OCR
Oxford Cambridge and RSA

GCSE (9-1)

Examiners' report

BUSINESS

J204
For first teaching in 2017

J204/01 Summer 2019 series
Version 1

Contents

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 1 series overview

Teachers appear to have used OCR resources (including the practice paper available on Interchange) to good effect. Those candidates who had been fully prepared for this examination generally performed well.

Full preparation for this examination needs to include:
- Practice at answering multiple-choice questions.   - The ability to apply understanding to the contexts given in Texts 1 – 3.   - The development of analytical skills.   - The development of evaluative skills.   - The interpretation and use of numerical data.

Section A gives time for candidates to settle into the examination. This section of the paper was generally well answered by most candidates. Some candidates lost marks by leaving a multiple choice question (MCQ) blank. This is poor examination technique. Candidates should be encouraged to indicate a response to all 15 questions. A minority of candidates also lost marks because the letter written in the box was unclear. Candidates should be discouraged from trying to alter an answer by writing over it – say by trying to change a B to a D, or vice versa. In such cases it is impossible for the examiner to know which letter was written last. If a candidate wishes to change their answer they should fully cross out their original answer and replace it with their new selection, if necessary this should be written outside of the box.

	OCR support	OCR has produced lots of practice multiple-choice questions for centres to use. These can be accessed using the link https://www.ocr.org.uk/qualifications/gcse/business-j204-from-2017/planning-and-teaching/ and selecting 'Teaching activities'. The resource organises the practice multiple-choice questions by topic, so that it can be used appropriately throughout the programme of study

It is important to remind candidates that, in Section B, questions which include the name of the business in their wording should show evidence of application of understanding (i.e. to the business contexts detailed in Texts 1 – 3). Each text includes important details about one specific business. In this specification 'application of knowledge and understanding' refers to the use of context, and not simply the mentioning of context. A name drop of the business, relevant personnel or the product/service the business offers is insufficient for the award of application. The candidate must use the context in their answer i.e. the contextual reference must add something cognitive to the answer. This is an important issue because answering such questions in a theoretical or generic way could severally limit the number of marks that the examiner can award to the candidate. As per the specification, a minimum of 32% of marks on this paper (35% across the qualification) are reserved for application of knowledge and understanding.

Each of Questions 16 – 18 contain at least one 'analyse' question and at least one 'evaluate'/'discuss'/ 'recommend' question.   To increase candidate accessibility to marks, these skills are independently assessed and so, for example, a candidate may gain full marks for evaluation without any analysis. In addition, to further increase candidate accessibility to marks, all analysis marks and most evaluation marks are awardable irrespective of the use of application. It is, therefore, important that candidates are clear as to the difference between the two skills, because to achieve maximum marks they will need to fully demonstrate both skills.

What is analysis?

Analysis requires candidates to present a logical chain of reasoning. The chain of reasoning should begin with an appropriate point relating to the question and end with at least one impact of this particular point on the business (or occasionally, depending on the wording of the question, an impact on the stakeholders of a business).

The maximum tariff for analysis on any question on this paper is 2 marks. Therefore, a maximum of 2 analytical points needs to be made to achieve the maximum marks awardable for this skill. It should be noted however, as per the wording of the specification, that 'discuss'/'evaluate'/'recommend' questions also encompass the testing of analytical skill. Candidates need to demonstrate their ability to analyse on both 'analyse' and 'discuss'/'evaluate'/'recommend' questions.

What is evaluation?

Evaluation requires a supported judgement to be made. The question wording may use 'discuss', 'evaluate' or 'recommend' – all of these require a justified, reasoned, argument to be put forward.

Each time the skill of evaluation is rewarded on this paper, it has a tariff of 3 marks.

Candidates should be encouraged to reach decisions and give reasoned justification to support their argument using contextual information. While a valid justification that applies to most businesses would achieve 2 of the available 3 evaluation marks, an answer which argues using the particular circumstances of the business in the text will be given the full 3 marks that are available.

The 9 mark question on this paper includes the testing of candidate ability to interpret and use numerical data. Please see question 18d on this paper. Two marks were reserved for this purpose (application marks). For an award of 9 out of 9, candidates are required to show that they have used the numerical data given – in this case salary figures and the quantity of workers. Those that did not explicitly use the numerical data could still achieve 7 of the available 9 marks.

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 scripts showed that the candidate had, at least, attempted to answer all of the questions set, with a consequent very low question omit rate across the paper (with the exception of Questions 18ci and cii). 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, 7 and 9 mark questions, gave high ability candidates the opportunity to fully demonstrate their understanding using contextual application, analysis and evaluation; and many did so.

Section A overview

The majority of multiple-choice question were well answered. Only two questions appeared to cause difficulty (Questions 2 and 11).

Question 2

2   A fast food restaurant is currently charging a price of 60p for its new healthy snack. The fast food restaurant intends to increase the price to £2.25 once the healthy snack has become more popular with customers.

The current price is an example of:

A   competitor pricing

B   cost-plus pricing

C   penetration pricing

D   price skimming

Your answer ☐   [1]

This question was testing understanding of pricing methods as listed in the specification. The correct answer to the question is (C) penetration pricing. Of those candidates who got this question wrong, the most common incorrect answer was (D) price skimming. Whether this indicates a misreading of the question (which clearly states 'current price') or a misunderstanding of the concept of price skimming is impossible to determine. However, in case it is the latter, centres are advised to give sufficient time in their programmes of study to this area of the specification.

	AfL	Centres are advised to get give candidates plenty of practice distinguishing between different pricing methods. This could be done on a frequent basis as part of a lesson starter or plenary.

Question 11

11 A market research agency needs to constantly improve its digital communications to keep up with the competition. In 2017 it spent £250 000 on digital communication. In 2018 it spent £525 000.

The agency's percentage increase in spending on digital communications from 2017 to 2018 was approximately equal to:

A   48%

B   52%

C   110%

D   210%

Your answer ☐   **[1]**

This question had the greatest proportion of incorrect answers of all of the multiple-choice questions. The correct answer to the question is (C) 110%. Many candidates selected answers (A) and (B). Percentage change is a concept which causes many candidates difficulty, however standing back from the calculation and doing a little estimation would have shown that answers (A) and (B) could not be correct because the figures have more than doubled and, therefore, the answer must be greater than 100%.

	AfL	Centres are advised to encourage candidates to do a quick estimation of the magnitude of the answer before doing the actual calculation. This way if their calculation is not of the magnitude expected, i.e. in this case if less than 100%, they are alerted to check for an error.

	Misconception	A common misunderstanding by candidates is that when calculating percentage change the absolute difference should be divided by the new value. This is not the case; the denominator should always be the **original** value.

Section B overview

Candidates should use the information provided in each of the texts when answering the questions in Section B.

Question 16 (a)

16

> **Text 1**
>
> ### The Ford Motor Company Ltd
>
> The Ford Motor Company Limited (Ford Motors) is a global manufacturer of a range of vehicles including cars, vans, trucks and buses. Ford Motors has been one of Britain's best-selling car brands for over 30 years, with a range of models including the KA, Fiesta, Focus, Mondeo and Galaxy. The company's large range of products includes models that differ in size to meet the individual needs of different market segments, including eco-friendly small cars, family cars, sports cars and 7-seater people carriers.
>
> Ford Motors carries out a lot of market research when developing new car designs and uses both primary and secondary research. This ensures that new car designs and models meet the needs of potential customers.
>
> Each model's sales levels are regularly monitored against the product lifecycle.

(a) State **two** secondary market research sources which Ford Motors could use.

1 ....

2 ....

[2]

A straightforward start to this section, and well answered. The most common correct answers referred to 'magazines', 'the government' and 'the internet'. Very few candidates confused primary and secondary market research methods. Of those small proportion of candidates who did not achieve a mark on this question their error was, almost invariably, to give a type of data rather than the source of the information. The question required the source of the information.

Question 16 (b)

(b) Explain the purpose of marketing within Ford Motors.

....

....

....
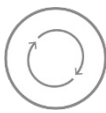
.... **[2]**

A wide array of answers were given to this question, depending on which aspect of marketing the candidate focused on. Whether promotion, raising awareness, identifying gaps in the market or other more market research focused answers, all were given.

To achieve full marks on the question, the answer needed to show evidence of applied understanding. The vast majority of candidates gave applied answers and achieved full marks. Please see the following examples for further clarification.

	AfL	Centres are advised to encourage candidates to always give an applied answer to any question that includes the name of business. The following two questions may look similar but the first only requires a generic answer whereas the second requires an applied answer
		1. Explain the purpose of marketing
		2. Explain the purpose of marketing within Ford Motors.

Exemplar 1

to get your product well known and to get your products sold easy and get profit.

[2]

The response from this candidate clearly shows that they have a good understanding of the purpose of marketing. However, the response would be relevant to any business, i.e. it is generic and so can only be given one of the 2 available marks.

Exemplar 2

To identify their target markets and develop new car designs based on that.

[2]

This exemplar is just what the examiner is looking for. There is clear understanding of the purpose of marketing as applied to Ford Motors and its development of new car designs. This response is given the full 2 marks.

Question 16 (c)

(c) Explain **one** way that preparing a business plan may be useful to Ford Motors.

....

....

....

.... **[2]**

Very few candidates seemed clear on how or why a business plan could be used. The most common correct answers related to helping Ford obtain a loan (1 mark), with the addition of a contextual reason, e.g. to fund the design of an eco-friendlier engine (1 further mark). Many scored zero on this question. The most common error was discussing the content of a business plan rather than its use.

Question 16 (d)

(d) Explain how Ford Motors could use market segmentation when deciding where to place an advert for its new car models.

....

....

....

.... **[2]**

This question divided candidates. Examiners saw many exceptionally good answers to this question – each showing a clear understanding of how market segmentation could help decide where to place an advertisement for new car models. At the other end of the spectrum examiners saw answers that showed no knowledge of market segmentation whatsoever.

It should be noted that the question asked for how Ford could use market segmentation to decide where to place an advertisement, responses that simply discussed what market segmentation was did not answer the question and could not be given credit.

The best answers to this question tended to use an example as part of their explanation, for instance suggesting that people carriers should be advertised on children's television channels, although an example was not required for the award of the marks.

Question 16 (e)

(e) Analyse **one** disadvantage to Ford Motors of manufacturing and selling such a large range of products.

....

....

....

....

....

.... **[3]**

This is the first 3 mark 'analyse' question on the paper. Candidates were expected to name a disadvantage and, by presenting a logical chain of reasoning, arrive at the impact of this disadvantage on the business. To be awardable the analytical point needs to be an impact on the business (rather than an impact on customers or employees) because the question is worded 'Analyse one disadvantage to Ford Motors of …'. For full marks the answer also needed to show application of understanding in context i.e. be specifically applied to Ford Motors.

Please see the following examples for further clarification.

Exemplar 3

The marketing department will need to create advertising for each one of the cars e.g. fiesta, focus etc. this will be time consuming as each car has a different target market. For example, the people carrier will be aimed at middle aged adults who have children and the marketing department will need to segment the market accordingly. As a result, advertising will be very costly for ford motors as they will need to raise awareness of a large number of car. **[3]**

This exemplar is just what the examiner is looking for. The candidate begins with a disadvantage (needing to create advertising for each one of the cars (1 mark)), works through some applied explanation (regarding the people carrier needing to be marketed at adults who have children (1 mark)) and ends the chain of reasoning with an impact on the business (increased advertising cost (1 mark)). The full 3 marks were given.

Exemplar 4

a disadvantage to Ford Motors is of selling a large range of products is that it will cost a lot of ~~money~~ capital as to advertise every car which means the business will have to do alot of primary and secondary research to find out what will be the best vehicle to advertise to ensure they make the most sales and the most profit from the vehicle they do advertise for example a family car **[3]** coud be the most popular after advertising on a family TV show.

This exemplar is similar to Exemplar 3 in the sense that it focuses on advertising, however this time the candidate begins with the high cost of advertising every car (1 mark), rather than the need to advertise each car. The remainder of the answer shows good application of understanding especially in the last couple of lines (the reference to the family car being advertised on TV) (1 mark). The candidate does not progress their argument which begins with the high cost of advertising through to an impact on the business, so the analysis mark cannot be given. Two of the 3 available marks were given.

Perhaps, two of the easiest ways to gain analysis marks (from a starting point of high cost) would be to use logical argument to link this to reduced profit or possible cash flow difficulties. The learning point here is that wherever the candidate begins their argument they must move on in the logical chain to present a (further) impact on the business.

Question 16 (f) (i), (ii) and (iii)

(f) Many businesses, such as Ford Motors, use the product lifecycle to plan the marketing of their product range.

   (i) State **one** advantage to a business of using the product lifecycle to plan the marketing of its products.

....

.... **[1]**

   (ii) State **one** disadvantage to a business of using the product lifecycle to plan the marketing of its products.

....

.... **[1]**

   (iii) Evaluate whether or not Ford Motors should continue to use the product lifecycle when planning the marketing of its products.

....

....

....

....

....

.... **[7]**

Questions 16fi, fii and fiii comprise one question, scaffolded for accessibility. The question is testing candidate understanding of the use of the product lifecycle to plan the marketing of Ford's product range.

This question was targeted at the high ability student, nevertheless many candidates were able to score marks on Question 16fi.

Question 16fii proved trickier with many answers deemed too vague, or simply incorrect. The most common incorrect answer was that the product lifecycle was only an 'estimate' or 'prediction'; it is not. The figures used to produce a product lifecycle are actual sales figures. The most common vague answer was that the lifecycle is 'inaccurate', more detail was required, for example it does not consider changes in external factors such as changes in competitor activity and demand.

The 7 marks for Question16fiii were allocated as follows: 2 marks for application, 2 marks for analysis and 3 marks for evaluation. Each assessment skill was marked independently, therefore no one skill is a pre-requisite of another. Further details of this mark breakdown can be found on the marking grid for this question in the published mark scheme.

Most candidates managed to achieve at least one mark for evaluation i.e. by making a decision as to whether or not Ford should continue to use the product life cycle to plan the marketing of its product range. Those who were able to justify their decision gained extra evaluation marks. Those whose justifications were deemed good (i.e. valid but non-contextual) were given an extra one mark (totalling 2 marks for evaluation) and those whose justifications were deemed 'strong' (i.e. valid and contextual) were given an extra 2 marks (totalling the full 3 marks for evaluation).

Those with a sound understanding of the concept of using the product lifecycle to plan the marketing of a product range also achieved some analysis marks. Very few candidates were able to gain application marks on this question, since name dropping or product dropping is insufficient to award marks – as previously explained (in the series overview) the application mark is given for <u>use</u> of context, not the context itself i.e. it needs to add something cognitive to the candidate's response.

Question 17 (a)

17

Text 2

Redrow Homes

Redrow Homes is one of the UK's leading housebuilders. Housebuilders, such as Redrow Homes, typically use self-employed construction professionals alongside their own employees.

Redrow Homes employs over 2 300 people in a range of jobs including trades such as carpentry, plumbing and bricklaying. They also employ landscape designers, customer service administrators and sales advisors to sell the houses. The company is committed to staff development, with 15% of the workforce undergoing an apprenticeship or other formal training programme.

Redrow Homes has been named one of the 'Top 100 Apprenticeship Employers' for the last five years and was recently named the 'Construction Industry Training Board Apprentice Employer of the Year'. At any one time the company employs at least 130 apprentices, as the company feels that it is an excellent way to find and develop young motivated staff. The company offers apprentices a clear career path whereby they gain qualifications alongside work experience and a good wage.

(a) Explain **one** method Redrow Homes' head office employees could use to communicate with staff working on one of its building sites.

Method ....

Explanation ....

....

....

....

.... **[3]**

This question tested whether candidates could choose a method of communication appropriate for the situation and then explain why. Email, text messages and walkie talkies were the three most common, correct answers. Answers such as a PowerPoint presentation or a letter were deemed inappropriate and were not given. The suggestion of sending a letter was more common than would have been expected.

To gain the 2 marks available for explanation the reason needed to be specific to the method suggested and showed evidence of applied understanding. Candidates had most difficulty with the former – answers were all too often too vague. Answers such as 'quicker', 'easier', 'convenient' were not awardable. Take as an example 'email' – 'fast and easy to send' is too vague but 'can be received instantly' or 'can be sent to multiple recipients at once' or 'can be referred back to' were excellent answers.

Question 17 (b)

(b) Identify **two** reasons why employee motivation is important to Redrow Homes.

1 ....

....

2 ....

....

[2]

Candidates needed to demonstrate their knowledge of employee motivation within the scope of the given scenario. Many answers were too vague or written from the wrong perspective (e.g. 'the workers feel happier'). The best answers related to 'an increase in the quality of the build', 'homes built more quickly' and 'high retention of construction workers'.

Question 17 (c) (i) and (ii)

(c) Businesses may use financial or non-financial methods to motivate employees.

State **one** example of a:

(i) **financial** method to motivate employees

....

.... [1]

(ii) **non-financial** method to motivate employees

....

.... [1]

The majority of candidates were able to give a correct answer to both Questions 17ci and 17cii. The three most common answers for Question 17ci were 'a pay rise', 'a bonus' and 'profit-sharing'. The three most common answers for Question 17cii were 'praise', 'award schemes' and 'extra holidays'.

Question 17 (d)

(d) State **one** reason why a business may need to recruit new employees.

....

.... [1]

A wide variety of answers were given to this question – from business expansion to current employees leaving; these and all other such reasons, were given. The vast majority of candidates gained a mark for this question.

Question 17 (e) (i), (ii) and (iii)

(e) Redrow Homes could use interviews or group activities to help select new apprentices.

Analyse how each of these methods could be used.

(i) Interviews

....

....

....

....

....

.... **[3]**

(ii) Group activities

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....

....

....

....

.... **[3]**

(iii) Recommend whether Redrow Homes' managers should use interviews or group activities to select new apprentices. Give reasons for your answer.

....

....

....

....

....

.... **[3]**

Questions 17ei, eii and eiii comprise one question, scaffolded for accessibility. The question is testing candidate understanding of interviews and group activities as selection methods for Redrow Homes.

In each of Questions 17ei and 17eii examiners were looking for answers that apply specifically to the selection method in the respective part of the question. For example, an interview, being a discussion, could be used to obtain detailed feedback on a candidate – including what motivates them, how they present themselves, their personality, etc. Likewise, a group activity involves interaction with other candidates and can assess an applicant's ability to work in a team, leadership skills, etc. Answers such as 'it will help Redrow Homes find the best person for the job' were too vague to award, since that is the purpose of all selection methods. Candidates generally did better at Question 17eii than Question 17ei, mainly because their answers were more specific.

Question 17eiii required candidates to select which of these two selection methods it would be best for Redrow Homes to use. There was no right or wrong answer here, all candidates were required to do for the first of the 3 available marks was to choose one of the methods. Almost all candidates managed this and, thus, gained at least one mark. Of the very few candidates that scored zero on this question, the reason was invariably one of 'sitting on the fence' i.e. arguing for both methods but never reaching an overall decision. Responses that argued they should use both, with no preference for either, could not be rewarded.

The other 2 marks available for Question 17eiii were given for the quality of the candidate's justification of their selection. A good justification was given one extra mark for being valid but appropriate to most businesses, e.g. 'I recommend using interviews (1 mark) because they can help identify the personality and motivation levels of the applicant (+1 mark)'. A strong justification was given 2 extra marks for being valid and contextual e.g. 'I recommend group activities (1 mark) because on a building site the bricklayers and plumbers need to work in team to complete their tasks effectively (+2 marks)'.

Question 17 (f)

(f) Analyse **one** benefit to Redrow Homes of using apprenticeships as a method of staff development.

....

....

....

....

....

.... **[3]**

This is another 3 mark 'analyse' question. Examiners were looking for a benefit to the business of using apprenticeships as a method of staff development and, by presenting a logical chain of reasoning, arrive at the impact of this benefit on the business. To be awardable the analytical point needs to be an impact on the business (rather than an impact on the apprentice) because the question is worded 'Analyse one benefit to Redrow Homes of …'. For full marks the answer also needed to show application of understanding in context i.e. be specifically applied to Redrow Homes.

Those candidates who grasped the meaning of the question i.e. not about the use of apprenticeships in general but the use of apprenticeships as a method of staff development, scored highly on this question. Many candidates, however, started from an incorrect premise – either that the question required benefits to the apprentices themselves or that the question was about the use of apprenticeships as a method of recruitment.

Key point call out

When answering questions about benefits and/or drawbacks care needs to be taken to make sure the benefit/drawback is given from the correct perspective i.e. the benefit/drawback to whom? The vast majority of questions will require a benefit/drawback to the business (as an organisation) but occasionally it may be to one of its stakeholders (e.g. employees, customers, suppliers, etc).

Question 18 (a)

18
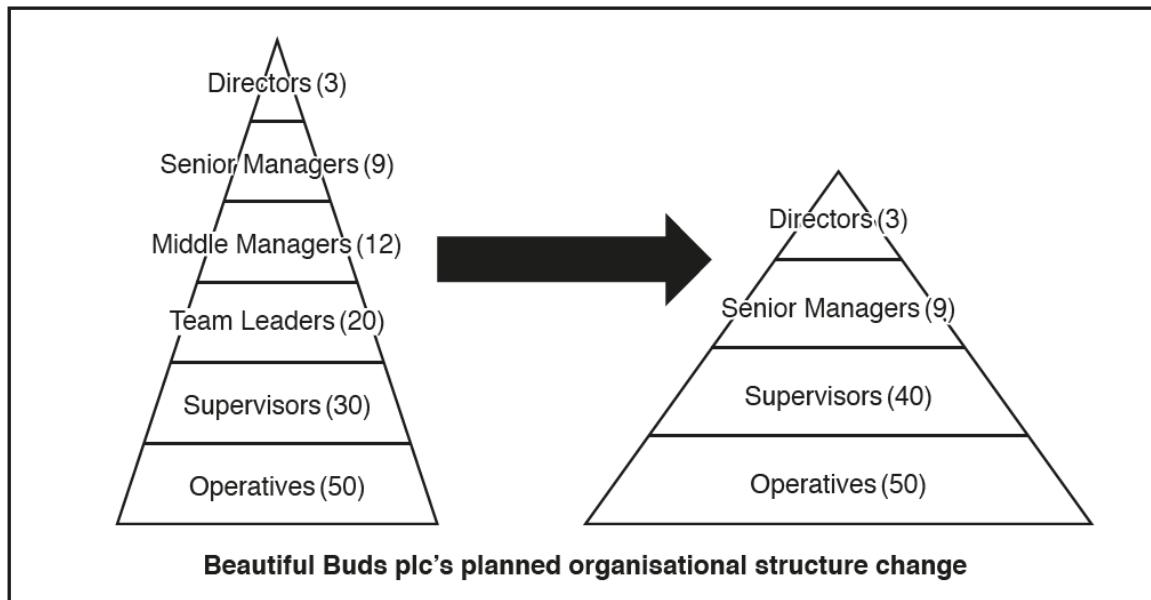

Text 3

Beautiful Buds plc

Beautiful Buds plc is a company which grows plants that are sold to garden centres throughout the UK. Beautiful Buds plc has a new Managing Director who has proposed a merger with Green Gardens plc, a chain of garden centres selling a wide range of plants and other garden products.

Green Gardens plc is currently one of the country's largest plant and garden retailers, with a market share of approximately 12%. The vertical merger will result in one company owning a chain of garden centres as well as growing the plants which are sold in these retail outlets.

Beautiful Buds plc currently has 124 employees. Its Managing Director is looking to make the business more efficient and is planning to change its organisational structure by removing two layers of management (see below). This change is planned before the proposed merger. The Managing Director believes that the tasks carried out by Middle Managers and Team Leaders can be effectively completed by employees either below or above them in the structure. The estimated redundancy costs due to the restructuring are £200 000.

Directors (3)
Senior Managers (9)
Middle Managers (12)
Team Leaders (20)
Supervisors (30)
Operatives (50)

Directors (3)
Senior Managers (9)
Supervisors (40)
Operatives (50)

Beautiful Buds plc's planned organisational structure change

Job role	Average salary
Directors	£110 000
Senior Managers	£80 000
Middle Managers	£50 000
Team Leaders	£35 000
Supervisors	£30 000
Operatives	£22 000

Beautiful Buds plc's current salary structure

(a) Analyse **two** benefits for Beautiful Buds plc of growing externally.

Benefit 1 ....

....

....

....

....

....

Benefit 2 ....

....

....

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....

....

[6]

This question was testing candidate understanding of the benefits of external growth. Responses were often inaccurate or, at best, too vague. Many candidates jumped straight to 'more profit' with no clear link to external growth, such answers could not be rewarded.

Examiners were looking for some explicit understanding of external growth which, following a chain or logical reason culminated with the benefit this brings to Beautiful Buds. For example, 'Merging (1 mark) with Green Gardens gives Beautiful Buds increased brand awareness in the gardening sector (1 mark), increasing its sales revenue (1 mark).

ⓘ	**OCR support**	The textbook "Business – OCR GCSE (9-1)" which is endorsed by OCR and published by Hodder Education is a good starting point for this topic area. The chapter entitled "Business growth" explains the meaning of external growth (and the different types) in a way which candidates can understand. In addition, the chapter contains practical activities for candidates to undertake to reinforce their learning and practice questions to showcase their understanding.

Question 18 (b)

(b) Identify **one** way that Beautiful Buds plc could have grown organically.

....

.... **[1]**

Candidates needed to demonstrate their knowledge of organic growth within the scope of the given scenario. Some candidates confused organic growth with external growth and gave answers such as 'merge with a garden centre' or 'takeover a garden tools producer' such answers are wrong and could not be given. The best answers related to 'growing a wider variety of plants', 'selling the plants online' and 'gaining new customers through promotions such as 2-for-1 on house plants'.

Question 18 (c) (i) and (ii)

(c) (i) Analyse the impact on **two** stakeholder groups of the proposed vertical merger between Beautiful Buds plc and Green Gardens plc.

Stakeholder group 1 ....

Impact ....

....

....

....

....

....

....

....

Stakeholder group 2 ....

Impact ....

....

....

....

....

....

....

[6]

(ii) Recommend which stakeholder group will be most affected by the vertical merger between Beautiful Buds plc and Green Gardens plc. Give reasons for your answer.

....

....

....

....

....

.... **[3]**

Questions 18ci and cii comprise one question, scaffolded for accessibility. The question is testing candidates' understanding of the effects of business decisions on stakeholders. This question was not generally well answered. In addition, this question had the greatest number of blank responses of any question on the paper. These two factors combined may indicate a lack of coverage of this topic.

Few candidates scored more than 3 marks on Question 18ci. A typical response correctly named two stakeholder groups, managed to analyse the impact of the merger on one of these and made no attempt at applying the answer specifically to the scenario.

To improve the marks gained on Question 18ci, candidates need to make sure they work through a chain of argument to reach an impact on each specific stakeholder group. Many, having identified the stakeholder group, for example 'customers', then went on to discuss the impacts on the business rather than the impacts on their identified stakeholder. This is the one question on the paper (see comments in the series overview) where the analysis is to be stakeholder-facing, rather than business-facing. The wording of the question makes this clear 'Analyse the impact on two stakeholder groups of …' In addition, for full marks, application to the scenario is required. The application would vary significantly depending on which stakeholder group is under discussion: If employees are chosen then references to needing to find another job at a neighbouring garden centre could be used; if customers are chosen then references to the range of plants available or the price of cut flowers could be used; if shareholders are chosen then references to the 12% market share could be used in the argument, etc.

Question 18cii required candidates to select which stakeholder group would be most impacted by the proposed merger. There was no right or wrong answer here, all candidates were required to do for the first of the 3 available marks was to choose a stakeholder group (the group did not necessarily even have to have been considered in the Question 18ci, it could have been a further stakeholder group). Almost all candidates who answered this question clearly identified their selection and, thus, gained at least one mark. Of the very few candidates that scored zero on this question, the reason was invariably one of 'sitting on the fence' i.e. arguing that both stakeholder groups would be affected but in different ways, while this may be true it did not answer the question set and could not be rewarded.

The other 2 marks available for Question 18cii were given for the quality of the candidate's justification of their selection. A good justification was given one extra mark for being valid but appropriate to most businesses, e.g. 'Employees will be the most affected (1 mark) because they will lose their job and not be able to feed their families (+1 mark)'. A strong justification was given 2 extra marks for being valid and contextual, e.g. 'Shareholders will be most affected (1 mark) access to 12% of the retail market should lead to a significant increase in their dividends (+2 marks)'.

	OCR support	OCR has produced several delivery guides to support centres delivering the specification. These can be accessed using the following link: https://www.ocr.org.uk/qualifications/gcse-business-j204-from-2017/delivery-guide/
		The resource 'Business activity', 'Stakeholders in business', 'The effect of business activities on stakeholders' may be particularly useful in supporting either the initial delivery of this topic area.

Question 18 (d)*

(d)* Discuss, with reference to the data in **Text 3**, whether Beautiful Buds plc should go ahead with the plan to change its organisational structure.

....

....

....

....

....

.... **[9]**

This is the highest tariff question on the paper. The question was well answered by the majority candidates across all ability ranges.

The 9 marks were allocated as follows: 1 mark for knowledge, 1 mark for understanding, 2 marks for numerical application, 2 marks for analysis and 3 marks for evaluation. Each assessment skill was marked independently, therefore no one skill is a pre-requisite of another. Further details of this mark breakdown can be found on the marking grid for this question in the published mark scheme.

For the knowledge mark, examiners were looking for evidence of the accurate use of business terminology relating to organisational structure. Terminology such as 'chain of command', 'span of control', 'delegation', 'subordinates', 'tall', 'flat', 'delayering', etc. were all equally awardable. Approximately half of candidates used specific organisational structure terminology in their answer and, thus, were rewarded with the mark. It was noticeable that of those that did not achieve this mark, a significant proportion of them appeared to be high ability candidates.

For the understanding mark, examiners were looking for one or more benefits or drawbacks of a tall/ flat organisational structure or of delayering. The vast majority of candidates achieved this mark.

For the application marks, examiners were looking for the use of the numerical data given in the text (as indicated in the question by the phrase 'with reference to the data in Text 3'). A mark was given (to a maximum of 2) each time a candidate made use of the numerical data in a calculation. Some calculations were relatively straightforward, e.g. number of workers pre- and post-change, others were more complex, e.g. costs pre- and post-change. All were awardable.

Common examples of numerical application evidenced in candidate responses were:

- Calculations relating to the size of the workforce:
  - 32 of current staff would be lost
  - 10 additional supervisors would be needed
  - total size of workforce before the change 124
  - total size of workforce after the change 102
  - the overall size of the workforce would be reduced by 22

- Calculations relating to changes in costs:
  - £600,000 of salaries of middle managers would be saved per year
  - £700,000 of salaries from team leaders would be saved per year
  - £1.3m combined saving on middle managers and team leaders per year
  - The additional supervisors would cost £300,000 per year
  - Net saving in future years £1m
  - Net saving in first year £0.8m (£1m - £0.2m redundancy cost)

For the analysis marks, examiners were looking for a logical chain of reasoning which culminated in the impact of this change in organisational structure on Beautiful Buds. Examiners saw lots of reasoning that linked to impacts on sales revenue, profit and reputation; less so (but equally valid) impacts on cash flow, productivity and quality. It should be noted that impacts on employees or customers could not be rewarded as analysis unless the impact on the business was also made clear. As an example, a response that said 'employees may disagree with the changes and may lose job satisfaction' could not be given as analysis because the impact on the business is not clearly stated. On the other hand, a response such as 'employees may be worried about the proposed changes, causing levels of productivity to fall' would be given since the impact on the business is clearly stated.

For the evaluation marks, examiners were looking for a clear decision coupled with justification of this decision. There was no right or wrong answer here, all candidates were required to do for the first of the 3 available marks was to make clear their decision as to whether Beautiful Buds should or should not go ahead with the plan to change its organisational structure. Almost all candidates clearly indicated their decision and, thus, gained at least one mark for evaluation. Of the very few candidates that scored zero for evaluation, the reason was invariably one of 'sitting on the fence' i.e. giving reasons for and against the change but never stating an actual decision, such responses could not be rewarded with evaluation marks.

The other 2 marks available for evaluation were given for the quality of the candidate's justification of their decision. A good justification was given one extra mark for being valid but appropriate to most businesses, e.g. 'Beautiful Buds should go ahead with the change (1 mark) because its labour costs will be significantly reduced (+1 mark)'. A strong justification was given 2 extra marks for being valid and contextual, e.g. 'Beautiful Buds should not go ahead with this change (1 mark) because a reduction of 22 workers may mean that the business cannot cope with the workload and plants might die, reducing sales revenue (+2 marks)'.

Please see the following exemplars for further clarification.

Exemplar 5

to conclude I think going ahead with the plan to change the organisational structure of the company could provide positive aspects leading to increased profits but negative aspects could be resultant. I think that if Beautiful Buds want to carry on this plan they should take into consideration to Backlash that could arise and I think if they don't they should think of ways to improve the business. [9]

This exemplar shows the final paragraph of a candidate's response. The candidate clearly understands that there are pros and cons to changing the organisational structure (and these were given as understanding and analysis earlier in their response). This conclusion, however, does not make a clear decision either way – should Beautiful Buds go ahead with the change or should it not? For this reason, the response was given zero marks for evaluation.

Exemplar 6

In conclusion I don't think beautiful Buds plc should go ahead with the change to organisational structure because if there is a shorter chain of command, that employees are less likely to be given promotions and so motivation and work ethic in the business will not be as high, thus consequently this will cause profits to fall.

The conclusion to this candidate's response clearly shows that they have decided that Beautiful Buds should not go ahead with the change in organisational structure (and would be given one evaluation mark at this point). Their decision is supported with a justification about a shorter chain of command leading to lower motivation levels and lower profit. The argument was accepted, but because the response would be relevant to any business, i.e. it is generic it was deemed to be 'good' rather than 'strong'. This response was given 2 of the available 3 marks for evaluation.

Exemplar 7

> In conclusion I don't think beautiful Buds plc should go ahead with the change to organisational structure because if there is a shorter chain of command, that employees are less likely to be given promotions and so motivation and work ethic in the business will not be as high, thus consequently this will cause profits to fall.

This exemplar is just what the examiner is looking for. The conclusion to this candidate's response clearly shows that they have decided that Beautiful Buds should go ahead with the change in organisational structure (and would be given one evaluation mark at this point). Their justification relates to savings in labour cost and is supported with a contextual reference to the £1 million saved. Despite being concise, the decision is clear and the justification contextual. This response was given the full 3 marks for evaluation.

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