

Cambridge TECHNICALS

CAMBRIDGE TECHNICALS LEVEL 3 (2016)

Examiners' report



05834-05837, 05878

Unit 3 Summer 2019 series

Version 1

www.ocr.org.uk/cambridgetechnicals

Contents

Introduction	3
Paper Unit 3 series overview	4
Question 1 (a)	5
Question 1 (b) (i), (ii) and (iii)	6
Question 2 (a)	7
Question 2 (b)	7
Question 2 (c)	8
Question 3 (a)	8
Question 3 (b)	8
Question 3 (c)	9
Question 4 (a) (i)	9
Question 4 (a) (ii)	10
Question 4 (b)	10
Question 5	11
Question 6 (a)	12
Question 6 (b)	13
Question 7	13



Would you prefer a Word version?

Did you know that you can save this pdf as a Word file using Acrobat Professional? Simply click on **File > Save As Other...** and select **Microsoft Word**

(If you have opened this PDF in your browser you will need to save it first. Simply right click anywhere on the page and select **Save as...** to save the PDF. Then open the PDF in Acrobat Professional.)

If you do not have access to Acrobat Professional there are a number of **free** applications available that will also convert Word to PDF (search for pdf to word converter).



We value your feedback We'd like to know your view on the resources we produce. By clicking on the icon above you will help us to ensure that our resources work for you.

Introduction

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

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

Paper Unit 3 series overview

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

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

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

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

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

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

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

Question 1 (a)

 (a) Seaview Leisure Centre (SLC) has a number of objectives, including being ethical. Tick (✓) the two ethical objectives from the table below.

You should only tick two boxes.

Objective	Tick (√)
All gym equipment should be safe to use	
Not pressuring customers into buying fitness accessories	
Supplying free WiFi to café customers	
Paying employees more than the national minimum wage	
L	[2]

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

Question 1 (b) (i), (ii) and (iii)

(b) Tania is aware that her ability to make the best decision for the leisure centre could be influenced by many different factors.

Explain how each of the following factors could influence the ability of Tania to make an effective decision.

(i) Tania has been given only three weeks to present a proposal to Beachside District Council.

[2]

(ii) Tania has no experience of using project-planning software.

(iii) Tania has recently received training in how to analyse data when making business decisions.

[2]

Most responses gained good marks for recognising at least one way that each issue would affect the decision-making process. Weakest responses generally occurred where candidates did not have an understanding of project planning software however many recognised that her unfamiliarity would result in additional training requirements. This could slow down the process and increase its costs.

Question 2 (a)

2 (a) Tania has estimated that Option 1: Gym and studio refurbishment would need 470 members to break-even.

Tania has also estimated that **Option 1: Gym and studio refurbishment** is likely to increase membership to 500.

Assuming that Tania's figures are correct, calculate the margin of safety for **Option 1: Gym and studio refurbishment**.

Show your workings
Margin of safety = members

[2]

Many responses gained no marks, usually by dividing one item by another. There were many blank responses were no attempt was made. This suggests that candidates were unprepared to perform this calculation.

Question 2 (b)

(b) Tania is concerned that the margin of safety is too small.

Explain one action SLC could take to lower its break-even point.

[2]

Most responses gained at least one mark. Responses that gave an example of how to reduce costs or stated that revenue should be increased gained a mark. Those that related their answer to break-even, for example by stating that an increase in price would reduce the number of members needed to cover costs gained both marks.

Question 2 (c)

(c) Explain one limitation of using break-even analysis when making decisions about SLC.

[2]

Most responses gained at least one mark. Responses that gave an example of how to reduce costs or stated that revenue should be increased gained a mark. Those that related their answer to break-even, for example by stating that an increase in price would reduce the number of members needed to cover costs gained both marks.

Question 3 (a)

- 3 Tania has estimated that the rate of labour turnover at SLC is 15%.
 - (a) State what is meant by the term 'labour turnover'.

.....[1]

Many candidates did not know this term, despite it being in the specification. Some responses confused it with sales turnover.

Question 3 (b)

(b) Analyse one negative impact on SLC of high labour turnover.

Most responses gained at least one or two marks for knowing that recruitment and training activity would be greater if labour turnover is higher. Relatively few then addressed the business impact in terms of costs and profitability.

Question 3 (c)

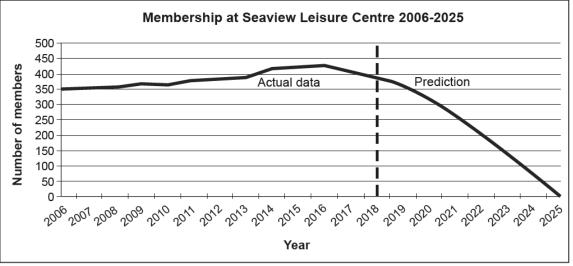
(c) State two actions that could be taken by a business such as SLC to improve labour turnover.



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

Question 4 (a) (i)

- 4 Mansoor Khan, the Director of Leisure Services at Beachside District Council, is reviewing *SLC*'s membership levels and marketing policy.
 - (a) Mansoor has extrapolated *SLC*'s membership data from 2016-2018 to predict the change in membership from 2019 onwards.



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



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

Question 4 (a) (ii)

(ii) Explain why this prediction might be unrealistic.

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

Question 4 (b)

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

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

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

Question 5

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

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

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

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

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

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

Question 6 (a)

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

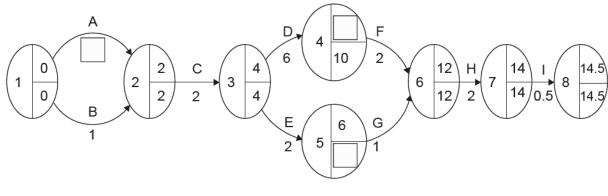
Activity	Description
A	Remove existing equipment and fittings from the gym
В	Remove existing equipment and fittings from the studio
С	Upgrade air-conditioning system in the gym and studio
D	Redecorate the gym (including drying time)
E	Redecorate the studio (including drying time)
F	Install new fittings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

Table 1

- (a) Complete the critical path network diagram by inserting:
 - the duration of activity A
 - the EST (earliest start time) for node 4
 - the LFT (latest finish time) for node 5.

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

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



[3]

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

Question 6 (b)

(b) Explain one way critical path analysis could be useful to SLC.

[3]

Very few responses addressed the key aspect of critical path analysis which is that it enables the critical path to be identified that then enables the business to identify the tasks which directly affect the ability of the project to be completed on time. Weaker responses addressed issues that could be identified directly from Table 1 or a Gantt chart and not requiring identification of the critical path.

Question 7

7 Analyse the three options available to *SLC*. Which option would best secure its long-term future? Justify your view.

[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 it was pleasing to see the number of analytical responses that were given a mark in Level 3 or higher. There were still a large number of very descriptive responses which did little more than repeat 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 2 had a payback period of 3 years and option 3 had an Average Rate of Return (ARR) of 1.5%, 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 a drawback to the business of choosing option 3 is that the closure of the pool would result in a potential loss of membership which if lost permanently would reduce income from membership fees increasing the chances of the leisure centre making an overall loss and being unable to service its debts thus increasing its chances of closure.

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

Reasons for poor performance on this question included:

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

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

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.

Mark grade boundaries

Find the grade boundaries for this series on the OCR website.

CPD Training

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.

Please find details for all our courses on the relevant subject page on our website.

www.ocr.org.uk

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.

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

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 <u>vocational.qualifications@ocr.org.uk</u>

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.



