

## **Applied Business**

Advanced GCE A2 H426/H626

Advanced Subsidiary GCE AS H026/H226

# **OCR Report to Centres**

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**January 2012**

OCR (Oxford Cambridge and RSA) is a leading UK awarding body, providing a wide range of qualifications to meet the needs of candidates of all ages and abilities. OCR qualifications include AS/A Levels, Diplomas, GCSEs, OCR Nationals, Functional Skills, Key Skills, Entry Level qualifications, NVQs and vocational qualifications in areas such as IT, business, languages, teaching/training, administration and secretarial skills.

It is also responsible for developing new specifications to meet national requirements and the needs of students and teachers. OCR is a not-for-profit organisation; any surplus made is invested back into the establishment to help towards the development of qualifications and support, which keep pace with the changing needs of today's society.

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.

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

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## Overview

Reports by the Principal Moderator and Principal Examiners for the January 2012 series follow this report. It is important that centres give careful consideration to these reports as they contain specific advice on how to prepare candidates for assessment across each unit of the qualification.

The best pieces of work this series were undoubtedly from those candidates who were able to demonstrate evaluative skills. Evaluative comments need to make a judgement which is specific to the business in question, relevant to its situation and consistent with previous analysis. Centres should provide opportunities for candidates to develop their evaluative skills, in both the coursework and the examined units, as they progress through the qualification. Candidates who are able to justify such judgements with detailed, contextualised reasoning meet the requirements of Assessment Objective 4 (AO4) and invariably score high marks.

Recent changes in UK legislation have brought into being the Equality Act 2010. This Act supersedes all of the equal opportunities legislation listed in the current Specification – The Employment Equality (Age) Regulations, Disability Discrimination Act, Race Relations Act, Sex Discrimination Act and the Equal Pay Act. Centres are asked to note that this change in legislation affects all units on this qualification which contain references to specific equal opportunity legislation or general anti-discrimination policy, be they examined or moderated units. From January 2013 candidates need to know, and be able to apply, the principles and provisions contained in the new Equality Act 2010 in relation to equal opportunities in employment, rather than the previous, now out dated legislation. A notice to this effect can be found on the OCR website.

### **Coursework issues:**

It was pleasing to see many candidates using the sub-headings given in the specification to carefully structure their portfolios. It is also good practice to ask candidates to number the pages of their portfolios. These page numbers can then be used by the assessor on the Unit Recording Sheet to indicate the location of evidence for each of the assessment criteria. This, coupled with careful annotation of the appropriate assessment criteria in the margin of a candidate's work, makes it more likely that the moderator can confirm the centre-awarded marks.

Discrepancies between the mark recorded on the MS1 form and the mark awarded on the Unit Recording Sheet are becoming increasingly common. This delays and complicates the moderation process. Centres are asked to check that the marks on the MS1 forms match those awarded to the candidate on the Unit Recording Sheets before submitting to OCR.

Centres are also asked to note that entry code 01 is for the submission of coursework via the OCR repository. If centres do not intend to submit their coursework electronically they should use code 02 for postal submission. Entering via the wrong code causes administrative problems for the moderation team and may delay assessment.

Once again centres are reminded that it is the responsibility of assessors to ensure the authenticity of the evidence submitted by candidates. Centres need to be aware of the increased opportunities for plagiarism which the Internet brings and to monitor candidates' work accordingly. Text or diagrams downloaded from the Internet do not constitute evidence because the candidate is unlikely to be the author of these pages. Internet sources need to be acknowledged in the same way as any other source.

**Externally assessed units:**

The nature of the Applied Business course requires that candidates apply their knowledge and understanding to the business context given to them in the examination. Candidates need to answer the question which has been set in the context of the case study. Pleasingly, candidates are becoming increasingly proficient at contextualising their answers, allowing them to gain access marks, especially, on the level of response marked questions. Where candidates fall short of providing a contextualised answer a tendency towards two common errors has been noted. First, attempts at contextualisation are limited to a mere mention of the business' name or the names of characters in the case study. Second, sections of the case study are repeated but with no indicative content to the question which has been set included in the answer. This invariably limits candidate's marks to Level 1.

The use of incorrect business terminology, highlighted in previous Chief Examiner reports still remains. Candidates more than ever referred to 'profit' when they meant 'income', 'profit' when referring to 'positive cash flow' and 'cost' when they meant 'price'. This is especially worrying at A2 and on the dual award where candidates would be expected to have a good understanding of business terminology. Centres need to address this issue because in some cases the use of incorrect terminology meant that the candidate's response was incorrect, losing them marks.

Specific information for each unit is given in the following reports from the Principal Moderator and the Principal Examiners.

## F242 Understanding the Business Environment

### General Comments

Good use of the case study was evident in most candidates' answers. The majority of candidates were able to apply their up-to-date knowledge of the Internet and mobile technology to the options considered by the Floating Lotus to good effect. However, some candidates appeared to think that the content of the appendices was what was being undertaken by Carmen and Lee, eg, target audience over 65s as Lee is offering Internet lessons. The appendices were intended to offer supplementary information to the issues raised, they should not be read as part of the case study.

Candidates' performance on numerical questions was disappointing, especially in relation to the break-even analysis and cash-flow forecast. A high proportion of the candidates showed poor understanding of percentages. However, the majority of candidates showed their workings and made sure that formulas were written clearly. This good practice should be encouraged and continued.

As evident from some candidates' responses to questions 1(a), 2(d), 2(e), 3(a), 4(b), 4(c) and to a certain extent, 6(a), there is an urgent need to ensure that questions are fully understood before attempts are made to answer them.

Judging from the small number of questions which had been left unanswered, the time allocated for this paper was appropriate.

### Comments on Individual Questions

- 1(a) This part of the question was generally well answered with candidates identifying stakeholders mentioned in Appendix 2.
- 1(b) This part of the question required the candidates to state the conflicting views of two stakeholders which most candidates failed to do because they did not describe stakeholder interests explicitly. The mark scheme, however, allowed full marks to be awarded for stating a stakeholder interest followed by a development.
- 1(c) This was a good differentiation question in which only the more able candidates scored marks. A good number of candidates attempted to explain the difference between stakeholder interests and stakeholder influence using the key words which they were supposed to explain – 'interests' and 'influence'. This, of course, could not be awarded marks. This highlights the need for centres to spend more time on discussing the difference between stakeholder interest and influence.
- 2(a) A familiar question on this paper and most candidates scored full marks.
- 2(b) The concept of 'gross profit' was well understood and the majority of the candidates scored full marks.
- 2(c) The difference between gross profit and net profit was poorly understood by candidates at this level which makes it an aspect on which centres should concentrate.

- 2(d) Two marks were awarded for the annual break-even figure which most candidates were able to calculate accurately. This showed that most candidates' understanding of break-even analysis was good.
- 2(e) There was generally good knowledge of how the variables in a break-even analysis could be changed to lower the break-even point. Some good analyses were carried out, especially the effects of increasing the selling price. There was good use of context in most responses. However, some common misconception was still evident where candidates suggested advertising more, having sales promotions, opening longer hours, etc, in order to improve sales.

The main downfall was the failure to read the question properly as candidates applied their responses to either of the proposals, rather than the current situation of Floating Lotus which kept them in Level 1.

- 3(a) The question asked for ways in which the software suggested could be used, not the advantages or disadvantages of the software identified which was the response often seen.
- 3(b) Most candidates could explain the advantages and disadvantages of having a website well, but they did not then discuss them in the context of the Floating Lotus, thus failing to achieve beyond Level 1. Many candidates did not mention Lee's lack of IT skills which could have enabled them to access the higher levels.
- 4(a) Many candidates only scored one mark for explaining positive cash-flow. The concept of accruals, non-cash payments, etc, was unknown to most candidates at this level. This is another aspect of focus for centres to work on, making sure that candidates understand the processes and not just the mechanics of calculating cash-flow and/or profit and loss.
- 4(b) This part of the question was phrased to elicit responses regarding the use of cash-flow forecasts in order to make investment decisions and not how they can be used in the day-to-day running of a business. These different functions could be addressed in more depth by centres. Some candidates clearly did not understand the rubric fully thus failing to tailor their responses to the requirement of the question.
- 4(c) Most candidates knew the mechanics of a cash-flow forecast and could apply the formulae accordingly. The most common mistake was calculating the monthly salary figure. The 'own figure rule' ensured only one mark was lost in this case. Another common mistake was with the calculation of the closing balance.
- 4(d) This part of the question was well answered by most candidates who were able to transfer the figure for the closing balance in part (c). Again, the 'own figure rule' was applied.
- 4(e) Most candidates had given highly contextualised answers which showed how well they understood the case study and their extensive knowledge of modern technology. However, a large number copied given information without explaining the impact of it on Lee's proposal which was not awardable. Candidates also lost marks by not using the conditional tense – how could they be so certain about the success/failure of a business strategy?

Good analytical skills were demonstrated with recommendations made enabling Level 4 to be awarded. Candidates do need to make sure that they have analysed before coming to a decision and that the decision is in correct context to attain the lowest Level 4 mark.

- 5(a) As evident from most of the responses, external influences were well understood with most candidates awarded three marks for correct identification. However, candidates lost explanation marks by not applying their reasoning specifically to Carmen's proposal. References to eating establishments or food in general were considered generic and could be applied to any business. There were also candidates who gave factors instead of influences.
- 5(b) Candidates' performance on this part of the question was generally good. Most recognised the need for a loan/overdraft and, therefore, explained the impact of high interest rates on Carmen's proposal correctly. The minimal effect of exchange rates was also well discussed.
- 6(a) Unfortunately, there were still a lot of 'quick' and 'easy' answers with regards to the acquisition of bank loans. However, most candidates recognised the main advantage of using a bank loan for Carmen and Lee – so they do not have to sell their house, a full-mark answer. Conversely, the advantage of 'selling the house' as a method of raising funds was often not given within the context of Carmen's proposal.
- 6(b) Most candidates were awarded full marks. However, some candidates were clearly not aware that any liability is 'joint and several', not something about which partners have a choice.
- 6(c) Most candidates did not understand the case study when they discussed the issue of 'control'. There was no plan for Carmen and Lee to invite more partners/shareholders into the business. This question required candidates to compare the advantages and disadvantages of being a partnership and a private limited company. This means the focus of candidates' response should be on the legal status of incorporation and the advantages/disadvantages which it brings. Any advantages/disadvantages pertaining to both types of ownership were not awardable.



## F243 The Impact of Customer Service

### General Comments

The format and difficulty of this paper was commensurate with recent, previous series. The range of responses was due, in the main, to the extent to which questions had been answered given the specific requirement(s) of the question and the candidate's ability to respond in context by referring to the pre-release case study.

This is an applied qualification and as such 'contextualisation' is a very important feature, particularly on the higher tariff level of response marked questions. This contextualisation must be more than the mere mention of the company name or the name of characters in the case. Responding to but not answering the level of responses marked questions with specific reference to the case, was a significant feature of candidates' responses, across all ability levels. If the answer given has not been applied to the case, the response cannot be awarded more than a Level 1 mark (maximum three marks).

The need for candidates to read the questions and respond accordingly, along with the need to answer in context, have been mentioned in previous examiner's reports. However, they are worthy of a priority mention again this series, as the impact of these two features played such a strong role in the mark allocation again this year.

Also worthy of mention would be the following issues:

Attention to detail in responding to questions relating to legislation and regulation secured credit for responses. For example, 'The Sale and Supply of Goods Act', set against the incomplete 'Supply of Goods Act', which was not credited.

Candidates should also pay attention to duplication in multi-part questions where a number of examples are required. Often, candidates repeat a point and do not check back to establish whether the points are significantly different enough to be worthy of individual credit. For example, 'repeat sales' and 'customers returning', are two responses to the reasons for effective customer service to a business, but they can only be awarded one mark as a result of the duplication.

Candidate knowledge of customer service, motivation to deliver customer service, training for customer service was, in general very good. Marks were generally lost, however, due to responding inappropriately to the specific nature of the question and the absence of contextualisation.

The majority of the candidates completed the paper, again indicating good time management.

### Comments on Individual Questions

- 1 (a) This part of the question was answered well. However, weaker candidates tended to either repeat 'reasons', did not provide four responses or gave very similar responses in their explanation, resulting in duplication and, therefore, a lack of credit.
- 1 (b) Similarly to part (a), this part of the question was relatively well answered, but with, unfortunately the same exposure to duplication. Some responses related to the business' needs rather than the customers' needs.

- 1 (c) This part of the question was generally well answered unless the candidate had suggest examples of individual customers which could not be awarded – the question asked for customer types.
- 1 (d) Many candidates only achieved Level 1, the identification of methods to improve motivation and efficiency, although some progressed to Level 2 and then on to Level 3. Context reintroduced at Level 4 secured a mark at this level for those candidates confident enough to contextualise their answers. However, such contextualisation was rare.
- 2 (a) Some candidates did not recognise or interpret the term “staff turnover” correctly and as such were unable to secure the identification mark at Level 1.
- 2.(b) Most candidates who correctly identified the term in part (a) were able to respond at Level 2.
- 2 (c) Level 1 was achieved with the identification of the benefits of training and responses progressed to Level 2 with contextualisation. Fewer candidates achieved Level 3 or Level 4.
- 2 (d) Similarly to part (c), this part of the question was generally answered at Level 1 and by some candidates who developed their response to Level 2 with contextualisation. Many candidates missed the opportunity to develop the response to Level 3.
- 3 (a) The benefits of a ‘customer service policy’ as they relate to customer service were well presented in the majority of the responses candidates gave to this part of the question.
- 3 (b) (i) This part of the question was generally well answered but occasionally candidates duplicated responses, thus reducing the mark which could be awarded.
- 3 (b) (ii) Some candidates did not respond to this part of the question appropriately. These candidates usually recorded the activity of the mystery shopper without relating to the actual impact on the business.
- 3 (c) A common error was to refer to methods such as ‘observation’ and ‘survey data’ which would not identify “how customers feel” which formed the basis of the question. Many candidates were not specific in describing the method suggested, eg naming a type of questionnaire as a suggested method, eg a telephone questionnaire, and, therefore, potentially lost marks if this was not then developed in their answer. It is also worth noting that the description which follows each suggested method should be unique to that method; a generic explanation, eg ‘finds out what the customer thinks’, cannot be rewarded. Descriptions must relate to the method suggested.
- 3 (d) This part of the question was generally well answered. However, there was some duplication evident which reduced the mark which could be awarded to some candidates.
- 4 (a) (i) It was pleasing to see that most candidates identified the correct legislation but they were often not able to write the title in full. Although the year of the Act is not necessary, the full ‘Health and Safety at Work’ title was expected in order to be awarded the mark.

- 4 (a) (ii) The majority of the candidates responded correctly to this part of the question.
- 4 (b) (i) Most candidates identified the correct legislation. Similar issues to those found in part (a) (i) were also exhibited by candidates, thus limiting the award to those not able to write the full title accurately.
- 4 (b) (ii) Similar to part (b) (i), the majority of candidates responded correctly.
- 5 (a) Candidates generally answered this part of the question well, referring to price and quality.
- 5 (b) This part of the question was generally poorly answered. It required particular attention to the question and sound knowledge of both the theory and application of measurement criteria in the context of the case. It was able to differentiate more able candidates. Only a few candidates were able to reach a judgment and explain its application in context. Linking back to the business was not done well, although there was plenty of material in the case to build a solid response.

## A/S Principal Moderator's Report

The majority of centres which submitted work for this moderation session followed OCR procedures, adhered to set deadlines and accurately completed documentation which enabled the moderation process to progress smoothly. Centres do need to note that when entering candidates for the qualification using the code 01 this means that the centre is going to submit its work via OCR Repository. The code 02 is for postal moderation only.

Most centres did adhere to the 10 January deadline for the receipt of mark to OCR and the allocated Moderator. Centres were generally also aware that for entries of ten candidates or less the portfolios of all of the candidates should be sent straight to the Moderator with copies of the marks. If a centre has ten candidates or more the sample request sent via email from OCR must be responded to within **three** days of receipt of the email. Requests for a sample are emailed to the centre's registered email address.

Centres must ensure that all sections of the Unit Recording Sheet have been completed accurately, including the correct total marks for the unit, candidate number and centre number, teacher comments and the location of evidence, in order to facilitate the moderation process. Centres must also ensure the marks submitted to OCR for example on the MS1 form match the marks on the Unit Recording Sheet for each candidate and each unit.

### Assessment

Many Assessors demonstrated good practice by annotating candidate work with assessment criteria references and by giving clear and constructive written feedback. The teacher comments section of the Unit Recording Sheet enabled Assessors to justify the marks awarded for each assessment objective. It was helpful when page numbers were included within the location section of the Unit Recording Sheet. Some Assessors failed to provide written comments or to annotate candidate work. In these circumstances it was not clear to the Moderator how assessment decisions had been made. Without this information it becomes more difficult for the Moderator to confirm the marks awarded to the candidate.

Where assignments had been used, it was most helpful for copies to be submitted with the actual work. This gave a clear indication of the tasks which were given to candidates.

It is the responsibility of Assessors to ensure that each candidate has produced authentic/original evidence. A Centre Authentication Form for Coursework (CCS160) must be signed by the Assessor(s) and must accompany each unit submitted. Possible plagiarism is becoming an increasing problem and centres must be on the look out for work which has been copied straight from the Internet prior to submission for moderation.

Candidates must ensure that any material used from the Internet is correctly attributed. Where material is taken directly from the source, candidates must supplement it with their own explanation, demonstrating their understanding. It is surprising how many candidates cut and paste diagrams and pictures from the Internet (Boston Matrix, product life cycle, Maslow's hierarchy of needs, etc) without sourcing the evidence. Where candidate work contains inaccuracies, Assessors should annotate the work to this effect, thus enhancing the candidate's own learning. This also indicates to the Moderator that the work has actually been assessed accurately.

Assessors are reminded that they should make direct reference to the unit specifications when writing assignments and seeking clarification of the type of evidence candidates' are required to include within their portfolios. When assessing candidate's work Assessors should make reference to two documents – One, the performance descriptors which are found on pages 109–110 of the specification; and, two, the assessment objective amplification grids which are located on pages 112–122 of the specification.

It was also noted that those centres which had followed the assignments written by OCR had, on the whole, been able to better structure their candidates work enabling them to access the higher grades. The teaching and learning support materials can be downloaded from the website.

### **Unit 1: Creating a Marketing Proposal**

The banner of the assessment evidence grid requires candidates to produce a marketing proposal to launch a new product or service. Some candidates are still failing to choose suitable products and are often merely trying to re-launch an established product. This ultimately results in candidates only changing, at best, two parts of an already established marketing mix. In some cases the product was actually currently available and the only modifications being specified were a new colour. Centres should check the suitability of candidates' proposed new products/services prior to them completing their initial research. This should help prevent candidates selecting products which are (a) unsuitable or (b) already available on the market.

Centres should also note that candidates **are not** required to **develop a brand new product**. If they do it makes their research very difficult. For example, candidates are often asking respondents if they would buy a product, eg a 'new ice cream' when, in fact, they have no idea what it would actually look or taste like. It is much better if candidates select a product which is already available but not sold by their selected business. It could be a form of diversification.

Assessors are also required to use the witness statement supplied within the OCR specifications to justify the marks awarded for AO2. This is now located on pages 140–141 of the specification.

The banner states that candidates are required to investigate a medium to large sized business. However, it was noted that the majority of candidates in previous moderation sessions had focused on small/medium sized businesses which were locally based. This enabled them to conduct relevant research which was used to good advantage throughout their delivery of AO2. These candidates also found it easier to develop their judgements as to the likely success of their marketing proposal.

On reflection, it is now felt that candidates could extend their investigations into smaller local businesses, as long as they are able to gain sufficient information in order to meet all the assessment objectives.

### **Assessment Objective One**

This section, on the whole, was covered well by the majority of candidates sampled. Assessors must remember that this section does not need to be directly related to the selected business and mark band 3 marks can be achieved by the candidate who produces purely theoretical coverage which is considered to be clear and comprehensive. Candidates should be encouraged to use generic examples to help demonstrate breadth and depth of coverage of each section.

The candidates sampled this series were sometimes still struggling to explain in depth how each functional area supports marketing. Centres should note that candidates are not required to explain the specific role of each functional area, the focus must be on how it supports marketing activity. Centres must also avoid candidates discussing how functional areas work together. Candidates often found the use of a 'made up' scenario, for example the selected business is just about to launch a new product, helped them demonstrate a clear and comprehensive understanding of this section.

Candidates do appear to struggle with the concept of marketing objectives. Coverage of this section was often muddled with the general aims and objectives of a business. Candidates often explain the aims and objectives of their selected businesses under the heading of marketing objectives – which frequently they are not.

Candidates need to demonstrate that they understand that marketing objectives are one of the techniques a business will use to achieve its overall aims. For example, the overall aim of a business might be to increase profit by 6% over the next six months. The marketing department would then be set the objective of running an advertising campaign during, say, July and August in order to increase repeat custom of product X by 5%. Alongside this the production department would be set the objective of reducing wastage by 3% throughout the next six months. Both of these objectives would ultimately help the business achieve its initial aim of increasing profit by 6%.

The marketing mix was often covered in detail and fully explained with candidates demonstrating a clear and comprehensive understanding of this section of the assessment objective.

Candidates should be encouraged to use generic examples to demonstrate a clear and comprehensive understanding, allowing them easier access to mark band 3.

## **Assessment Objective Two**

Candidates must include their presentation slides, prompt cards and, where appropriate, the notes used to accompany the presentation. As mentioned above, Assessors are required to complete the witness statement supplied by OCR. The more detailed this evidence is, the easier it is for the Moderator to agree the centres' marks. Some candidates' portfolios still did not contain a witness statement or any other evidence to indicate that the presentation had actually taken place. It then becomes impossible for Moderators to agree the marks awarded for this assessment objective.

In order to achieve mark band 3, candidates' evidence must be clearly targeted to their selected customer and every section of their marketing proposal must be fully substantiated from **both** primary and secondary research.

Within their presentations, candidates must clearly state what their selected product is, how they will promote it, where they will sell it, and what price they will charge for it. These decisions must be supported by **primary and secondary research**. A lot of candidates lost marks because they merely stated what they 'might' do with no reference back to the research undertaken. An example would be –'I will charge 30-50p for my product '. The candidate has failed to state a specific price and makes no clear indication of how or why they have come to such a decision. Candidates are also required to **change** at least **three** parts of the marketing mix if they decide to develop a product which already has an established marketing mix. Centres must remind candidates to fully research their proposed methods of promotion. For example, if the candidate wishes to promote their new product in a magazine the candidate must state which one. Their decision should relate to who the target audience is for the magazine and also the readership numbers and, where possible, a link between potential costs and budget available.

Candidates should not be awarded mark band three unless they have supported at least three part of the marketing mix with both primary and secondary research. Investigate the competition is a good way of gaining further research,

A problem seen this series was that some centres had awarded candidates mark band 3 marks with the decision being supported by an extremely detailed witness statement. The witness statement implied each part of the marketing mix had been supported by primary and secondary research. Upon further investigation into the candidates' work there was no evidence of this research in AO3 and the candidate's evidence to support the presentation also lacked this information. It then becomes very difficult for the Moderator to agree the marks awarded by the centre.

### **Assessment Objective Three**

This assessment objective had a number of inherent problems. Candidates often failed to collect their primary research from the correct target audience. If the new product is aimed at people over the age of 19, the majority of the candidate's primary research should **not** be conducted within the 16–19 age range. Another problem was candidates who had collected vast amounts of secondary research which they then failed to analyse or use.

When analysing their data candidates must make reference to section 'Research in a market' on pages 15–16 of the specification. This clearly sets out the techniques candidates are expected to use in order to complete their statistical analysis. Particular attention is drawn to the fact that candidates are required to use the marketing tools SWOT and PEST. These should be used to draw together the candidate's research and focus on the new product/service not the business. Centres should also note that the Boston Matrix, Ansoff's Matrix and the product life cycle are **not** requirements of this unit and as such do not attract marks.

Too often candidates' analysis simply included the production of pie charts and graphs through the use of computer software and then a simple explanation which consisted of the terms 'the majority', 'most people', etc. This type of evidence can, at best, achieve the lower end of mark band 2. Candidates must be encouraged to analyse their research clearly, stating how it will inform the development of their marketing proposal. Pages and pages of internet printout do not count as analysis.

Candidates need to be aware that in order to achieve mark band 3 their suggested product, price, place and promotion must be supported through primary **and** secondary research.

### **Assessment Objective Four**

Judgements on the potential success of the marketing proposal were often weak. They lacked the depth required to achieve mark band 3. In order to achieve the higher marks, candidates must consider their proposal making two sided judgements, considering both the possibility of success and failure. This was often lacking within the work of candidates seen. Candidates should be encouraged to consider the disadvantages and advantages, short term versus long term and the internal and external impact of their proposal on their selected business.

Within this section, candidates need to focus on all the elements of their marketing proposal. For example, will the price set for the new product meet the needs of the potential consumers; will the suggested promotional campaign reach the target audience? Too often candidates just focus on the potential success of their product and forget the other three elements of the marketing mix. Candidates should make reference to the section 'How to judge potential success' found on page 17 of the specification.

## Unit 2: Recruitment in the Workplace

This unit remains quite a logistical challenge for some centres. There was evidence of very good practice, but at the other end of the scale very little evidence of candidates' own work. The best portfolios were based on jobs which were realistic for the candidate to apply for. For example, receptionists, clerical positions or part time jobs based in shops. Where inappropriate jobs had been chosen, potential applicants found it very difficult to complete application forms as they did not have the necessary qualifications for the position being interviewed. It was also rather disappointing to witness some candidates failing to take the role play situation seriously and completing application forms with inappropriate information. Centres attention is also drawn to the final paragraph under the section headed 'The recruitment process', on page 19 of the specification. It states 'Please note: candidates will be assessed both on their ability to produce relevant and appropriate recruitment documentation specific to their chosen job role and recruitment documentation relevant to the post(s) advertised by their group peers'.

Moderators find that often they are unable to distinguish between original recruitment documents, candidates' own documents or those of the group. Centres must ensure that candidates clearly label each of their documents. They need to provide a road map for the Moderator – is this document one the candidate produced or the final one which was used by the group for the interviews? It is also recommended that candidates include copies of the original documentation of the selected business so that the Moderator can assess the degree of original and individual work.

Whilst candidates can work in groups to actually perform the interview, they are required to produce individual evidence that they have met the requirements of the assessment grid. These are the documents which their AO2 mark should be based upon. There was still evidence of Candidate B designing the job advertisement, and Candidate C designing the person specification, etc. This is not acceptable. Under the sub-heading AO2 there is a flow diagram which illustrates the process candidates should follow if they are (a) working individually or (b) working in a group.

### Assessment Objective One

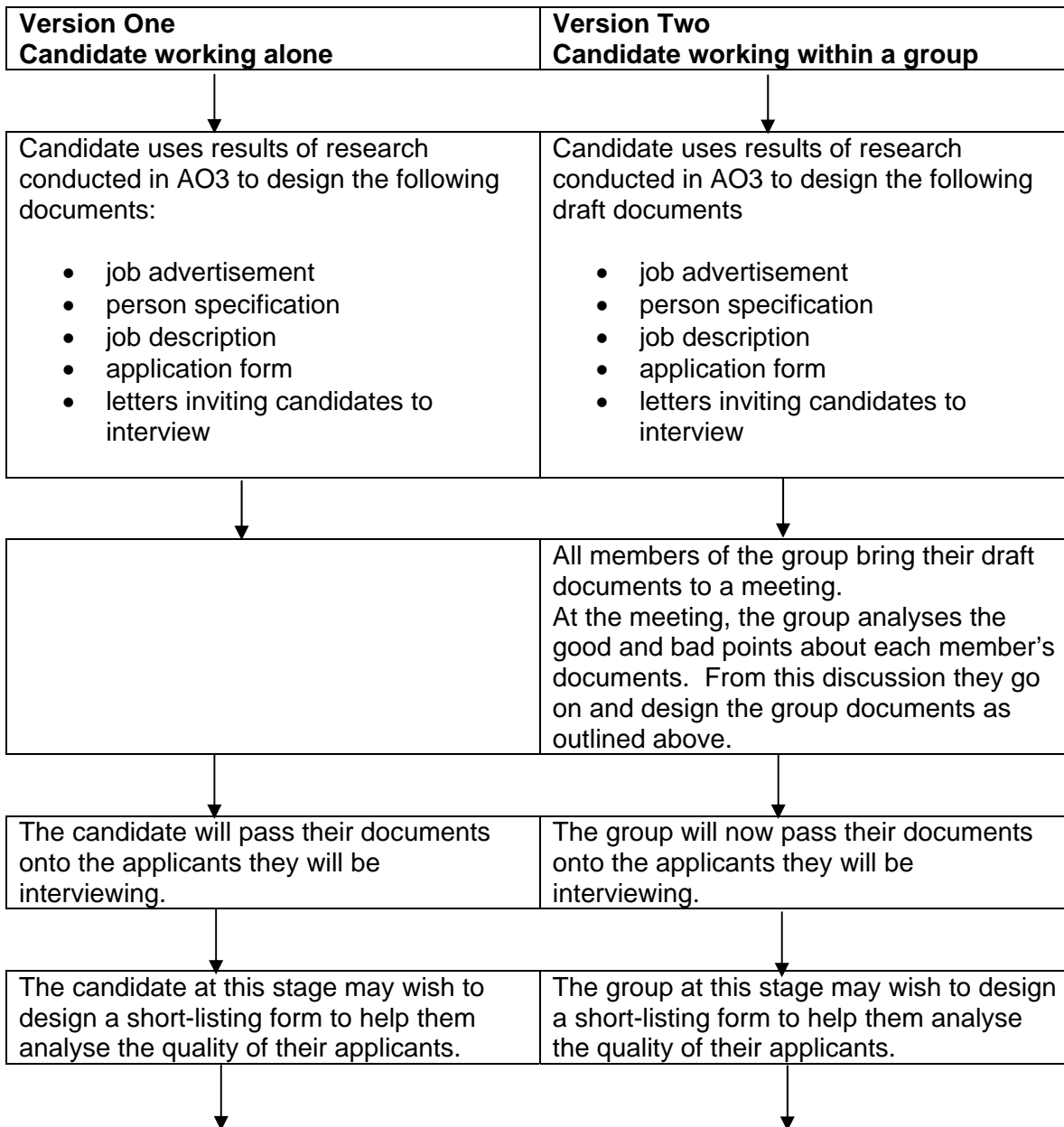
The majority of candidates sampled were able to produce a detailed description of 'The recruitment process' but coverage of 'The selection process' was often be patchy. Candidates do need to ensure that they cover all the required bullet points found within this section. Candidates' coverage of induction was patchy ranging from extremely detailed to simply a pure identification of the topics which would be covered in an induction programme. Candidates' coverage of motivation should focus on the section 'Employee motivation' found on page 20 of the specification. Candidates are only required to cover financial and non-financial motivators. Candidates do not need to cover motivational theorists. Coverage of the legal framework is still the section which gives centres the most problems. Centres should also note that in the new specification candidates are now required to cover The Employment Equality (Age) Regulations 2006. Candidates do not need to describe the acts. They are required to consider how each act would impact on the recruitment and selection process. For example, when designing a job advertisement what factors would a business have to consider – could they state Young Energetic Male required? If not why not – which acts would this statement breach? How will each act affect the way in which a business conducts their interviews? What do they have to consider when designing their questions? This aspect needs to be developed if candidates are to be awarded marks in the mark band 3. Centres should also note that theoretical coverage of the section 'Job roles', is not required. Examples used to support 'The legal dimension' must also relate to recruitment and selection and not to breaches in legislation relevant to general employment law.

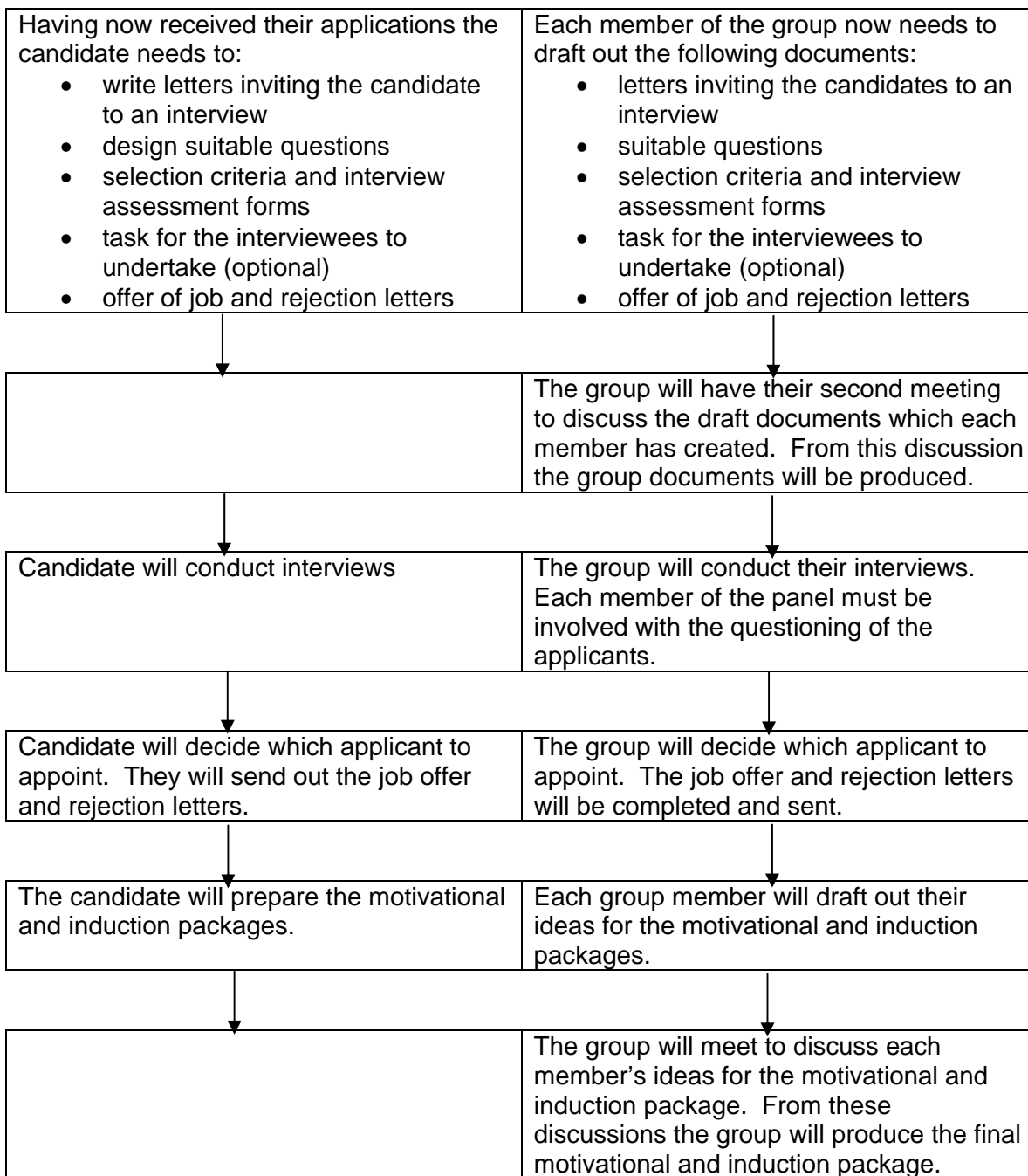


**Assessment Objective Two**

This assessment objective assesses:

- the candidates’ materials produced to recruit and select an individual – including job advertisement, person specification, job description, application form, letters inviting candidates to interview, interview selection documentation;
- the actual interview;
- the motivational package;
- the induction package;
- letters informing successful and non-successful candidates.





In order to aid the moderation process, each of the documents produced throughout the different stages must be clearly labelled within the candidate's assignment.

It is good practice to include a witness statement which identifies how the candidate conducted/performed during the interviews. This could be completed by peer observers. This evidence would also enable candidates to develop their AO4 evidence.

As stated above, candidates need to include copies of the recruitment documents they completed as part of their role as an interviewee.

### Assessment Objective Three

A number of centres still submit work where there is no evidence of research having taken place. Placing copies of other businesses' recruitment and selection documents in an appendix does not count as analysis.

In order to achieve this assessment objective, candidates need to collect at least two of the following documents:

- job advertisements;
- person specifications;
- job descriptions;
- application forms;
- different types of letters – illustrating correct business layout and terminology;
- motivational packages (if possible);
- induction packages (if possible).

Having collected this evidence, candidates are then required to analyse each document identifying what they feel are its good and bad points and whether they conform to equal opportunity legislation. Candidates are then required to explain how this analysis has helped to inform the design of their own documents. This last stage is vital if candidates are to achieve mark band 3.

### Assessment Objective Four

The weaker candidates sampled often only made judgements about their own performance during the interview process and weak judgements concerning the documentation produced and its fitness for purpose. A new trend has seen candidates evaluating every document they produced considering its fitness for purpose. They then omit to cover the other bullet points found under section 'How to judge effectiveness' on page 21 of the specification. Candidates are not required to do this – but should be considering the whole process. This will help them consider the overall impact of potential weaknesses and strengths.

Very few candidates were able to consider the impact identified weaknesses had on their recruitment and selection documentation and subsequently how the interviewee performed at the interview. They made simple statements such as 'in our application form we did not leave enough room for the candidates to write their qualifications in'. They then failed to make a judgement about the possible impact this could have had on the interview process. Candidates must be reminded that they need to consider how each of the bullet points would impact on the effectiveness of their recruitment and selection process.

Candidates are also encouraged to make reference to the section 'How to judge effectiveness' on page 21 of the specification which develops the areas candidates could consider when making judgements concerning effectiveness.

### Unit 5: ICT Provision in a Business

In order for candidates to successfully complete this unit it is paramount that the correct business is selected. Where case studies had been selected they often lacked the detail necessary to allow candidates to achieve much more than mark band 1. Candidates were still selecting businesses which currently **use a substantial amount of ICT**. This meant that all candidates could recommend was upgrading or an additional piece of ICT software or hardware. This does not constitute an ICT proposal.

Whichever route is selected for this unit, a real business, or a case study, candidates need to be able to find out the information outlined below in order to compile a detailed assignment that could achieve top mark band 3 grades.

- What ICT provision does the business currently have?
- How is ICT currently used in the business? For example, if the business has a word processing package, who uses it and for what reason is it used. This information should also link into the different departments within the business and how they are currently making use of ICT.
- What does the business want to achieve by installing ICT? What different functions is the new package supposed to be able to perform? How does the business envisage it improving efficiency?
- An estimated budget and timescale for the project.

Candidates also need to introduce the business – what it does, how big it is, etc. This is vital scene setting not just for the candidate to consolidate ideas but for the Moderator who finally looks at the assignment.

### **Assessment Objective One**

This was most successfully achieved when it was tackled as a theory only section. Candidates are required to demonstrate their theoretical understanding of sections 'How ICT is used by businesses', 'The forms ICT can take', 'Benefits/drawbacks of introducing ICT provision, and 'Contingency planning. These can be found on pages 30–31 of the specification. This will provide candidates with sufficient knowledge and understanding to develop their own ICT package. Candidates should be encouraged to develop the section on how the different functional areas could use ICT. This would aid candidates when recommending software for their own ICT proposal. Generally, the coverage of software was weak in that it did not state how businesses might employ the various forms and what ultimate benefits it would/could bring to the businesses.

### **Assessment Objective Two**

This assessment objective is achieved through a presentation. Candidates must include their presentation slides, prompt cards, and, where appropriate, the notes used to accompany the presentation. Assessors must complete the witness statement supplied by OCR. This is found on page 142–143 of the specification. The more detailed the evidence produced by the candidates and assessor, the easier it is for the Moderator to agree the centres' marks.

In order to achieve mark band 3, candidates' evidence must be clearly targeted to their selected business. The proposal must be fully substantiated from both their primary and secondary research. Candidates should have been able to clearly identify what their selected business hopes to achieve through the development of its ICT provision. This will then directly link to the hardware and software the candidate goes on to recommend during the presentation.

The ICT proposal must clearly outline the hardware and the software which is recommended, the reasons why the equipment and software have been recommended and the ultimate benefits and drawbacks the proposal will bring to the business. A lot of candidates sampled merely stated that they would recommend various different computers, printers and servers with no explanation of why. Candidates also recommended different software packages, again without any explanation of how and why they would/could be used by the business.

### **Assessment Objective Three**

In order to achieve this assessment objective candidates are required to conduct a variety of primary research and secondary research. The first should focus on the business being investigated reflecting the points raised above. The second, where possible, should involve investigating a similar business to find out how it currently uses ICT and the benefits and drawbacks it brings to the business. Candidates may also find it useful to interview someone who has ICT expertise who could offer suggestions concerning suitable packages. Secondary research should focus on the different types of hardware and software which the candidate could recommend when they finally present their ICT proposal. This should include potential suppliers and the possible cost of the hardware and software being recommended.

### **Assessment Objective Four**

Candidates should make reference to the section 'How to judge viability' on page 32 of the specification which provides a framework on which to develop the evaluation. In order to develop an evaluation beyond mark band 1, candidates must back up their statements making reference to their research conducted for AO3. This will only be possible if candidates have been able to conduct detailed primary research into the workings of the selected business. The last bullet point cannot be evidenced if the candidate fails to calculate the cost of their ICT proposal.

### **Unit 6: Running an Enterprise Activity**

Generally candidates appeared to have chosen suitable enterprise activities in order to complete the unit, with quite a few centres amalgamating the unit successfully with Young Enterprise.

A considerable number of assignments moderated had combined the coverage of AO1 and AO2. However, centres are encouraged to ensure that candidates do demonstrate a clear and comprehensive theoretical understanding of the concepts being assessed within this section before awarding mark band 3 for AO1. One example of good practice seen was where a written explanation of each bullet point section had been supplied and then the candidate had gone on to explain how their group had dealt with each individual aspect. For example, candidates had explained why it was important to have meetings and keep records of agendas and minutes and then showed evidence of their own agendas and minutes.

### **Assessment Objective One**

As already stated the highest marks were gained by those candidates who had covered sections 'Setting aims and objectives', 'Building and developing an effective team', 'Time management', 'Required resources', 'The need for regular meetings', and 'Possible constraints' in theory prior to applying the concepts to their own enterprise activity.

### **Assessment Objective Two**

Candidates need to show clear evidence of how they have dealt with each of the sections listed in AO1. Candidates lost marks as they often failed to give sufficient detail of how they had dealt with these considerations when planning and running the profit-making enterprise activity. It was often obvious that the group had run a successful event, but the write up usually lacked sufficient detail to inform the Moderator of what had been happening. A particular weakness was the section 'Developing an effective team'. Many candidates had applied Belbin but failed to back up their statements. For example, they simply stated .... 'Jane is well organised.....'.

This statement needs to be backed up with examples which clearly illustrate that Jane is a well organised person. Another weak area concerned required resources. Candidates failed to clearly identify and describe the exact resources which they would require to run their event.

### **Assessment Objective Three**

Within the AS specification this is the only occasion in which AO3 is completed after AO2. Whilst candidates may need to undertake some research and subsequent analysis in order to find out what would be the most suitable enterprise to run, this does not count towards their AO3 evidence.

In order to achieve AO3 candidates must follow the guidelines as specified in the section 'Research and analysis' on page 36 of the specification. Candidates are required to research and analyse different stakeholders' opinions of their enterprise. This should include:

- surveys with the participants who took part in the enterprise activity;
- questionnaires to other group members on how they felt the group interacted throughout the activity;
- analysis of their own strengths and weaknesses of their own contribution to the group activity;
- face to face discussion with a group member, getting them to analyse the strengths and weaknesses of the candidate's contribution to the group activity;
- discussions with other stakeholders, eg suppliers.

The majority of centres had carried out the correct research as outlined above. However, having conducted the required research, the written work was often descriptive rather than an analysis of the information. Candidates need to begin considering the impact of the results from their primary research on the future running of a similar event. This should help candidates develop their evidence for AO4.

### **Assessment Objective Four**

It was common to see candidates having undertaken detailed research into different stakeholders' opinions to then fail to use any of this evidence when considering potential future changes to the enterprise activity.

Candidates are strongly recommended to make reference to the section 'Potential effects of future changes to the enterprise activity' on page 36 of the specification. Using the bullet points within this section, they must then make judgements backing up their suggestions using their analysis conducted in AO3.

## **Unit 7: Financial Providers and Products**

Centres are now able to choose between a number of different case studies in order to complete this unit. Using the information contained within any of the case studies, candidates are required to produce two financial packages. Centres must be aware that if a loan is required for the selected business, candidates must at least try and research the cost of a business loan rather than a personal loan. If the information for a business loan is not accessible, candidates must explain why they have had to use figures quoted for personal loans. Due to the very fast pace of change in the current financial markets, centres are advised to date candidates work so that the Moderator is aware when the research was conducted.

AO4 is still proving problematic for centres. It is the responsibility of the **centre** to supply candidates with a suitable and realistic change of circumstance for the business and the individuals involved within the case study being used. Candidates should not be expected to come up with their own ideas for this assessment objective.

### **Assessment Objective One**

The candidates who achieved mark band 3 for this assessment objective usually covered this as a purely theoretical exercise. Tackling the assignment in this fashion allows candidates to demonstrate their understanding of the financial services market and all the products and providers which are currently available in the market. Candidates are required to demonstrate an understanding of all the bullet points outlined in sections 'Customers of financial services', 'Financial service providers and products' and 'Constraints affecting the provision of financial services' found on pages 37–40 of the specification.

### **Assessment Objective Two**

In order to achieve this assessment objective, candidates must produce two separate financial packages – one which meets the personal financial needs as outlined in the case study and one which meets the needs of the business. Within each financial package, candidates must recommend one product and provider rather than making general statements. For example, 'Lilly could get her mortgage from the Halifax or HSBC'. Candidates must clearly state which financial provider they recommend and why.

In order to access the higher mark band 3 marks, candidates should be quoting figures for the financial products being recommended. This should then lead into a costing statement which illustrates if the recommended packages are actually affordable.

### **Assessment Objective Three**

This assessment objective is the research the candidate needs to undertake in order to recommend suitable financial packages. Candidates are required to research a number of different financial providers and packages and analyse their findings. Candidates should consider affordability and also constraints as outlined in the section headed 'Constraints affecting the provision of financial services' on page 39 of the specification. Candidate's recommendations in AO2 should be clearly linked to their analysis conducted within AO3. Most candidates only base their analysis of the different products on the potential cost of each product. They appear to spend very little time reading the 'small print' and making informed decisions which product would actually best suit the needs of their client. Cost is often not the only criteria that is or should be used when making financial decisions.

### **Assessment Objective Four**

In order to achieve this assessment objective, centres need to supply the candidates with a future change in circumstance(s) for both the individual and business described within the case study. The recommended change should reflect what could possibly happen within a five to ten year period. Candidates are then required to consider if the financial package they have recommended in AO2 will be able to meet these new financial needs. Candidates are not required to undertake any further research or come up with alternative financial packages.

### General points on The Picture Gallery

**Business Needs** – This case study focuses on Paula who has retired and decided to open up her own picture gallery. The building will be purchased outright from the sale of a holiday home. This sale leaves them with £55,000 to invest.

- Loan for the renovations required to turn the building into an art studio – estimated cost £7,500.
- Information concerning business bank accounts
- Information concerning relevant insurance policies – public liability

**Personal Needs** – Not many personal needs for this one. Mainly the best option on how to invest the £55,000 left over from the sale of the holiday home. Candidates need to carefully consider the risk associated with today's current economic climate and also the low interest rates. Candidates could extend this to look at personal bank accounts that would offer the best deals, etc.

### General points on Wilson Builders

**Business** – This is quite a complex case study especially in terms of the business. It is a partnership of two brothers one aged 55 and the other 58. Their renovations and repair business has been hit by the recession and they are looking into diversification. This is going to take the form of buying in houses which need renovation for approximately £70-£90,000 and then selling some for to commercial landlords for £130,000 and keeping others for rent.

The business starts with £200,000. It would buy 12 properties in the year, the amount to be recouped from selling seven of them. So the financing would need to cover the time between purchase and sale. The time would depend on the market, but these are not high priced properties so should 'move' reasonably quickly even in a difficult market.

So let us say that they buy 4fourhouses at £90,000 each before they sell one – £360,000. And, estimating a month to refurbish and three months for the sale to go through.

There is also the deficit on the business to finance. So they are probably looking to borrow £200,000 - £250,000 for the first year. Possibly £300,000 but it depends on timing. It would probably be more acceptable to the bank to match the amount the brothers have in savings in the current climate than to take a larger share.

In the second year they might not even need to borrow at all, but if events do not match their plans they might like to build in a contingency of, say, £100,000.

To summarise:

- bank loan – candidates are expected to calculate how much
- commercial mortgages – would be required if going to retain for rent
- candidate's need to acknowledge the fact that there is a deficit in the original business – could impact on borrowing
- bank overdraft
- if renting – will need to consider possible insurances – buildings especially
- case study raises possibility of grants
- incorrect rental calculations – this could throw candidates as the information lacks specifics.



**Personal** – This is clearly outlined in the case study and includes:

- mortgage for £40,000
- hire purchase for fixtures and fittings non-specified £10,000
- honeymoon – Hawaii needs £6,000 loan
- return on savings
- personal insurances
- pension provision – no age given for Brenda or details of her own pension provision.

### **General Points on McCoy's Precision Engineering Ltd**

**Business** – the case study clearly identifies that MPEL is suffering from serious cash-flow problems. The business is obviously profitable but without liquid funds it will soon become insolvent. The candidate's main investigations should focus on the possibility of debt factoring. Candidates should be able to explain how debt factoring would work and the advantages and disadvantages this would have for the business. A loan could be considered, but generally this would just increase outgoings rather than address the immediate problems of MPEL. If a loan is recommended candidates must also consider how the business could improve its overall credit control in order to collect its outstanding debts.

Candidates wishing to achieve mark band 3 for AO2 and AO3 should be able to give detailed estimates of the actual cost of debt factoring.

**Jim's Individual Needs** – the case study clearly identifies the products which need investigating in order to help Jim resolve his own financial problems. Candidates should consider consolidating his credit card debts with a personal loan which should attract a lower rate of interest. The loan could also include the £3,000 needed to take his parents to Australia. Travel insurance is another product which will be required. This might be quite expensive given the age of his parents. Due to the recent economic down turn and decrease in mortgage rates it may be difficult for candidates to improve on his mortgage payments. However, candidates should be encouraged to investigate mortgage providers if only to prove that his current repayments cannot be beaten in today's economic climate.

### **General Points on 'Dustless'**

**Business** – the case study clearly outlines that Colin will need to consider every aspect of starting up a new business venture independently. He might need to investigate a small bank loan in order to cover his start up costs. Candidates must investigate business loans and not personal loans. He will need to consider the best banking arrangements for the business. Colin will also need to investigate the type and cost of insurance which he will need for the business.

**Colin's individual needs** – the first part of this element is to consider how much money Colin would need to live and if the potential earnings from 'Dustless' will be sufficient. Colin will then have to investigate different banking opportunities. The first decision needs to be which financial institution would be the best one in which to invest his student loan. He will also need to consider if he wants an overdraft, and/or a credit card as well as a debit card. A further angle might be savings schemes and personal insurance.

There is no right solution to any of the stimulus material – rather one is interested in tracking the thought process of the candidate as they progress through the unit – looking into the needs of both business and individual, investigating the financial services market and suggesting a suitable outcome for each context. Candidates may, through their investigations, suggest that certain financial products are inappropriate, given the financial circumstances of the individual and the selected business.

This approach is perfectly acceptable as long as the rationale is provided by the candidate as to why certain assumptions have been made in relation to the stimulus material.

## **Unit 8: Understanding Production in Business**

In order to achieve this unit, candidates' need to produce a report which illustrates how a business produces a particular item. Candidates do need to have undertaken a visit to a production company in order to successfully complete this unit.

Generally, the candidates sampled had undertaken a wide range of research and visited a varied number of production businesses.

If a centre is able to establish a good link with a production business, this unit is relatively easy to complete. However, Assessors must consider the demands of the specification prior to arranging a visit. If the potential company is unwilling to provide the information required candidates are 'set up' to fail from the beginning. OCR realises that it is difficult to obtain the required figures in order to evidence the section 'Operational efficiency', and, therefore, some realistic 'made up' figures could be substituted. Candidates should be able to obtain the remainder of the information required to complete the unit. Special attention should be given to the information available on stock control, quality control and health and safety. Prior to the visit, the Assessor must ask themselves are the candidates going to be able to collect sufficient information in order for them to complete the unit.

The majority of the candidates sampled tackled the unit in the same way combining AO1, AO2 and AO3.

### **Assessment Objective One**

In order to achieve this assessment objective, candidates need to clearly explain their theoretical understanding of the role of the production functional area, its interaction with other departments and different aspects relating to production, including operational efficiency, organising production, ensuring quality, stock control and health and safety. The theory section was generally covered well and in detail by the majority of candidates.

### **Assessment Objective Two**

The usual practice was for candidates to apply their understanding of each section directly below their theoretical coverage. On the whole the higher achieving candidates did this extremely well. The lower ability candidates' work tended to be more theoretical with a lack of application to the selected business. The major area of weakness was the section on operational efficiency. Candidates who had participated in an 'unsuccessful' visit were often unable to apply each section to their selected business due to the lack of information available. This had the effect of dramatically reducing their mark for this section of the unit. Candidates' coverage of stock control and health and safety is also often found to lack depth of application.

### **Assessment Objective Three**

Candidates achieve this assessment objective through their development of AO2. Those candidates who take detailed notes throughout their visit/tour should be able to develop AO2 to mark band 3 and also score highly for this assessment objective. It is also useful if candidates include their notes from the visit and records of questions asked in order to support the mark awarded for this section.

**Assessment Objective Four**

This assessment objective pulls the whole unit together by assessing the candidate's ideas on how the different sections investigated could be improved. It is once again recommended that candidates should be guided by the bullet points as outlined in the section 'Potential production improvements' found on pages 43–44 of the specification. The higher scoring candidates do need to make clear reference to their initial research into the production process when making judgements.

## F248 Strategic Decision-making

### General Comments

A good grasp of the case study was evident in most candidates' answers throughout this paper. Most candidates (with the exception of question 5(c) – see comments below), attempted to use their knowledge of the case study to answer the questions set scoring more highly when context marks were available.

Questions testing numerical competence or understanding seemed to be answered better than questions requiring analysis or evaluation. Candidates need to be encouraged to explain the impacts/consequences of a point they have made in order to analyse its importance. Such analysis needs to be done before weighing up the evidence in order to reach justified conclusions.

Candidates appear to have managed their time well, with many able to extend their answers to question 7 using extra sheets. Centres are asked to ensure that candidates who use extra sheets clearly indicate the question(s) to which their extended response(s) refer.

### Comments on Individual Questions:

- 1(a) This part of the question was generally well answered. Most candidates were able to give two benefits to an organisation of having an agreed business aim. Some candidates gave repetitive answers which achieved only half marks.
- 1(b) Candidates appeared to find it difficult to answer from the stakeholders' perspective. Marks were lost because the stakeholder viewpoints were not explicit. The best answers were the simplest. Eg Issue – pay – the labourers want to be paid as much as possible, the owners want to pay as little as possible.
- 1(c) Most candidates scored full marks on this part of the question. Incorrect answers included internal stakeholders and the brothers' father.
- 2(a)(i) Some candidates were unclear as to the meaning of absenteeism. Explanations frequently wandered into labour turnover and could not be awarded marks.
- 2(a)(ii) Candidates were able to suggest a wide variety of methods to reduce absenteeism. Whilst some suggestions were from textbook motivation theories, others were clearly linked to the candidates' own experiences. All methods are equally valid and were accepted.
- 2(b) Whilst candidates appeared to have little problem calculating the soft fruit's labour turnover and wastage rate, many fell short when calculating the rate of labour turnover of permanent staff. By far the most common error was to calculate the labour turnover rate for all of soft fruit's staff, rather than just the permanent staff. This highlights the importance of reading the question carefully and studying the data given.
- 2(c) Some excellent answers were given as to the reasons for the differences in personnel effectiveness between the soft and orchard fruit staff. Whilst many centred on the difference in management styles, some considered the weight of the fruit, the conditions under which it was picked and the fragility of the product. Those candidates who linked these reasons to how they would impact on the performance ratios achieved Level 3 with ease. Candidates' attempts at evaluation, however,

were disappointing with many focusing on how to improve the figures, rather than answering the question set.

- 3(a) and (b) A much improved calibre of response from previous series. Candidates appeared to have a good grasp of critical path analysis and its attendant benefits.
- 3(c) This part of the question was generally well answered. Most candidates were able to correctly calculate the answer to this question. Of those who did not, most made arithmetical errors, rather than errors of principle.
- 4(a) and (b) Much improved on previous series with many candidates scoring full marks. Of those who did not score full marks, by far the most common error was to deduct the wet weather figures, even though they were clearly shown as positive.
- 4(c) Many candidates gave superb answers giving three or four valid points, much more than the question demanded for full marks. Some candidates had no idea what contingency planning was – leaving the answer blank or talking about planning in general.
- 5(a) The majority of candidates failed to grasp that a strategic decision is a major decision which a firm takes and which impacts on the whole business.
- 5(b) This part of the question was generally well answered. Most candidates were able to identify that the luxury holiday caravans option would be categorised as diversification on Ansoff's matrix. The most common non-scoring answer was where candidates said differentiation.
- 5(c) Poor understanding of the usefulness of Ansoff's matrix, or difficulty in applying any knowledge to the case study, led most candidates to score no more than half marks on this part of the question. The best answers centred around the identification of risk and the lack of quantitative analysis and applied both of these to *Fairburn Farm's* situation – pointing out that the Christmas trees option would be deemed least risky by Ansoff because it was agricultural, but that this analysis overlooked the fact that this option was the dearest option and required the highest loan, representing considerable financial risk.
- 6(a) Most candidates demonstrated a clear understanding of the term payback period. Of those who did not, the most common error was to confuse this investment appraisal method with the length of time given by a financial institution to pay back a loan.
- 6(b) Whilst most candidates calculated Option 1 correctly, many struggled with Options 2 and 3. This appears to indicate that candidates encounter difficulties when the answer relates to a partial year.
- 6(c) Many vague answers were received in relation to this part of the question. Candidates frequently referred to the 'present value of money'. No indication was given that this 'money' was investment funding or for project start up. Nor did answers relate to the present value of future cash-flows.
- 6(d) Whilst many candidates gave a difference between the two methods, few explained why net present value would be more useful than the payback period to *Fairburn Farm*.

- 7 This question differentiated well between candidates. Those who scored the highest reached a reasoned and detailed decision on what option *Fairburn Farm* should take based on their analysis of each option. Those who did less well on this question discussed differences between the options and then jumped to a conclusion, missing out the important step of analysing the differences between the options which they had outlined.

## F256 Business Law

### General Comments

Candidates seemed to find the examination scenario very accessible and wrote at length about various issues raised in the text. Most candidates answered the higher tariff questions in context and were able to achieve the higher marks. Some, however, limited their context to name dropping (be it of the firm or the personnel involved) which is insufficient to access Level 2.

Candidates did not seem to have knowledge of certain aspects of the specification and this hindered their attempts to gain marks on some questions. Areas of the specification where candidate knowledge appeared weak were – trade unions, voluntary liquidation and charities.

Centres are asked to note that The Equality Act 2010 is now in place. The Equality Act supersedes all of the following pieces of equal opportunities legislation: The Employment Equality (Age) Regulations, Disability Discrimination Act, Race Relations Act, Sex Discrimination Act, Equal Pay Act. From the January 2013 series, candidates will be assessed on this new legislation. A notice to this effect can be found on OCR's website.

### Comments on Individual Questions:

- 1(a) Most candidates were able to explain a legal difference between a private limited company and a public limited company. Of those who did not score full marks the most common error was to confuse the two and thus presented their answers the wrong way round.
- 1(b) This part of the question was generally well answered with candidates showing a good knowledge of company start up documentation.
- 1(c) The most common correct answers to this part of the question referred to the lack of provision of a ramp and an adapted desk. Some answers stated these issues but did not go on to explain why they appeared to breach legislation, limiting the response to half marks.
- 1(d) Whilst the Sex Discrimination Act and the Equal Pay Act were acceptable answers, it was pleasing to see some candidates quoting new legislation, namely The Equality Act.
- 1(e) Candidates suggested a wide variety of impacts on *S&W plc* of not complying with equal opportunities legislation. Most did not then go on to analyse any of these impacts and were consequently unable to evaluate.
- 2(a) A much better standard of response was evidenced to this question this series than to similar questions in previous series. The most common answers centred around differences in purpose, courts used and the burden of proof.
- 2(b) Candidates frequently gave answers which linked to an employee's contract of employment, eg turning up on time, working the correct hours. These are incorrect as terms and conditions in a contract of employment are covered by contract law rather than common law. For suggested answers relating to common law, please see the mark scheme for this paper.

- 2(c) This part of the question revealed omissions in some candidates' knowledge of the role or purpose of a trade union.
- 2(d) Most candidates were able to give some indication of their understanding of constructive dismissal. Those who applied their knowledge to Nigel's particular circumstances accessed Level 2 and scored highly.
- 2(e)(i) This part of the question asked for the meaning of voluntary liquidation. Many candidates gave explanations relating to compulsory liquidation.
- 2(e)(ii) Some very confused responses seen in the answers to this part of the question with candidates confusing the compulsory and voluntary routes.
- 3(a) This part of the question was generally well answered. The common incorrect answer was where candidates gave advantages rather than disadvantages.
- 3(b) Some extremely good explanations were received to this part of the question. The most common response was that Nigel should not charge for his services in the hope of gaining future work and an enhanced reputation.
- 3(c) Most candidates were able to suggest three methods of contract termination using accurate legal terms. To achieve full marks candidates need to answer in context. The question specifically asked how the contract between *Net-Works* and *Klassi Kitchens* could be terminated. Many answers were given in pure theoretical terms with little, if any, application to the particular contract in question.
- 3(d) This part of the question was well answered by most candidates. Those who scored least well on this question suggested stages involved in creating statute law, rather than institutions.
- 3(e) There was evidence that the majority of candidates had a good working knowledge of the Data Protection Act. Many answers, however, were purely theoretical with no application to *Net-Works* – limiting candidates to Level 1 marks.
- 4(a) Few candidates knew the meaning of the term 'limited by guarantee'. Many achieved one mark for their understanding of limited liability.
- 4(b) The role of a trustee in a charitable organisation is much the same as the role of a director in a company. Few candidates appeared to have an understanding of this.
- 4(c) Many two sided arguments were put forward by candidates. Once again, however, the answers were frequently limited to theoretical argument without any application to Nigel's situation or the context was simply a name drop. Those candidates who did apply the benefits and drawbacks of becoming a charity to Nigel's particular situation were very well rewarded.



## F257 Managing Risk in the Workplace

### General comments

It has been encouraging this series to see a continuation in the number of candidates who are able to contextualise their responses for the longer higher tariff questions such as 2(c), 3(c) and 4(d). Indeed many candidates were able to achieve Level 3, given their ability to analyse. Particularly well-answered questions were 3(c) and 4(d), where candidates had a clear understanding of the implications to a business of consulting a health and safety advisor and the issues surrounding different forms for ownership.

Candidates performed particularly well on questions relating to risk assessments, off-the-job training and the role of a health and safety advisor. Aspects of the specification which need to be afforded more time by centres are risk management, the specific features of types of health and safety legislation and contingency planning. Candidates did not perform as well on these questions.

The most fundamental area of concern, however, was the inability of some candidates to write explanations in context. As a result, very few candidates achieved above Level 1 for questions such as 1(b)(ii), 1(d), 1(e) and 2(b). All too often, the consequences were discussed, rather than an explanation given for the response.

### Comments on Individual Questions

- 1(a) Most candidates were able to achieve one mark on this part of the question from their first line. Of those who did not, two common errors were evidenced – those who gave ‘exposure to risk’ and those who gave ‘negative consequences’ as their second point.
- 1(b)(i) Most candidates were able to score highly on this part of the question. Those who did not tended to give incorrect examples of methods to minimise risk.
- 1(b)(ii) Despite candidates knowing the stages of a risk assessment, the majority did not achieve above Level 1 because of their lack of explanation. The most frequent error was to give the consequences of implementing the stages of a risk assessment instead.
- 1(c) This part of the question split the candidates – those who were clear about the principles of the Manual Handling Operations Regulations did well. Those who were not, gave vague answers which alluded primarily to a mixture of other health and safety legislation.
- 1(d) Most candidates understand the implications of implementing health and safety legislation into the workplace. Of those who did not achieve full marks, by far the most common error was to consider the resultant issues of those implications. For example, ‘reducing the chance of customer complaints’ would then be developed into ‘therefore, increasing sales and profit’.
- 1(e) This part of the question also split the candidates. Those who scored highly gave clear explanations of the advantages of off-the-job training. Those who did not gave the resultant consequences of those advantages.

- 2(a) This is clearly an aspect of the specification which the candidates know a lot about. The majority of candidates were able to achieve full marks having concisely written in context and used their skills to assimilate the evidence written in the case study.
- 2(b) Again, as with questions 1(b)(ii) and 1(d), candidates who scored highly on this part of the question, explained clearly how excessive workload would affect the employees of Café Garda. Those who did not achieve above Level 1 wrote about the consequences of the issues they highlighted. For example, ‘headaches could lead to sickness rates increasing and then a loss in profits’.
- 2(c) This part of the question, as with 1(e), clearly split the candidates. Those who achieved Level 3 were able to discuss the benefits and drawbacks of Café Garda losing Mark as an employee. Candidates who did not achieve above Level 1 or 2 made two common errors – those who had a distinct lack of application to Café Garda and those who only discussed whether Mark should have been asked to leave or not.
- 3(a) This part of the question specifically asked for the features of the Provision and Use of Workplace Equipment Regulations. Too many candidates gave general health and safety features, rather than the features covered by this specific piece of legislation.
- 3(b) Good knowledge demonstrated with many candidates gaining full marks.
- 3(c) This part of the question, as with 1(e) and 2(c) split the candidates. Those who achieved Level 3 or 4 were able to discuss the benefits to Café Garda of consulting a health and safety advisor. Those who did not, rarely applied their answers to the business.
- 4(a) Full marks achieved where definition given.
- 4(b) This part of the question required candidates to give contextual examples of the different duties of care for each of the stakeholder groups. Many candidates found this challenging.
- 4(c)(i) This was a challenging question. Often candidates’ responses identified what a contingency plan was.
- 4(c)(ii) This part of the question, as with part(c)(iii), was inherently linked with the outcome of part(c)(i). There was a lack of knowledge of contingency planning
- 4(c)(iii) As with its precursor, this part of the question was inherently linked to the outcome of part(c)(i).
- 4(d) In the main, those candidates who achieved Level 3 on this part of the question had a good understanding of the benefits and drawbacks of changing the form of ownership. Most answers of this type concentrated on private limited companies. It was pleasing that some candidates spotted the level of investment which Rob, as the owner, had put into the business and, hence, how important the decision was for him. Again, as with questions 1(c), 2(c) and 3(c), those who did not achieve above Level 1 failed to use any context in their answers, despite knowing the generic benefits and drawbacks of different forms of ownership.

## A2 Principal Moderator's Report

The majority of centres which submitted work for this moderation session followed OCR procedures, adhered to set deadlines and accurately completed documentation which enabled the moderation process to progress smoothly. Centres do need to note that when entering candidates for the qualification using the code 01 that this means that the centre is going to submit its work via OCR Repository. The code 02 is for postal moderation only.

Most centres did adhere to the 10 January deadline for the receipt of mark to OCR and the allocated Moderator. Centres were generally also aware that for entries of ten candidates or less the portfolios of all of the candidates should be sent straight to the Moderator with copies of the marks. If a centre has ten candidates or more the sample request sent via email from OCR must be responded to within **three** days of receipt of the email. Requests for a sample are emailed to the centre's registered email address.

Centres must ensure that all sections of the Unit Recording Sheet have been completed accurately, including the correct total marks for the unit, candidate number and centre number, teacher comments and the location of evidence, in order to facilitate the moderation process. Centres must also ensure the marks submitted to OCR for example on the MS1 form match the marks on the Unit Recording Sheet for each candidate and each unit.

### Assessment

Many Assessors demonstrated good practice by annotating candidate work with assessment criteria references and by giving clear and constructive written feedback. The teacher comments section of the Unit Recording Sheet enabled Assessors to justify the marks awarded for each assessment objective. It was helpful when page numbers were included within the location section of the Unit Recording Sheet. Some Assessors failed to provide written comments or to annotate candidate work. In these circumstances it was not clear to the Moderator how assessment decisions had been made. Without this information it becomes more difficult for the Moderator to confirm the marks awarded to the candidate.

Where assignments had been used, it was most helpful for copies to be submitted with the actual work. This gave a clear indication of the tasks which were given to candidates.

It is the responsibility of Assessors to ensure that each candidate has produced authentic/original evidence. A Centre Authentication Form for Coursework (CCS160) must be signed by the Assessor(s) and must accompany each unit submitted. Possible plagiarism is becoming an increasing problem and centres must be on the look out for work which has been copied straight from the Internet prior to submission for moderation.

Candidates must ensure that any material used from the Internet is correctly attributed. Where material is taken directly from the source, candidates must supplement it with their own explanation, demonstrating their understanding. It is surprising how many candidates cut and paste diagrams and pictures from the Internet (Boston Matrix, product life cycle, Maslow's hierarchy of needs, etc) without sourcing the evidence. Where candidate work contains inaccuracies, Assessors should annotate the work to this effect, thus enhancing the candidate's own learning. This also indicates to the Moderator that the work has actually been assessed accurately.

Assessors are reminded that they should make direct reference to the unit specifications when writing assignments and seeking clarification of the type of evidence candidates' are required to include within their portfolios. When assessing candidate's work Assessors should make reference to two documents – One, the performance descriptors which are found on pages 109–110 of the specification; and, two, the assessment objective amplification grids which are located on pages 112–122 of the specification.

OCR has released a detailed assignment for each of the portfolio units found within the A2 specification. Centres may find it useful to make reference to these in order to help structure their own assignments. These can be downloaded from OCR's website.

### **Unit 10: A Business Plan for the Entrepreneur**

The banner of the assessment evidence grid requires candidates to produce a business plan for a new business enterprise of their choice. Candidates are still selecting business ideas which are way above their capabilities; for example, a golf driving range, care home and paint balling centre. Ideas that involve the sale of multiple items can also cause problems due to the complexity of calculating potential sales and cost of sales. These difficulties greatly limit the candidate's ability to create a **realistic** plan in order to achieve AO2. The best plans were created by candidates who had selected small enterprises based on their own knowledge, interests and experience. This point is further clarified within the Teachers Handbook on page 38 – third paragraph.

#### **Assessment Objective One**

In order to achieve this assessment objective candidates are required to provide theoretical coverage of sections 'Reasons for construction of a business plan; 'Information within a business plan (all sections) : and, finally, 'Constraints which impact on implementation'.

To help candidates achieve mark band 3 this is best tackled as an independent section with candidates using generic examples to help them demonstrate their knowledge and understanding of each of the sections. In order to complete the section 'Constraints which impact on implementation' candidates could be encouraged to relate this section to their own business idea. Clearly identifying the constraints relevant to their own business plan at this early stage will help them evaluate their impact in AO4.

#### **Assessment Objective Two**

This section is the actual business plan and, as such, should be presented as a 'stand alone' document which could be shown to a potential stakeholder. If candidates have decided to use a business plan format provided by a third party they must ensure that it allows them to fully meet the requirements of the section 'Information within a business plan'. This could involve adapting the layout or adding extra information. The information used within the business plan must be fully supported/justified through the primary and secondary research and subsequent analysis carried out in AO3.

There were a significant number of business plans which were based on unsubstantiated ideas and comments. Some of the common problems are outlined below:

- failure to fully research media selected for advertising – for example, if a newspaper had been selected, what is its target market, what are its readership figures? How much would the advertisement cost, how long will be run?

- lack of justification for the price to be charged – what are competitors charging? Decisions should not just have been based on what 10 people stated in the candidate's primary research
- lack of research into the machinery and equipment required. Only one set of prices researched. What would be the best buy? Why select that particular product?
- lack of justification and often unrealistic figures used for the number of the products the business would sell/number of people who would use the service. No reference to competitor numbers. Usually just based on the primary research or the candidate's own assumptions and gestations
- no research into suppliers – who are the suppliers, what is the cost to buy in products? What quantities will be required? How often will stock need to be purchased?
- no correlation between purchases and sales, especially when candidates are running sandwich and juice bars
- very few candidates considered the different stages of production in sufficient detail.
- little consideration of timing of production to meet customer needs
- break even forecasts were often difficult to understand as there was no explanation of where the figures had come from. Figures were often 'plucked out of thin air' and not based on analysis of research
- cash-flow forecasts, although completed correctly, were often based on figures which appeared to be the candidate's own assumptions and 'gestations.' Candidates **must fully justify** their sales and expenses.

These points are further clarified within the Teachers Handbook on pages 38–39.

### **Assessment Objective Three**

Centres should pay attention to the section 'Appropriate research for a business plan' on page 50 of the specification. This clearly states that candidates 'need to ensure that research is wide-ranging'. This must include both primary and secondary research as laid out within this section.

Candidates are required to analyse the information, drawing out key information which should be included in their business plan. Candidates should be advised that in order to access the higher marks, every decisions should be supported by at least two different types of research. Candidates too often relied solely on their limited primary research to inform decisions within their business plan. Some business plans were based on extremely limited research and lacked any sense of viability or realism. Clarification of the depth of analysis required is further explained within the Teachers Handbook pages 38–39.

Candidates are required to use a variety of statistical techniques when analysing their data. The frequent use of '10 out of 20 stated', and 'the majority of respondents said' will only achieve mark band 1 for analysis. Frequently, candidates produced pages of computer generated graphs and charts which lacked analysis and gained no marks. Candidates should be drawing conclusions throughout their analysis of the primary and secondary data which will then be used within their own business plans.

### **Assessment Objective Four**

In order to achieve this assessment objective, candidates are required to prioritise the constraint which they feel will have the greatest impact on their business plan. This was lacking in the work of the weaker candidates. If there is no evidence of prioritisation candidates cannot achieve mark band 3. Prioritisation is not just putting the headings in order and stating I think this will have the greatest impact.

This is only ranking – to move into prioritisation the candidate needs to state why the selected heading will have the greatest or least impact on the business plan.

Having prioritised the constraints, candidates must then consider the impact each one would have on the implementation of their plan. Reference to initial research must be made. Candidates were unable to access the higher grades as they often failed to consider the 'knock on' effect which a constraint might have on other aspects of their business plan. For example, if we consider finance as the main constraint – without adequate funds the business may not be able to undertake the marketing it initially identified. This might then limit the number of customers who would become aware of the business and, hence, decrease the number of sales. Candidates often only considered 'short term' impacts, failing to consider the 'long term' implications of some constraints. For example, economic and environmental concerns are currently headline news and possible legislation could have an impact on the business in the long term. Under the heading social some candidates were considering social responsibility rather than social trends.

### **Unit 11: Managerial and Supervisory Roles**

This unit is a complex unit to complete and candidates need clear guidance as to how to differentiate their evidence for AO3 and AO2. Candidates need to be very clear about the information they are trying to obtain from their selected manager/supervisor.

The unit has the same behaviour patterns as unit 8, Understanding Production in Business, in the AS specification. Candidates need to undertake their research following the section 'Researching the business context and analysing the information that is collected' on page 53 of the specification. They should then produce a basic analysis of their questionnaire – pulling out examples which will support their report. Having completed their research, candidates should then complete their report which forms AO2. Some of their analysis will be evident within this report and, therefore, credit for AO3 can be awarded here as well.

The main problem with the unit, at this stage, is candidates muddling their AO2 and AO3 evidence. There is often no stand alone report produced. Some candidates only focused their analysis and subsequent conclusions on management styles and motivational theorists. They omitted to describe how their manager performs their role (section 'The business context within which the report will take shape) – planning, organising, etc.

The higher scoring candidates were those who had been able to gain good access to their selected manager/supervisor through work experience or work shadowing. Candidates who had only interviewed a manager/supervisor were less able to gain sufficient information to fully cover the section 'The business context within which the report will take shape' due to a lack of an observation of their selected manager/supervisor 'in action'. The 'knock on' effect of this was that candidates were often unable to substantiate the statements they were making through the use of examples.

### **Assessment Objective One**

In order to achieve this assessment objective, candidates need to produce theoretical coverage of sections 'The business context within which the report will take shape' (both sets of bullet points) , 'Researching the business context and analysing the information that is collected', the section under secondary research titled; 'Different types of managerial/supervisory styles, motivational theorists'; and, finally, the section headed 'Evaluation of the factors which can influence the environment in which a manager/supervisor performs her/his role'.

The theoretical section under 'Researching the business context and analysing the information that is collected' also forms part of the candidates' AO3 evidence. It was often apparent that candidates had only used one source when researching different manager/supervisor styles and motivational theorists. This had the impact of potentially lowering their AO3 mark.

Generally candidates completed this section successfully. The higher performing candidates used examples to illustrate the section 'Evaluation of the factors which can influence the environment in which a manager/supervisor performs her/his role' which worked particularly well and demonstrated their depth and breadth of understanding.

### **Assessment Objective Two**

Candidates should produce a stand alone report which clearly outlines how their selected manager/supervisor approaches his/her current managerial/supervisory role within the selected business. This report should be fully supported through the analysis undertaken by the candidate in AO3.

In order to gain the higher marks, candidates need to ensure that their report includes the following points.

How their selected manager/supervisor:

- plans
- organises
- motivates
- monitors and directs
- problem solves
- trains and mentors
- conducts appraisals.

All of these bullet points need to be supported with examples. For example, the candidates should use a scenario which clearly outlines how the manager/supervisor plans their day, week, month, etc.

The next stage is for the candidate to consider how each of the following affects the managerial/supervisory set-up within the selected business:

- culture of the organisation
- objectives of the organisation
- structure of the organisation
- availability of resources within the organisation.

This section could form part of the candidate's introduction to their report.

The final stage involves the candidate describing which type of management style(s) their manager/supervisor uses and how this links to motivational theorists.

The candidates sampled during this session generally had made good links with businesses and arranged interviews with relevant managers/supervisors. Their questionnaires were often correctly targeted but failed to provide sufficient information for the candidate to cover the first set of bullet points in sufficient depth. The higher scoring candidates were those who either worked with the selected manager/supervisor or who were able to work shadow their selected manager/supervisor. In order to achieve mark band 3, candidates are required to provide examples of how their manager/supervisor deals with each of the sections outlined above.

### **Assessment Objective Three**

In order to achieve this assessment objective, candidates need to focus on the sections 'Planning how to gather information for the report and 'Researching the business context and analysing the information that is collected' found on page 53 of the specification. Primary research focuses on interviews with the selected manager/supervisor and fellow workers. Part of AO3 is written up within AO1 when candidates research the different types of managerial/supervisory styles and motivational theorists.

Candidates sampled this session had obtained a face to face discussion with their selected manager/supervisor and often also fellow workers. There was also evidence of candidates following the guidelines on the type of questions which should be asked during the interviews. However, candidates were not always able to analyse this information in order to compile their report. Their analysis should enable them to cover the section 'The business context within which the report will take shape'.

### **Assessment Objective Four**

Candidates must make reference to the section 'Evaluating the factors which can influence the environment in which a manager/supervisor performs her/his role' (page 54) of the specification before tackling this assessment objective.

This section does not lend itself particularly well to prioritisation. Candidates often have to use possible scenarios in order to evaluate the factors which they think would have the greatest influence on the environment in which the manager/supervisor performs his/her role. It was, therefore, considered that mark band 3 could be awarded for this unit without the clear demonstration of prioritisation. However, candidates will still need to consider the short term and long term impacts of their statements in order to achieve mark band 3.

The key word in this section is 'influence the environment'. Therefore, candidates need to link the analysis of their research into the current culture, objective, structure and availability of resources (section – 'The business context within which the report will take shape') when undertaking this section.

### **Unit 12: Launching a Business On-line**

The interpretation of the evidence candidates need to produce has caused a number of centres a few problems. The banner clearly states that – 'You will produce an e-commerce strategy for a business which has yet to develop e-commerce provision'. Some centres had selected businesses which already have a website and provide the facilities for customers to purchase their products on line. The subsequent consequence of this was that candidates were merely reiterating what the business was already doing.

Candidate's success in this unit is going to be linked to the selection of the correct business. It is a unit which could lend itself to a case study, as long as it is sufficiently detailed to enable candidates to access the higher marks available.

### **Assessment Objective One**

This assessment objective states – 'Your understanding of how e-commerce would be used by your chosen business, the benefits and drawbacks of e-commerce provision to your business and the issues in setting up and running a website'. Ultimately, OCR will be accepting evidence which is either linked to the selected business or presented in purely theoretical terms.



Candidates need to ensure that they cover the three distinct sections 'The environment within which the strategy will take shape', 'Production of the front-end of the website', and 'Evaluation of the manageability of the back-end of the website'.

In order to help candidates achieve the higher marks, OCR would suggest that this section is tackled from a theoretical viewpoint, with candidates using a variety of examples taken from a range of different businesses to demonstrate clear and comprehensive coverage.

### **Assessment Objective Two**

Candidates are required to produce the front end of the website, which is directly applied to the requirements of the selected business. The front end of the e-commerce strategy can be presented in one of three ways:

- PowerPoint slides;
- The Internet itself;
- Concept board with accompanying text.

It was good to see some excellent practice with candidates clearly illustrating how their website would work – this included the front page right through to the point of sale. Some candidates had only produced the home page of their website giving limited explanations of the recommended hyperlinks. As stated above, candidates need to produce a variety of slides, concepts or web pages which clearly show how at least one hyperlink would work right through to the final purchase of the product/service.

There should be clear evidence that the proposal is based on the analysis of the candidate's research undertaken in AO3.

In order to secure top marks for this assessment objective, candidates should consider explaining how their website would meet all the bullet points listed under the section 'Production of the front-end of the website'. This will also enable the candidates to clearly link their research to their final product.

### **Assessment Objective Three**

Candidates must show evidence of planning their research in order to fulfil the demands of the section 'Research of the strategy and analysis of the information that is collected'. A well laid out plan should enable candidates to correctly target their research.

Candidates' primary research should focus on questionnaires and surveys with potential customers, discussions with website designers and, finally, a discussion with the selected business concerning what it hopes to achieve through the development of an e-commerce provision.

Candidates' secondary research should analyse similar websites which are marketing a similar portfolio of products to the selected business. Candidates are required to use the following headings when analysing competitor's websites:

- availability
- image
- product information
- accessibility
- security

- user-friendliness
- aesthetics
- ease of payment.

In order to achieve the higher marks, candidates should then draw a conclusion from their analysis clearly stating how this research will influence the development of their own website.

Top scoring candidates had used the above bullet points to structure their analysis, clearly stating how their findings would influence the development of their website. Unfortunately, a lot of candidates had completed a simplistic analysis of competitor websites, often failing to follow the bullet points above. Having completed their analysis, candidates then often failed to draw conclusions concerning how this would influence the development of their own website.

### **Assessment Objective Four**

Candidate's evaluations should focus on what measures they would take to deal with the manageability of the back-end of the website. Candidates should be guided by the bullet points under the section 'Evaluation of the manageability of the back-end of the website' found on page 58 of the specification. Candidates need to prioritise the issue they feel would have the greatest influence on the manageability of the website for their selected business.

Candidates can only achieve mark band 3 if their statements, conclusions and evaluations make direct linkage to the research undertaken in AO3. They also need to consider short term, long term, success and potential failure whilst drawing their conclusions.

### **Unit 13: Promotion in Action**

This is a particularly popular unit. However, there does appear to be some misunderstanding about the evidence candidates are expected to produce. Candidates are required to produce a promotional strategy (at least two promotional media) to promote a new product or service of their choice. On page 50 of the Teachers' Handbook it clearly states that candidates should 'choose a business with an already varied product portfolio, allowing them to suggest a new product to add'. It also states 'it would also help if the product chosen allowed candidates to demonstrate creative skills by coming up with an original idea, as otherwise candidates will be tempted to stick too closely to current promotional activity used by their chosen business.'

Candidates must remember that this is a unit based on promotion and not just **another re-run of their original marketing assignment**. There was a lot of evidence of candidates appearing to be confused about what they were actually trying to achieve whilst conducting their research. There was also evidence of candidates trying to 're-vamp' their marketing assignments in order to achieve this unit. Unfortunately, this does not work as the research will have the wrong emphasis with candidates merely demonstrating a need for the new product or service, rather than their ideas concerning how it could be effectively promoted.

### **Assessment Objective One**

Candidates are required to provide theoretical coverage of the section 'Producing a plan of action' – the various forms promotional activity can take and how and when each form of promotional activity is used. From the final section (page 62) candidates need to cover internal and external factors which can influence promotional activity. OCR would encourage all candidates to use a wide range of examples throughout this section in order to demonstrate their breadth and depth of understanding.

On the whole this section was completed well by the majority of candidates. Some had chosen to link this section to their selected business which is quite acceptable, as long as each aspect is covered in sufficient depth.

### **Assessment Objective Two**

Candidates are required to produce a promotional strategy which includes two final concepts of their promotional material and the rationale behind their development. Unfortunately, candidates often only produce the two final concepts with no explanation or reason behind their development. The promotional strategy must clearly explain when and where their promotional material would appear, for how long and what the potential cost of the campaign would be. These decisions need to be fully justified by the primary and secondary research undertaken in AO3. Without this information candidates cannot achieve the marks available within mark band three.

During moderation it was often extremely difficult for moderators to see the links between the candidate's research and their final promotional media. All too often candidates failed to produce any form of rationale for their choice of media. The main reason for this was their lack of targeted and accurate research carried out in AO3. There was often no strategy to support the material produced. Candidates failed to state timescales, costs and the reasons behind choices of selected media.

### **Assessment Objective Three**

The starting point for this assessment objective is the section 'Planning of the strategy'. The second set of bullet points should help the candidates to focus on the type of questions they should be asking within their questionnaires.

If the candidates have not described how promotional activity takes place within their chosen business for its current range of products/services in AO1, then they need to do so as an introduction to this section. This evidence could support their AO1 mark.

Candidates need to make reference to the section 'Research of the strategy and analysis of the information which is collected' to establish the kind of research they should be conducting. Candidates need to ensure that they focus on the types of promotional features which attract customers to purchase products or services. They should also try and establish what types of promotional campaign will meet the second set of bullet points in the section 'Planning the strategy'. Too often candidates slanted their questionnaires too heavily to finding out what type of product/service customers wanted. To some extent candidates need to assume that there is already a demand for their selected new product or service and concentrate on how they are going to encourage people to 'buy in' through the use of promotional media.

Candidates' secondary research should focus on how other businesses, especially competitors, promote a similar range of products or services. When analysing this data candidates should use the following headings:

- aesthetics
- message
- fitness of purpose
- originality
- communication.

A current trend is for candidates to create a table and grade each of the headings. If the candidate fails to provide a detailed explanation of the grading system and the criteria on which this is based. Thus the analysis loses depth, focus and relevance. A table is a good starting point but in order to gain mark band three this must be developed through a final summary.

Evidence of the use of these headings was often lacking in the work of the lower scoring candidates.

#### **Assessment Objective Four**

Candidates need to prioritise the internal and external influences which they feel would have the greatest impact on their promotional activity. Their evaluations must clearly link back to their initial research. Often candidates were unable to fully evidence the internal constraints as they had not clearly stated what these were at the beginning of the assignment. Few candidates were able to show any understanding of costing, due to weak research.

Candidates' coverage of external influences was generally better as they could relate these areas to their own strategies.

Once again very few candidates considered possible failure and often did not consider a chain of events, or short and long term implications.

#### **Unit 14: Creating a Financial Strategy**

There were no submission for this unit this series and therefore the points made below are pertinent to previous series.

The work submitted by centres demonstrated a varied range of marks representing candidates' ability to grasp the concepts being assessed. However, it remains a concern to see that in a few centres all the candidates' work contained the same fundamental errors. This is an ongoing concern which needs to be addressed by centres before further submissions. Where work is found to be identical in future submissions, the centre may be reported for malpractice. Some centres show evidence of good practice where candidates work under test conditions, in such cases work achieved the full range of marks.

Although OCR does not specify how the unit should be tackled, identical work for AO2 is not anticipated – except where it is 100% correct.

It appeared that many centres had addressed previous concerns and taken note that as the unit currently stands, it does require a specialist accounts teacher to teach the unit or at least be available for help and guidance.

#### **Assessment Objective One**

Candidates achieve this objective through the coverage of Task A. Candidates are required to provide detailed coverage of each of the sub-sections (i)–(iv). Most candidates provided detailed theoretical coverage of all the sections, though the depth of the work often tailed off through section (ii) 'consequences of not keeping accurate financial records' and the second section of (iii) – in which the candidate needs to demonstrate their understanding of the information and purpose of various source documents, including invoices, credit notes, bank records, eg direct debits and till receipts. It was pleasing to see many centres are now encouraging their students to make use of the stimulus material for this task. There were some excellent submissions seen for section (iv) in this series.

### **Assessment Objective Two**

Candidates achieve this assessment objective through the completion of Tasks B, C and D.

Task B – There was a mixed response to this task. It was encouraging to see that many previous concerns had been dispelled; enabling candidates to more clearly demonstrate their own knowledge and understanding. Some centres had undertaken the section under examination conditions with candidates producing highly individual work. Few centres made use of the three column cash book, preferring to use separate bank, cash, discount received and discount allowed accounts – an acceptable alternative.

Task C – This task requires the identification of the suspense balance by producing a trial balance, a journal to correct the errors present, a suspense account showing the opening balance and the adjustments needed as well as the trial balance after the adjustments have been made. It is disappointing to see that some Centres are still not encouraging their candidates to show the suspense account though most did show the corrected trial balance. For a minority of centres the journal was also a little unorthodox in its styling.

Task D – This task generally performed well, though it was clear some centres struggled with the concept of dividend payments. A few centres are encouraging their candidates to make taxation computation, this is outside of the scope of the unit and whilst it demonstrates the candidates knowledge and understanding does not add any value to the work under assessment.

### **Assessment Objective Three**

This assessment objective was based on responses to Tasks E and F.

There was a broad variety of evidence offered for Task E, most of which was acceptable to meet the requirements. Many candidates had collected a variety of different final account templates and most had offered some form of analysis. It should be noted that it is more appropriate for candidates to choose companies who are registered in the UK, so that examples are in sterling. Some centres need to place more emphasis on this task as it counts towards the grade which can be awarded for this assessment objective. The task should make comparisons in layouts and should consider the legal aspects.

For Task F, as stated previously the 'own figure rule' is applied, as this is the case candidates should be encouraged to show their workings. Generally, candidates were able to correctly calculate most ratios. Their interpretation of the ratios, however, was mixed.

Some candidates simply stated the theory behind the ratio, many offered little beyond the obvious in that the ratio had gone up or down, failing to even state whether this improved or worsened the financial situation. Many candidates are still failing to make any links to the case study. The higher scoring candidates did try and relate their evidence back to the stimulus material, with a few candidates attempting to link the ratios together – for example – gross profit margin will have an impact on net profit margin. In some cases there was more analysis found in Task G and this has been taken into account. However for many, the inability to demonstrate integrated and strategic thinking left them unable to access mark band 3

### **Assessment Objective Four**

Completion of Task G is required in order to achieve this assessment objective. Although the case study did not indicate that candidates should prioritise their ideas, this is part of all AO4 criteria, and it was encouraging to see that some centres had acted on this point from previous reports. Candidates were not penalised for omitting to do so during this moderation session.

The task instructs candidates to write a report and it was evident that centres have taken this on board.

Many of candidates improved their initial AO3 mark here as they began to fully develop the analysis and the impact of the ratios calculated in AO3.

A lot of candidates lost marks as they failed to produce a financial strategy. Most candidates were able to identify the problems which the business were experiencing, and many gave consideration to a range of possible solutions, but the majority failed to actually make clear and justified recommendations.

The second part of this task is the requirement for the candidates to consider the different ways in which the business could expand and recommend what the business should do in the future. Candidates need to be encouraged to use the information contained in the case study, profit and loss calculations and ratio analysis when making their financial recommendations. The key to this task is to recognise the financial problems the business faces, offer financial strategies to improve the situation and the final stage is to consider how these would impact on the businesses ideas for expansion.

### **Unit 15: Launching a New Product or Service in Europe**

To access this unit, candidates need to have an excellent link with their selected business. Research from the Internet will not provide candidates with sufficient detail to meet the demands of this unit.

OCR would recommend that centres get their candidates to start off their assignment by giving a brief overview of their selected business, product and to where they intend to export their product or service. This will enable teachers to ascertain if the candidate is able to gain sufficient information to meet the rigours of the unit.

#### **Assessment Objective One**

This section is based on the theoretical coverage of 'The business context within which the strategy will take place' and should focus on general trends within the European Union as a whole. Some candidates only focused in detail on the selected country to which they intended to export their product or service.

#### **Assessment Objective Two**

This is the candidates' written summary which will show how their selected business will deal with the many issues it needs to consider when launching a product or service in European markets. Candidates should follow the bullet points outlined in the section 'Researching the strategy and analysing the information that is collected' – second set of bullet points (page 69). The candidates' written summary must be based on the analysis of their research carried out in AO3.

Unfortunately, a lot of candidates simply stated that their selected business would have to deal with each of these points, but failed to provide their own strategy as to how this might happen. Candidates really struggled to cope with this section due to their lack of research or the inaccessibility to the information which is required to meet the rigours of this section.

### **Assessment Objective Three**

Candidates must start off this section by showing evidence of planning their research – section ‘planning the strategy’ within the specification. Within their plan, candidates then consider their objective(s), the types of research, and the sources of information they will use. Candidates should then be guided by the section ‘Researching the strategy and analysing the information that is collected’ when selecting the type of research methods they will use. Special attention should be given to the bullet points found on page 69 of the specification. These are the main aspects which candidates need to research in order to be able to compile their written summary for AO2.

The main failing within this section has been the fact that all too often candidates tried to gain this information from a business’ website. They had no inside contact and, therefore, the quality and depth of their information was insufficient for them to be able to complete a detailed analysis which would feed into their AO2.

### **Assessment Objective Four**

Candidates are required to prioritise the bullet points found under the section ‘Evaluating the strategy’ clearly stating which one they feel would have the most influence on the effectiveness of their strategy. As always, evaluations should be fully supported through the research conducted in AO3.

Unfortunately, the quality of the research undertaken for this unit has often been weak and, therefore, the ability to develop a detailed evaluation has been almost impossible.

### **Unit 16: Training and Development**

The key to this unit is the link candidates are able to build within their selected business. In order to complete the unit successfully, candidates need to be able to gain the following information:

- what competencies does the job the person they are going to interview require? – this is usually taken from job descriptions, person specifications
- what skills does the selected member of staff feel they have in relation to those stated on their job description/person specification?
- what skills does the selected member of staff feel they are lacking?
- what type of training would the potential employee feel would be beneficial to them?
- why does the selected business wish to upgrade the skills base of its staff?
- what will be the ultimate benefits to the business?

### **Assessment Objective One**

Candidates should provide theoretical coverage of the sections ‘The business context within which the strategy will take shape’; ‘Production of an action plan’ – candidates need to focus on the different training methods and initiatives that businesses could use; and, finally, ‘Evaluating effectiveness. In order to help demonstrate depth and breadth, candidates could include generic examples to develop the overall content of their theory.

The majority of candidates sampled completed this section satisfactorily.

### **Assessment Objective Two**

Candidates are required to produce training and development programmes for their two chosen functional areas. These must be directly related to their skills gap analysis conducted in AO3.

Candidates need to provide a detailed outline of exactly what their training programmes will entail. If they are intending to run 'internal courses' this should include information on the length of the course, aims and objectives, what workshops will take place, what these will entail and the learning outcomes for each. This is outlined in the section 'Production of an action plan' bottom set of bullet points. If candidates are recommending external training courses then these should also be fully explained.

The internal training programmes put forward often lacked detail and did not directly link back to the research undertaken. Training programmes were often too general with very little description of what the training was hoping to achieve for the individuals or the business. Other candidates simply stated they would be sending employees on external courses. They failed to provide detailed descriptions of the aims and objectives of these courses, costs or the impact on the business.

### **Assessment Objective Three**

Whilst planning their research, candidates must be aware of the different types of training programmes which are available. They should consider that different employees will have preferred styles of learning and, in order for training to be successful; an attempt must be made to meet these individual needs.

Candidates' primary research should focus on their skills gap analysis, analysing the short, medium and long term business objectives and management views on possible training.

Candidates' secondary research should focus on the different types of training which are available. They should analyse a variety of courses in order to either select a suitable external course or to help them create in-house courses of their own.

Unfortunately, the majority of candidates sampled had been unable to obtain sufficient information in order to produce a detailed and useful skills gap analysis. Often the information gained from their questionnaires was vague and did little to inform their final training and development programmes. Candidates were also unable to link their analysis of how meeting employees' training needs would ultimately benefit the business.

### **Assessment Objective Four**

This section evaluates how the effectiveness of the candidate's training and development strategy could be affected by internal and external constraints. Candidates should be encouraged to use the bullet points in the section 'Evaluating effectiveness'. In order to gain mark band three, there must be evidence of prioritisation – which of the constraints does the candidate feel would have the greatest impact on the effectiveness of their training and development programme? Candidates often considered how the internal influences would affect overall training within the selected business, rather than their own training strategy.

Often within portfolios there was often very little linkage back to the research undertaken in AO3. Candidates were also unable to consider a possible chain of events, short and long term impacts of their proposed training and development programme.



### Recommendations to Centres

- Please continue to adhere to deadlines for submitting marks and candidate work to the appointed Moderator
- Please ensure that marks sent to OCR for example by completing the MS1 forms match the marks awarded on the Unit Recording Sheet
- Please ensure that the total marks for all strands of a unit are correctly totalled on the Unit Recording Sheet
- Please ensure that all sections of the Unit Recording Sheet have been completed accurately including candidate number, centre number, teacher comments and location of evidence
- Where there are 10 or fewer candidates for any unit, send **all** the candidate portfolios with the MS1 form to the Moderator
- If assignments are used, please include copies of assignment briefs with the work of the candidates
- Assessors should provide clear written feedback to candidates, including what has and what has not been achieved
- Candidates should be encouraged to adapt a structured approach to their work and present evidence clearly, eg the use of headings, page numbers and a contents sheet
- Please include page numbers within the location section of the Unit Recording Sheet
- Please encourage the use of Assessor annotation of candidate work
- Please ensure that Assessors check the authenticity of evidence. Pages downloaded and copied from the Internet do not constitute evidence– this could be plagiarism.
- Ensure that internal moderation is carried out prior to external moderation.

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