

CAMBRIDGE TECHNICALS LEVEL 3 (2016)

Examiners' report

BUSINESS



Unit 3 January 2019 series

Version 1

Contents

Introduction	3
Unit 3 series overview	4
Question 1(a)	5
Question 1(b)	5
Question 1(c)	6
Question 2(a)	7
Question 2(b)(i)	8
Question 2(b)(ii)	8
Question 3(a)	9
Question 3(b)	10
Question 3(b)(ii)	10
Question 4(a)(i)	11
Question 4(a)(ii)	11
Question 4(b)(i)	12
Question 4(b)(ii)	 13
Question 5	 13
Question 6(a)	14
Question 6(b)	14
Ougation 7	15

Introduction

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

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

Unit 3 series overview

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

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

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

There were many responses with a good understanding of the case study and an ability to apply it appropriately when answering questions. Compared with recent sessions candidates more generally gained marks from across the whole paper (with the exception of Question 2 where many candidates did not achieve good marks).

Candidates generally performed better when they discussed the implications of the issues outlined in the case study rather than introducing new scenarios and contexts. For example, some candidates discussed what options the business might pursue if the transport museum were to close – this fell outside the scope of the paper which is to consider the implications for business decision-making of the issues identified in the case study (the potential closure of the other museum would be a risk factor affecting Option 3, not an opportunity to consider additional options).

An area for improvement shown this year was in relation to qualitative data/research. Many candidates appeared to have a misconception that such data cannot be analysed. Centres may wish to devote more teaching time to demonstrate how qualitative data such as customer comments can be analysed – this is also an important aspect of the mandatory component 5 (Marketing and Market Research).

Two questions on this paper are high tariff extended response questions worth 12 and 16 marks respectively. Candidates need to demonstrate the skills of analysis (Level 3) and evaluation (Level 4) to gain the highest marks. An analytical response must contain implications for the business, for example impact on sales, costs, profits, cash flow, customer loyalty, reputation, future performance and, in the case of Question 5, business decision-making. In addition to analysis an evaluative response must contain a reasoned judgement. Candidates should be encouraged to reach decisions and give detailed justification to support their argument using contextual information. Whilst an accurate judgement that applies to most businesses would achieve a low Level 4 mark, a response which argues using the particular circumstances of the business in the pre-release scenario will be rewarded more highly.

Question 1(a)

1	(a)	Carl is concerned that Chalk Coast Fishing Museum (CCFM) is not keeping pace with current trends and developments in the leisure market.							
		Identify two possible changes in the leisure market that could reduce the number of visitors to the museum.							
		1							
		2							
			 [2]						

Most candidates achieved full marks on this question for identifying two external influences which could reduce demand for the museum. Weaker responses discussed actions that the museum itself could take. These would not be wider actions in the leisure market affecting the museum.

Question 1(b)

(b)	Explain how Carl's own attitude to risk could influence his decision about the future of <i>CCFM</i> .							
	[2]							

Carl could either be risk averse or be a risk taker. Most responses recognised this and so gained at least 1 mark. Good responses then established how this attitude to risk would either result in high risk-high reward/failure options being chosen or the opposite. Very good responses linked this to the three options under consideration. Some responses could have been improved by discussing Carl's attitude to risk, instead of discussing why he would be resistant to change.

[4]

Question 1(c)

(c)	Carl has found the following report in his local library: "Terminal decline – why museums need funding support now!" A report by the National Society of Independent Museums, 2007.
	Carl is considering using this report to help him choose between options 1, 2 and 3. Explain two reasons why the validity of this information might be limited.
	1
	2

This question was answered well by most candidates. Most responses discussed how the report was either out of date and/or potentially biased in favour of the needs of museums. Some responses could have been improved by demonstrating an understanding of the factors affecting the validity of information.

Question 2(a)

2 Carl has identified the following financial information about *CCFM*:

Fixed costs: £16 000 per year

· Variable costs: £0.50 per visitor

· Admission price: £4.00 per visitor.

(a) Calculate the unit contribution.

Show your workings
Unit contribution = £

[2]

Candidates who knew how to calculate the unit contribution were able to achieve full marks. Other responses tended to achieve no marks – mainly because they attempted use the fixed costs figure to calculate break-even, ending up with an impossibly large final answer.

Question 2(b)(i)

(b)	the	e local area each week from June to September. The coach-tour operator wishes to pay price of £1.50 per person for admission to CCFM.					
	(i)	Explain one reason why Carl might decide not to accept this special order.					
		[2]					
harder to a	chie	s recognised that Carl was going to potentially lose revenue as a result and so make it we break-even buy covering his fixed costs. Very good responses linked this to the bution calculation.					
Question	า 2(b)(ii)					
	(ii)	Explain why it might make financial sense for Carl to accept this special order.					
		[2]					
		ered well only by those candidates who recognised that the low price would still be take a contribution towards fixed costs. Some responses discussed how the coach					

company would guarantee visitors during the summer months and could have been improved by

recognising the financial impact on the museum.

Question 3(a)

3

staff.
A typical business in England would have over 200 000 people living within twenty miles
of its location. However, CCFM's coastal location means that it only has 10 000 people

(a) If Option 1: Upgrade the museum is chosen, Carl would need to recruit two part-time

living within twenty miles of the museum.

Explain one problem that CCFM might face as a result of having so few people living in the local area.

Good responses recognised that a small population in the catchment area would limit the potential labour supply. Most of these responses then went on to give a valid implication to the business. Some responses discussed how the low population might result in fewer visitors and could have been improved by acknowledging the context in which most visitors are holiday makers from out of the area.

Question 3(b)

(b) If Option 1: Upgrade the museum is chosen, the staff will need to be trained to maintain the new interactive museum displays.

Carl has identified the following training course.

Content:	The design and maintenance of interactive displays
Duration:	3 days
Venue:	London
Training Provider:	The National Association of Museums and Art Galleries.

i)	Explain one disadvantage to <i>CCFM</i> of sending its staff on this training course.						
	[2]						

Most candidates identified the location as being a long way away and discussed the financial implications for the museum. Very good responses linked this to the scenario in which it was stated that the museum has very limited cash reserves.

Question 3(b)(ii)

(ii)	Explain one advantage to CCFM of sending its staff on this training course.							
	12							

The question asked candidates to discuss the specific training course in the question stem. Good responses discussed how the staff would gain an insight into interactive displays and this would help secure some of the benefits of choosing Option 1. Some responses only gave generic reasons that stated general benefits such as improved motivation.

Question 4(a)(i)

<u> </u>		,	(a) (v)
4	(a)	the	I collected comments from recent visitors to <i>CCFM</i> . Visitors were asked to state what a thought about the museum. Visitors were not asked for their name or other personal rails. Carl collected comments from fifty visitors (see Appendix 1 for some examples).
		(i)	Explain one disadvantage of using text-based information to help make a business decision.
			[2]
that Man	candi y resp	date: oons	es discussed the difficulties (not the impossibility) of analysing such data. It would seem is would benefit from a deeper understanding of how to analyse qualitative information. The second have been improved by a better understanding of text-based information. Many correctly stated that it is impossible to analyse text-based information.
Que	estio	n 4((a)(ii)
		(ii)	Explain one advantage of using text-based information to help make a business decision.

This question evoked a similar range of response as 4(a)(i) above. Most stated benefits covered issues such as its ability to enable visitors to express opinions that would give the business a deeper insight into their attitudes towards the museum.

.....[2]

Question 4(b)(i)

(b) Carl has conducted research into the current users of the museum.

Over a two-week period Carl asked every visitor their age. Carl asked 600 visitors. 540 gave their age.

Carl has summarised the results in a pie chart, see Fig. 1 below.

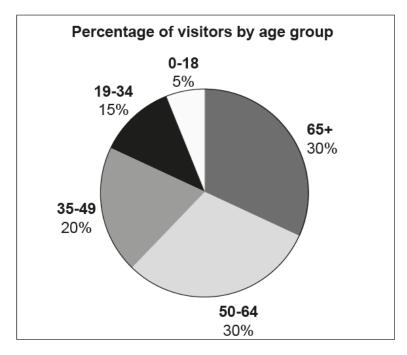


Fig. 1

(i)	How many	visitors	gave	their	age	as	65	or	older	?
-----	----------	----------	------	-------	-----	----	----	----	-------	---

A == == ===			743
Answer:	 	 	[1]

Most responses correctly calculated the correct answer.

Question 4(b)(ii)

(ii)	State one reason why the pie chart in Fig. 1 may give misleading information.					
	[11]					

Most candidates could offer a valid reason. The most common being that people could lie about their age or that sixty people did not respond and this could create a biased sample.

Question 5

- 5 Carl has access to the following types of information:
 - historic (e.g. the number of visitors to coastal museums between 2006 and 2018)
 - forecasted (e.g. the predicted number of visitors to coastal museums between 2019 and 2024).

Evaluate the usefulness to *CCFM* of using historic and forecasted information when choosing between options 1, 2 and 3.

[12]

This question invited candidates to evaluate the two types of information. Candidates seem to be increasingly aware that this requires them to identify and then discuss strengths and weaknesses of each method. Most candidates were able to identify at least one strength and at least one relevant weakness and so achieve a Level 1 mark (1-3 marks). Where the response explained these issues it was possible to award a mark in Level 2 (4-6 marks), perhaps half of candidates achieved this. Of these some were able to then analyse the implications of this for the business and so achieve a mark in Level 3 (7-9 marks). When they offered a valid overall assessment of the two methods this was credited with a mark in Level 4 (10-12 marks). Some good responses discussed how forecasted data might be more useful for Option 3 as it involves a move to a new location where historic data may be less relevant. Some responses discussed the three options and could have been improved by discussing how historic and forecasted data might help or hinder the decision-making process.

Question 6(a)

(a) The table below lists three causes of change at CCFM.
 Complete the table by stating whether the cause of each change is internal or external.

Cause of change	Internal or external?
The museum will soon lose its grant from the local council	
The exhibits have not been updated in recent years	
Visitor numbers are declining	

[3]

Most responses gained at least 2 marks. Some candidates saw the third option as an internal change. Whilst there might be internal factors helping to cause this change, the change itself is external to the business.

Question 6(b)

(b)	Explain one reason why the volunteers at CCFM might be resistant to change.				
	[3]				

Most responses showed a good understanding of why volunteers might be resistant to change. Very good responses linked an external stimulus/change with the response of the volunteers via a discussion of how the volunteer's motivations/psychology might explain the response.

Question 7

7	Recommend which one of the three options under consideration at CCFM would best secur the long-term future of the museum. Justify your view.	ild best secure	
	•	[46]	
	L	16]	

This high tariff question is based heavily on the information contained in the case study about the three options together with the information in Appendix 1 and 2.

Candidates in general did seem to be better prepared for this question than in recent series and a number of analytical responses were given a mark in Level 3 or higher. There were ,some very descriptive responses which only repeated whole sections of the pre-release material without adding anything original.

Candidates who achieved a mark in Band 1 (1-4 marks) did so because they used the information in the case study to draw valid conclusions that would be helpful when making the business decision. For example identifying that Option 2 was the cheapest option and Option 3 had the longest payback period. Candidates who merely repeated information from the case study (e.g. by stating that Option 1 had a payback period of five years and Option 2 had a payback of three years) gained no marks.

Candidates who achieved a mark in Band 2 (5-8 marks) did so because they explained the significance or usefulness of the information identified previously. For example the benefit to the business of choosing Option 2 because it has the shortest payback period is that the business will start to earn profits from this option earlier than either Option 1 or 3.

Candidates who achieved a mark in Band 3 (9-12 marks) did so because they analysed the implications of the information identified previously for the overall performance of the business. For example the benefit to the business of choosing Option 2 because of its fixed rate loan would be that it could budget for interest payments with certainty, resulting in more accurate cash flow forecasting and hence improved cash flow management, helping the business to remain solvent.

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

Areas for improvement on this question included:

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

- basing discussion on points mentioned in the case study. For example some responses discussed at length possible benefits of using the money saved in Option 2 to launch an advertising campaign. This was not part of one of the three options being considered and so could not be a valid part of the discussion.
- a clear understanding of the information provided. For example many candidates stated that the
 museum would share its profits with the transport museum, when in fact it was planned to have a
 revenue sharing arrangement on any joint-tickets purchased.

Copyright

Any reference to existing companies or organisations is entirely coincidental and is not intended as a depiction of those companies or organisations.

Supporting you

For further details of this qualification please visit the subject webpage.

Review of results

If any of your students' results are not as expected, you may wish to consider one of our review of results services. For full information about the options available visit the <u>OCR website</u>. If university places are at stake you may wish to consider priority service 2 reviews of marking which have an earlier deadline to ensure your reviews are processed in time for university applications.



Attend one of our popular CPD courses to hear exam feedback directly from a senior assessor or drop in to an online Q&A session.

https://www.cpdhub.ocr.org.uk





We'd like to know your view on the resources we produce. By clicking on the 'Like' or 'Dislike' button you can help us to ensure that our resources work for you. When the email template pops up please add additional comments if you wish and then just click 'Send'. Thank you.

Whether you already offer OCR qualifications, are new to OCR, or are considering switching from your current provider/awarding organisation, you can request more information by completing the Expression of Interest form which can be found here: www.ocr.org.uk/expression-of-interest

OCR Resources: the small print

OCR's resources are provided to support the delivery of OCR qualifications, but in no way constitute an endorsed teaching method that is required by OCR. Whilst every effort is made to ensure the accuracy of the content, OCR cannot be held responsible for any errors or omissions within these resources. We update our resources on a regular basis, so please check the OCR website to ensure you have the most up to date version.

This resource may be freely copied and distributed, as long as the OCR logo and this small print remain intact and OCR is acknowledged as the originator of this work.

Our documents are updated over time. Whilst every effort is made to check all documents, there may be contradictions between published support and the specification, therefore please use the information on the latest specification at all times. Where changes are made to specifications these will be indicated within the document, there will be a new version number indicated, and a summary of the changes. If you do notice a discrepancy between the specification and a resource please contact us at: resources.feedback@ocr.org.uk.

OCR acknowledges the use of the following content: Square down and Square up: alexwhite/Shutterstock.com

Please get in touch if you want to discuss the accessibility of resources we offer to support delivery of our qualifications: resources.feedback@ocr.org.uk

Looking for a resource?

There is now a quick and easy search tool to help find **free** resources for your qualification:

www.ocr.org.uk/i-want-to/find-resources/

www.ocr.org.uk

OCR Customer Support Centre

Vocational qualifications

Telephone 02476 851509 Facsimile 02476 851633

Email vocational.qualifications@ocr.org.uk

OCR is part of Cambridge Assessment, a department of the University of Cambridge. For staff training purposes and as part of our quality assurance programme your call may be recorded or monitored.

© **OCR 2019** Oxford Cambridge and RSA Examinations is a Company Limited by Guarantee. Registered in England. Registered office The Triangle Building, Shaftesbury Road, Cambridge, CB2 8EA. Registered company number 3484466. OCR is an exempt charity.



