

CAMBRIDGE TECHNICALS LEVEL 3 (2016)

Examiners' report

BUSINESS



05834–05837, 05878

Unit 3 Summer 2019 series

Version 1

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Introduction

Our examiners' reports are produced to offer constructive feedback on candidates' performance in the examinations. They provide useful guidance for future candidates. The reports will include a general commentary on candidates' performance, identify technical aspects examined in the questions and highlight good performance and where performance could be improved. The reports will also explain aspects which caused difficulty and why the difficulties arose, whether through a lack of knowledge, poor examination technique, or any other identifiable and explainable reason.

Where overall performance on a question/question part was considered good, with no particular areas to highlight, these questions have not been included in the report. A full copy of the question paper can be downloaded from OCR.

Paper Unit 3 series overview

This unit is a mandatory paper for the Foundation Diploma, Diploma and Extended Diploma. It may also be taken by students entered for the Certificate and Extended Certificate.

Candidates who did well in this unit demonstrated the following strengths:

- good knowledge and understanding across the whole unit content
- an ability to analyse the business impact of decisions and the factors influencing business decisions
- an ability to perform accurate calculations and summarise numerical information
- the ability to apply relevant content from Unit 1.

It was pleasing to see candidates with a good understanding of the case study and an ability to apply it appropriately when answering questions. Compared with recent sessions candidates more generally gained marks from across the whole paper (with the exception of Question 6 where many candidates did not achieve good marks).

Candidates generally performed better when they discussed the implications of the issues outlined in the case study rather than introducing new scenarios and contexts. For example some candidates discussed what options the business might pursue later if Option 2 were chosen and proved to be a success. This fell outside the scope of the paper which is to consider the implications for business decision-making of the issues identified in the case study (a different attitude on the part of the local council in the future due to changes resulting from an election of new councillors would be a risk factor affecting Option 3, not an opportunity to consider additional options).

Two questions on this paper are high tariff extended-response questions worth 12 and 16 marks respectively. 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, future performance and, in the case of Question 5, business decision-making. 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. While 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 in the pre-release scenario will be rewarded more highly.

A number of candidates gave similar responses to both questions 5 and 7. The focus of the two questions is however very different. Question 5's focus is the decision-making process, i.e. issues that will affect the extent to which the decision-making process itself will be effective. Question 7's focus is the decision itself, i.e. which of the three options would be best for the business.

Question 1 (a)

- 1 (a) *Seaview Leisure Centre (SLC)* has a number of objectives, including being ethical.

Tick (✓) the **two** ethical objectives from the table below.

You should only tick two boxes.

Objective	Tick (✓)
All gym equipment should be safe to use	
Not pressuring customers into buying fitness accessories	
Supplying free WiFi to café customers	
Paying employees more than the national minimum wage	

[2]

Most candidates gave at least one correct response. Option 1 is a legal requirement and option 3 is a marketing decision. Option 4 is ethical because it involves going above and beyond the legal minimum which these employees could be paid. Option 2 is ethical because it is an action that goes against the business' direct interests but would be judged by society to be reasonable behaviour.

Question 3 (c)

(c) State **two** actions that could be taken by a business such as *SLC* to improve labour turnover.

1.....

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2.....

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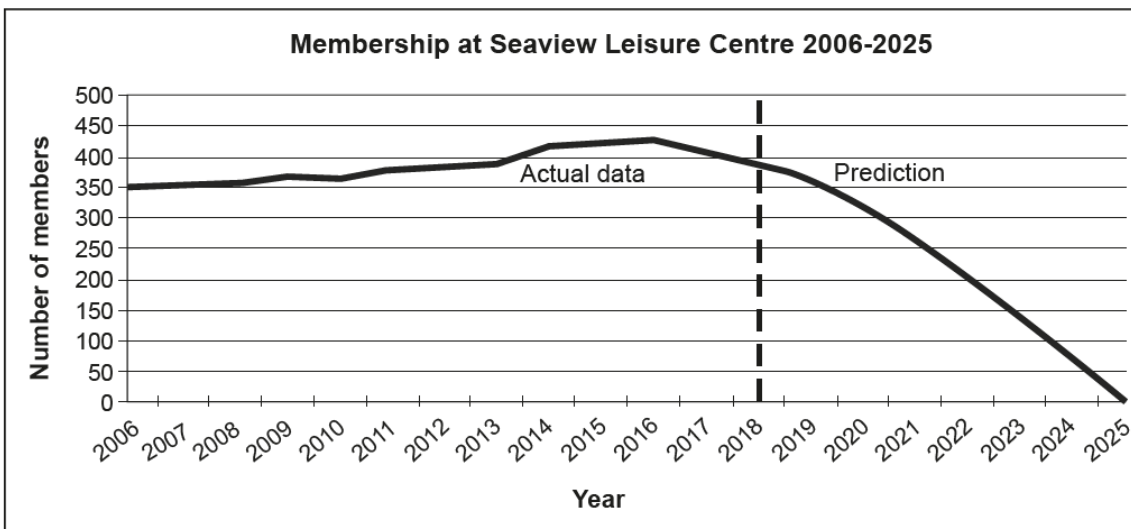
[2]

Most responses gained at least one mark, usually for recognising that higher wages could help address the issue. Some responses only referred to 'improve motivation' without specifying a specific action that the business could take to achieve this outcome.

Question 4 (a) (i)

4 Mansoor Khan, the Director of Leisure Services at Beachside District Council, is reviewing *SLC*'s membership levels and marketing policy.

(a) Mansoor has extrapolated *SLC*'s membership data from 2016-2018 to predict the change in membership from 2019 onwards.



(i) Outline what the graph predicts will happen to membership between 2019 and 2025.

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[2]

Most responses gained 2 marks for recognising that the prediction is for membership to fall to zero. Weaker responses recognised that membership would simply decline.

Question 4 (a) (ii)

(ii) Explain why this prediction might be unrealistic.

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.....[2]

Most responses gained either 1 or 2 marks. Some responses identified that the prediction did not follow the long-term trend (gaining 1 mark) but did not offer a detailed reason for this. Good responses discussed future changes (either internal or external to the leisure centre) which, if they happened, would result in an increase in membership.

Question 4 (b)

(b) A gym instructor has suggested that SLC uses the following slogan in its publicity materials: 'Using Seaview Leisure Centre will make you healthy'.

Explain why SLC should **not** use this slogan in publicity materials.

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.....[2]

Most responses gained 2 marks for recognising how and explaining why the slogan was either 'false', 'misleading' or unethical advertising. Responses that suggested the slogan was 'uninteresting' did less well.

Question 5

- 5 As part of the decision-making process, Tania has decided to consult with *SLC*'s stakeholders. Evaluate the benefits and drawbacks to *SLC* of consulting with its stakeholders when choosing between Options 1, 2 and 3.

[12]

This question asked candidates to evaluate the impact on the decision-making process of consulting with stakeholders.

Some responses did not answer the question but instead discussed the three options in a way that was very similar to the response to Question 7. Such responses will gain no marks because the question is about the decision-making process itself, not the options being considered.

Some responses attempted to consider the impact of consulting with stakeholders but gave a confused or mistaken understanding of who a stakeholder is. Some responses focused exclusively on shareholders (despite using the term stakeholder throughout and despite the leisure centre having no shareholders) or argued that a weakness was being unable to consult with customers or employees. Other responses confused consultation with market research and discussed methods for obtaining the opinions of customers that would help decide how much they would be prepared to pay for gym classes.

All of these types of responses did not score any, or many marks.

Despite this, many responses were able to identify at least one benefit and/or drawback of consulting with stakeholders and so achieve a Level 1 mark (1-3 marks). Where these issues were explained it was possible to award a mark in Level 2 (4-6 marks), only a minority of responses achieved this. Of these only a minority were then able to then analyse the implications of this for the decision-making process and so achieve a mark in Level 3 (7-9 marks). Only a very few then offered a valid overall assessment of the impact and so achieve mark in Level 4 (10-12 marks).

Question 6 (a)

6 Tania has produced a production schedule for **Option 1: Gym and studio refurbishment**. This is shown in Table 1, below.

Activity	Description
A	Remove existing equipment and fittings from the gym
B	Remove existing equipment and fittings from the studio
C	Upgrade air-conditioning system in the gym and studio
D	Redecorate the gym (including drying time)
E	Redecorate the studio (including drying time)
F	Install new fittings and equipment in the gym
G	Install new fittings and equipment in the studio
H	Test new fittings and equipment
I	Take publicity photos

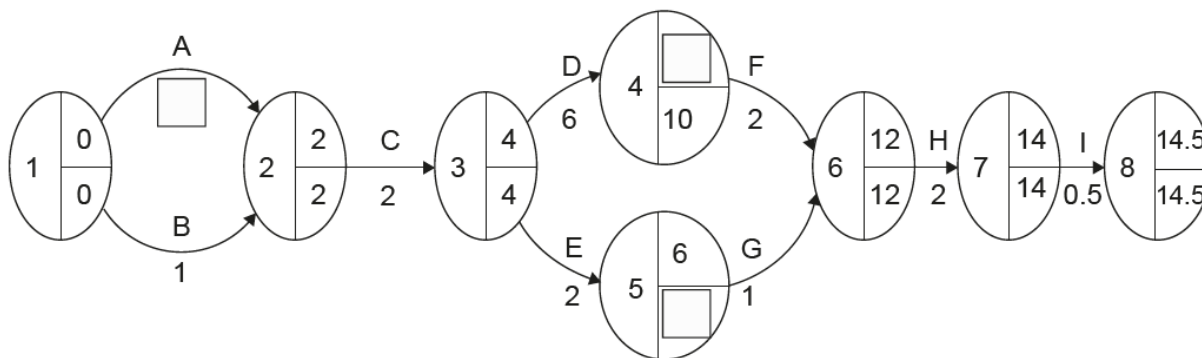
Table 1

(a) Complete the critical path network diagram by inserting:

- the duration of activity A
- the EST (earliest start time) for node 4
- the LFT (latest finish time) for node 5.

Insert your answers in the shaded boxes in the diagram below.

Critical path network diagram for Option 1: Gym and studio refurbishment



[3]

Many candidates seemed unprepared for this question. Only a small minority gained 3 marks and there were quite a few blank responses. There are a number of items in the specification that are calculated and candidates should expect to be tested on some of them in every examination.

Candidates who achieved a mark in Band 4 (13-16 marks) did so because, having achieved Band 3 (analysis) they could offer a reasoned conclusion (i.e. they gave valid reasons for their choice of which option the bakery should choose). The reasons, to be valid, would need to be based on the information in the case study. To achieve a mark above 13 the justification would need to be in context and to achieve a mark above 14 the justifications would need to have greater detail.

Reasons for poor performance on this question included:

- a discussion of the 'risk' involved in each decision that was too vague because it did not identify a valid reason for the risk. For example many candidates stated that option 3 was risky because it was the most expensive but the amount of the investment is not, of itself, a reason for risk. Discussion of risk should be based on one of the types of risk identified in the specification, for example an option identified as being diversification (Ansoff) would be more of a marketing risk than an option involving only market development.

- using as justification the idea that 'high risk results in high reward'. This is a misunderstanding of the relationship between risk and reward. A risky option is more likely, by definition, to result in failure than success. Increasing the risk does not increase the potential reward. The most expensive option is not necessarily the riskiest but it could potentially have the biggest impact on the organisation if it failed; whether or not this is high risk requires a comparison with all other options to be made.

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