assessments. The Unit Recording Sheets were well completed by most centres, however some have a tendency to repeat the criteria which is not helpful. 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 identifying one employment area and job vacancies within this employment area, 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 with the biggest impact on changing career plan. Candidates should still look to use proper and realistic job descriptions and person specifications and referencing to synoptic element to be improved.

Learning Outcome 1 (LO1)

Candidates achieved higher marks when they took more than a traditional view of recruitment, e.g. they looked at online recruitment, recruitment agencies, networks, and applied these to specific businesses 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. There are still too many centres who are unrealistic in their students' aspirations. Some centres seem to have grasped the idea of an employment area with some good customisation of job descriptions and person specifications. However, there are still too many not doing this and over assessing LO1. More real examples would help. Better in terms of areas of employment and they were also more realistic on the whole. There is still a problem of customisation and really using the JD and PS, but once again there was more evidence than previously.

Candidates who did well on this LO researched a wide range of different job roles in one single employment area and were able to show the differences between the roles and working practices. This was improved on previous sessions. Those who presented theoretical evidence of working practices achieved lower marks. More still needs to be done to integrate this section into the rest of the work and more real examples would help. Work was better in terms of employment areas however this is not always followed through the assignment and the work loses its way due to a lack of planning. More evidence to show the qualifications and skills required to match their own qualities and expected qualifications would enhance the evidence presented.

Learning outcome 2 (LO2)

Candidates achieved the higher marks when their self-assessment was thorough and self-reflective. However not all the self-assessments were realistic and usable. Some candidates' self-assessment included tick boxes without any further expansion as to the interpretation of their findings resulting in lower marks. The purpose of why they were doing the self-assessment remains unclear in a lot of the work and loosely linked to the chosen role.

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 role. 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. Those candidates who achieved marks in band three fully customised their documents to match all/most of the requirements from the job description/person specification. Candidates should be encouraged to proofread their work. Documentation is still very variable. There were some excellent examples of customised application forms with extra information but there are still a lot of inaccuracies in letters in particular.

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. Their questions were detailed and had full relevance to the vacancy. Some candidates still did not use an actual advertisement which is essential to identify key feature of the application. Use of interview questions from the Internet without any referencing meant 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. This needs to be taught as a skill in order for better candidates to achieve the higher mark bands. Also these reviews still rely on the candidate's commitment to the chosen role, which remains a problem, especially in the second part of the learning outcome. When the candidates had simply described what they had done without making any judgement then they could only achieve relatively low marks. Evaluation remains an issue. Candidates still go through the motions and often only look at the positive aspects of the process. The skill of evaluation needs to be taught and the self-reflection has to be relevant to the position applied for.

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

General Comments:

On the whole, the approaches made to the work were closer to the exemplar material which had been created. However there is still a big issue with structure and organisation.

There is still an issue with witness statements which are very variable. There are examples of only one paragraph per candidate. Best witness statements use the form provided by OCR with the attached model assignment. Some centre are using the wrong form which needs to be addressed. More centres seem to be using the URS to give comments. There was more evidence of candidates identifying their own evidence this session, showing a marked improvement on previous years.

Learning Outcome 1 (LO1)

This unit needs an introduction. Too many candidates start with a mind map of ideas with no explanation of the purpose of the unit. There were some good presentations of individual ideas but once again little development in terms of how decisions were arrived at in some cases. Better candidates included the relevant agenda and minutes for each meeting as it happened. Some candidates used diaries or log books which helped in giving the work more structure and readability.

Learning outcome 2 (LO2)

Witness statements were better from some centres and helped the better candidates to achieve the higher marks. This was especially true of those that referenced the synoptic element. More candidates drew upon work from other units this session but much of this was not referenced and some did not reference or comment on this at all but high marks were still awarded by the teacher. It was still difficult at times to see the individual contributions and this is something that centres should further develop.

Learning outcome 3 (LO3)

Very difficult to follow in many cases. Some very good examples of documentation especially in the form of meeting agendas etc. and communications such as email and phone calls. I still think candidates could make more use of social media which they don't really suggest or investigate. It isn't sufficient to just do a poster. Project plans were generally in the form of Gantt charts and in most cases candidates attempted to make changes to the chart as the enterprise progressed. There is still some room for improvement in informal and formal communications and meetings to be developed.

Learning outcome 4 (LO4)

Evidence here was mixed and on the whole very difficult to follow. Once again much of this is dependent on the quality of the witness statements. It is essential that any evidence in witness statements is supported in the work. Some candidates had little or no evidence for this but were awarded top marks. Monitoring progress relies on a proper plan and some indication that it has been referred to and adjusted as the enterprise progressed. There was some evidence of this but still too little overall. Addressing issues as they arise is difficult if action points are not referenced in the minutes of the meetings.

Learning outcome 5 (LO5)

Evidence for this learning outcome was very variable. Centres need to encourage candidates to review the process as it goes along; not just try and remember what happened. Keeping a log of events and actions can help this. In many cases this learning outcome seems to be an add-on rather than an ongoing process. Very few really address the central theme of the bands which emphasises the identification of targets for improvement. This is a high level skill which needs to be taught. Better centres used the diary or log book to assess the process and the contributions made by candidates and team. This needs to be done throughout the process with some peer or group assessment of the contributions made and how well the business had been run. There were some very insightful examples of good evaluation this session.

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

www.ocr.org.uk

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

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