

**A LEVEL**

**Examiners' report**

**BUSINESS**

**H431**

For first teaching in 2015

**H431/02 Summer 2024 series**

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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. A selection of candidate answers is also provided. 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 and the mark scheme can be downloaded from OCR.

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## Paper 2 series overview

Overall performance this year was slightly improved compared to 2023. The question paper covered a wide range of business concepts and allowed the candidates to apply the knowledge they had learnt. The quantitative skills seen this year were also much better, although many candidates still miss out on many of these marks, often not even attempting the numerical questions.

This year there were generally better answers to the 9-mark questions, although evaluation was not always attempted or well structured. On the other hand, the final question which focuses on strategy was less well answered.

Candidates who did well on this paper generally:	Candidates who did less well on this paper generally:
<ul style="list-style-type: none"> <li>• had a wide-ranging knowledge of the specification</li> <li>• had good quantitative skills</li> <li>• incorporated the context into their answers in Section B</li> <li>• recognised the need to focus their answers to the high-mark questions so that they were not excessively long.</li> </ul>	<ul style="list-style-type: none"> <li>• had significant gaps in their knowledge.</li> <li>• did not read carefully what a question was asking</li> <li>• copied out (or ignored) the context, rather than incorporated it into their answers</li> <li>• did not explicitly show any knowledge of the concepts assessed in questions in Section B and so were unable to access any other marks.</li> </ul>

## Section A overview

Many candidates, of all abilities, miss out on many marks in this section. This suggests a lack of preparation for answering these sorts of questions and not necessarily having a good enough knowledge of basic specification terms.

Questions 1, 4 and 6 were very well answered. In contrast, Questions 5 and 7 were not well answered.

### Question 1

1 State **two** external stakeholders of a business.

1 .....

2 ..... [2]

Many candidates gained both marks, with the most common wrong answers being internal stakeholders such as shareholders/owners and employees.

### Question 2

2 Explain **two** monetary methods of motivating employees.

1 .....

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2 .....

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..... [4]

Most candidates scored 3 or 4 marks. However, some candidates misread the question and gave non-monetary methods. There was also some confusion with 'promotion' often suggested as a monetary method, without any specific reference to increased wages or salary.

Some candidates were unable to provide a clear enough explanation, or example, to gain the second mark in each case.

### Question 3

- 3 Define the term 'paternalistic leadership'.

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..... [2]

A significant number of candidates did not know this term and either provided no response or confused it with 'autocratic leadership'. There was also a lack of vocabulary evident here linked to leadership.

Only about a quarter of candidates gained both marks by recognising that this form of leadership was about more than having a democratic approach.

### Question 4

- 4 A small town has five restaurants which offer home delivery using a nationally available app. Sales data for the last six months is shown in the table.

Restaurant	Sales revenue (£)
Ali's Fish & Chips	850
Balti House Specials	16 800
La Flor y Nata	25 200
Sam's Sushi Bar	10 100
Yumi Pizza	21 050

Calculate the market share of the restaurant with the highest sales revenue. Show your working.

.....

.....

.....

.....

Answer = ..... [2]

Most candidates gained both marks. The most common errors were not adding up all the revenues or putting the information in the formula upside down.

## Question 5

**5** Explain **one** political and **one** technological factor which may affect a business.

Political .....

.....

.....

.....

Technological .....

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.....

.....

**[4]**

This was probably the most challenging question in the examination. A lot of candidates suggested political changes which were legal or economic factors. Centres need to make sure that they are teaching political only factors. With regards to the technological change a lot of candidates wrote generally about 'technology advancements' or 'new machinery' without giving the sorts of examples they would have encountered in their learning (as listed in the mark scheme). This led to no marks, as they were considered too vague to gain any reward.

What was designed to be a straightforward question for most candidates led to many of them not gaining marks.

## Exemplar 1

Political Tax laws - Such as sugar tax, it will cost more to import the product meaning the selling price will be higher.

Technological having older equipment - there may be ~~ex~~ certain software you can't access or the equipment may be slower meaning it makes your job take longer.

[4]

Exemplar 1 shows the most common errors seen from many candidates. The answer given for the political factor is a legal or economic factor (the candidate has even used the word 'law' in their answer). The only way in which a change in taxation may be considered a political factor is if it clearly came because of a change in government. For example, a small number of candidates did suggest that an upcoming change in government could lead to an increase in levels of taxation. In these limited cases, it was possible to reward as a political factor.

The second part of the answer was very typical of most answers seen. There is no specific example of a change in technology (e.g. AI, CAD/CAM, video conferencing, cloud computing, etc.) so it was not possible to award any marks.

## Misconception



Centres need to recognise the difference between legal, economic, and political factors. For example, a change in the minimum wage or the level of taxation is not a political factor but an economic factor. A change in any law (by definition) is a legal factor and not a political factor. A political factor comes from the different political views of those in power and so would be limited to changes in government, war or political strife, and other major politically strategic decisions such as competition policy, trade policy, or privatisation.

## OCR support



The published mark scheme provides many possible 2-mark answers for each part of this question which show how simple an answer can be.



## Question 6

**6** State **two** finance objectives a business may set.

1 .....

2 .....

**[2]**

Most candidates scored two marks, although some wrongly thought that increases in 'market share' or 'sales' (as opposed to 'sales revenue' or 'turnover') were finance objectives.

## Question 7

**7** Heidi is a self-employed financial adviser. Last month her fixed costs were £4250, and she had 30 clients. Heidi estimates that each client makes a contribution of £250.

Calculate Heidi's margin of safety last month. Show your working.

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Answer = ..... **[4]**

A number of candidates did not know the formula for margin of safety. A relatively straightforward formula created a lot of errors, with less than a third of candidates gaining full marks but half gaining no marks. A lot of candidates tried to use the alternative method to find profit, but then did not complete the process to calculate the margin of safety.

## Section B overview

There was a wide range of marks across this section, but overall, the questions allowed the candidates to show what they knew. The context about Brompton Bicycle was well understood and used by most candidates.

It does need to be reinforced that candidates must make sure they are stating their knowledge clearly (for example, different training methods which could be used in Question 10) and that they keep referring to the context available, to help them to achieve analysis and evaluation marks.

Questions 8, 11 and 12 were generally well answered, whereas Questions 13 (a) (ii) and 13 (b) were less successfully answered.

### Question 8

**8** Analyse **one** impact on BBL of a change in market forces.

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..... [4]

Most candidates scored 3 or 4 marks, showing clear knowledge of market forces and making use of the context available – most commonly the 400% increase in demand.

Less successful answers tended to identify a change in market forces along with relevant context but then did not make any attempt to show how this would impact BBL – what will the business now have to do because of this change (see Exemplar 2).

## Exemplar 2

One impact on BBL from a change in market forces is ~~an~~ their target audience. For example, before Covid 20% of the output is sold in the UK where the customer base is wealthy. Whereas, during the pandemic there was a 400% increase in demand which means that the target audience for BBL changed due to external influences.

Exemplar 2 is an answer which lacks any impact. It starts off by recognising one change as being the increase in demand of 400%. This scores the knowledge and application marks. However, there is no impact on BBL. To gain the analysis marks there must be a brief reference to how the business may be affected or needs to respond, such as having to increase output, change its marketing, or how profits may be affected.

## Question 9

- 9 Evaluate **two** benefits for BBL's owners of it continuing to operate as a private limited company. [9]

This proved to be an accessible question which discriminated very well. Better answers identified that BBL had successfully operated as a private limited company for some time and given its current ownership structure, would want to retain control of the operation. The financial evidence also suggested that there was no need to bring in more owners or capital.

However, many promising answers did not exceed 6 marks as they did not attempt to show any relevant evaluation. Candidates must be reminded that this sort of question requires an attempt at evaluation for the 3 AO4 marks. Many answers stopped after analysing the two benefits, or just had a summary that repeated the earlier points. In addition, some candidates did not use their time effectively by discussing why BBL should not take on other legal forms of ownership – this was not what the question asked. Few answers attempted to evaluate the question asked, namely the benefits of continuing as a private limited company. Candidates should be reminded to read the question carefully.

## Assessment for learning



Candidates should be reminded that a private limited company cannot keep all its financial information private anymore. Much of this information is now publicly available.

## Question 10\*

**10\*** In October 2022, BBL's website listed many different job vacancies (lines 47–55).

Evaluate the importance to BBL of using different methods of training for its employees. **[15]**

Although this question was generally well answered, a significant number did not score any marks as they did not mention methods of training in their answer. There were also examples of candidates writing general discussions on why multiple styles of training are good for a business rather than dealing with the specific types of training. This was, in some cases, due to misinterpretation of what the question asked.

It was pleasing to see many candidates showing some evaluation in their answers. This often came from referring to the sheer number of job vacancies and differences between them at BBL and hence the need for different training methods. Candidates tended to make excellent use of the plentiful context available to make sure that they considered why some jobs needed on-the-job training, for example, whereas others could use remote learning or apprenticeships.

### Assessment for learning



Some candidates continue to write too much for the 15-mark questions which can often cause a lack of focus. Centres are reminded that the mark scheme sets out how many marks are available for each separate skill. In the case of the 15-mark questions, there are only 4 marks available for AO3 (analysis) which can be easily gained with just two pieces of developed analysis. Candidates often spend so much time writing more analysis that they then have insufficient time or space to consider evaluation, for which 7 marks are available.

## Question 11

- 11** With reference to **Fig. 2**, analyse **one** way that BBL's Board of Directors may use this SWOT analysis.

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..... **[4]**

As was the case with Question 8, Centres have recognised the need to make sure their candidates show context within the answers to the 4-mark questions. Most candidates gained 3 or 4 marks, although there were fewer full mark answers than in Question 8; this was usually due to any analysis being quite basic.

Less successful answers tended to rely on simply picking out one piece of evidence from Fig. 2 and describing it, rather than showing how the Board of Directors would use this information. This did make it quite straightforward to gain 2 marks (by stating that, for example, the business needs to change its prices to respond to Dahon bicycles being less expensive). Better answers then went on to analyse this, for example by considering how this then may affect revenue, profits, or competitiveness in the market.

## Question 12

- 12** BBL is due to open a new factory by 2027.

Evaluate **two** factors which may affect the choice of production method used at the new factory. **[9]**

This was by far the better answered of the two 9-mark questions. Unlike Question 9 more answers showed evaluation, with about one in four candidates gaining 7 or more marks. These answers looked at the most significant of the two factors discussed and justified this decision using the context available (see Exemplar 3).

There was a significant amount of context available to answer this question, although some candidates relied on simply copying out this context, rather than using it to support their analysis and evaluation.

Very few candidates gained less than 4 marks. These answers tended to either have shown no knowledge of a factor affecting the choice (usually answering a different question about which method to choose) or identified factors without considering how they would affect the method of production chosen.

## Exemplar 3

a factor that will most likely affect is increasing output meaning they will have to switch to a production method that can produce more efficiently, such as flow or cell production, advantages of these increased efficiency and decreased costs per unit meaning they can be more competitive, However the move to these production methods capital intensive production may mean some jobs are lost as now they have employed 1500 workers and is likely to affect and displace the local community However will there changes in production method create jobs for example machinery maintenance then perhaps the effect may not be as significant

I'd say another factor affecting choice of production methods is cost being 50% higher than building a factory in the UK meaning they will have to save costs in other departments such as labour since labour specialised, skilled brazers, taking two years to train they can be very costly and as seen BBL's switch to automation specialised robots designed by BBL. However can these work without employees are they independent, currently working alongside workers, do they cost more than labour, or are they cheaper long term, are they likely to breakdown causing downtime, and perhaps labour is safer.

Overall, I'd say these factors are both important however I feel perhaps output may be more significant due to the massive increase in 100,000 bicycles a year will have a huge affect upon production methods even if costs are higher ~~output~~ it ~~states~~ states only potentially a short term problem also are BBL more concerned with profits or growth, the fact that they could've built a factory for cheaper but moved to a bigger more expensive suggests they care more about growth.

In Exemplar 3, the answer is clearly set out into three paragraphs. The first paragraph identifies a factor (level of output) and considers that with such a high level a decision to use flow or cell production would be suitable.

The second factor in the next paragraph is cost and the evidence from Extract B (50% more expensive than a traditional factory and the use of skilled braziers) is well used to consider the use of automation.

Unlike many answers, the final paragraph then comes to a reasoned judgement, without simply repeating what has already been written. This shows a sophisticated argument that questions what is most important for BBL and uses the evidence to make a reasoned decision.

## Question 13 (a) (i)

**13**

**(a)** The latest set of accounts (for the year ending March 2021) for Brompton's Bike Hire scheme show the following data:

- Revenue = £1 129 953
- Cost of sales = £525 505
- Expenses = £672 339
- Inventories = £74 034
- Trade receivables = £162 160

**(i)** Calculate gross profit for Brompton's Bike Hire scheme. Show your working.

.....

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.....

.....

Answer = ..... [2]

Many candidates gained full marks. The remainder usually gained no marks, often as they calculated net profit, or included unnecessary items in their calculation.



### Question 13 (a) (ii)

(ii) Calculate the debtor collection period. Show your working.

.....

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Answer = ..... [2]

This question had the highest omit rate on the paper, with one in five candidates making no attempt to answer it. Only a quarter of candidates calculated the correct answer. Most of the wrong answers came from using the wrong formula (for example, replacing revenue with cost of sales) or, if using the typical method, forgetting to multiply their answer by 365 days. In the latter case, there were some interesting numbers sometimes used instead of 365.

### Question 13 (b)\*

(b)\* Further expansion of Brompton's Bike Hire scheme is being planned (**Extract C**).

Recommend a strategy to expand the scheme across the UK. Justify your recommendation. [15]

Unlike in recent years, this final 'strategic' question was not well answered. Based on how much many candidates wrote, this was not due to time pressures. Candidates generally scored between 2 and 8 marks which suggested that significant analysis and evaluation was missing from most answers.

There was a small number of outstanding answers which used models like Ansoff or Porter. Strategic models form a considerable part of the A Level specification. There are times in questions like this one where the top answers can use these models to help formulate a strategy.

However, in most answers, there was little reference to strategic models and even when there was, context was lacking. Many answers relied on simply copying out chunks of the context which, although it could have been relevant to an answer, was not used as part of any analysis or evaluation.

Many answers ended up discussing two or three basic promotional ideas which the business could use, without any sense of developing a strategy. This would have required a consideration of other factors that may limit their ideas, such as finance or external factors, so that a set of disparate ideas becomes a strategy; many candidates appeared to not understand the concept of how to develop a strategy.

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