

CAMBRIDGE TECHNICALS LEVEL 3 (2016)

Examiners' report

BUSINESS

05834–05837, 05878

Unit 10 Summer 2022 series

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Introduction

Our examiners' reports are produced to offer constructive feedback on candidates' performance in the examinations. They provide useful guidance for future candidates.

The reports will include a general commentary on candidates' performance, identify technical aspects examined in the questions and highlight good performance and where performance could be improved. The reports will also explain aspects which caused difficulty and why the difficulties arose, whether through a lack of knowledge, poor examination technique, or any other identifiable and explainable reason.

Where overall performance on a question/question part was considered good, with no particular areas to highlight, these questions have not been included in the report.

A full copy of the question paper and the mark scheme can be downloaded from OCR.

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Unit 10 series overview

Although this was the largest entry for a June sitting of this paper it was significantly lower than in January 2022. This paper was much more accessible than the January paper, with much more context available to use by candidates in their responses. Overall candidates have not performed as well as they did in the January session, with very few candidates scoring more than 55 marks. This appears to be the result of many candidates having gaps in their subject knowledge, including supply factors, globalisation, and international trade.

Candidates did perform better on the two 16-mark questions than in any previous sitting of this paper and suggests that centres are becoming more familiar with the requirements of these questions, in terms of analysis and decision-making.

Overall, Questions 1 & 2 were answered the best; Question 3 was the least well answered.

Handwriting did appear to be a more significant issue this session. Centres are reminded that candidates should be encouraged to use a laptop or scribe if they are unable to write legibly.

Candidates who did well on this paper generally did the following:	Candidates who did less well on this paper generally did the following:
<ul style="list-style-type: none"> • knew the difference between supply factors and demand factors • showed evaluation in both 16-mark questions • understood the consequences of a government running a deficit • produced focused and concise responses. 	<ul style="list-style-type: none"> • did not know what factors affected supply • described the pattern of government spending and taxation rather considering the impact of this • were unable to identify the role of the CMA or what caused globalisation • made no reference to the business context provided • missed out answering many of the questions.

Question 1 (a)

1 (a) For some of the services it provides, *Camford County Council* is a monopoly provider.
Identify **two** features of a monopoly.

- 1
- 2

[2]

Many candidates were able to identify two characteristics of a monopoly, typically being a price maker and a lack of competition. Sometimes responses were too alike to award both, for example, little competition and a high market share.

A significant minority of candidates had no knowledge of this concept and just wrote about activities which Camford County Council carried out.

Question 1 (b)

(b) Analyse **three** determinants of supply for a service.

- 1
-
-
-
- 2
-
-
-
- 3
-
-
-

[9]

Few candidates were able to offer good responses to this question . Most did not know any determinants of supply, usually listing determinants of demand instead. Also, a response of price shows a lack of understanding, as a change in price will cause a movement along the supply schedule, rather than a shift.

Candidates who were able to name one or more determinants of supply rarely explained in enough detail to get more than one mark for that determinant. In this case, it was necessary to write about how the supply would be affected, namely an increase (rightward shift) or decrease (leftward shift).

Assessment for learning



Candidates should be familiar with all topics in section LO1 of the specification. These are the 'building blocks' of microeconomics which are always assessed in this examination and are essential to the study of Economics in general.

Question 1 (d)

(d) *Camford County Council* would like to reduce barriers to entry so that more retailers choose to have shops in Camford's town centres. The following policies have been suggested to help achieve this:

- an improved bus service into and out of the town centres, including more frequent services in the evenings
- the introduction of a free local newspaper and social media channels to increase advertising opportunities for town centre shops
- reduced business taxes for well-known brands that locate in the town centres.

Evaluate which of these three policies is likely to have the greatest impact on competition in Camford.

[16]

This was very well answered by most candidates, with lots of responses scoring 13 or more marks, including many who scored full marks.

Most candidates took the approach, although it was not necessary, to consider each of the policies and then to conclude which one would have the greatest impact. Better responses made good use of the context provided in the scenario, especially with regards to the current poor transport facilities and the council's desire to attract more well-known brands to the town centre. This context was then used to decide that, in most cases, the reduced business taxes for well-known brands would have the greatest impact, as it may actually reduce competition, with local retailers losing out.

Each of the three policies had ample context to make use of. It was, therefore, unusual to encounter generic responses to this question. The main reason why some candidates did not score well was because they did not achieve a Level 3 response (which then precludes the award of any decision which may otherwise have gained Level 4) as there was no impact on competition in their responses. For example, the introduction of a free newspaper may allow firms to reduce their costs of promotion (Level 2), but responses did not then consider how this would affect competition. For example, what would be the impact on price, the number of retailers or non-price competition.

Question 3 (a)

3 (a) The Competition and Markets Authority (CMA) is the UK's competition regulator.

Explain **two** ways that the CMA may affect business behaviour.

1

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2

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[4]

Most candidates were unfamiliar with the role of the CMA or gave it powers it does not have, such as making businesses act ethically or telling them exactly what to do on a day-to-day basis.

The better responses wrote about how the CMA can halt mergers or prevent collusive behaviour. These responses sometimes did not score both marks available, as there was no development or exemplification of the point made. The published mark scheme sets out clearly what candidates must do to achieve both marks for each point.

Question 3 (b)

(b) *Camford County Council* has created a team of employees from within the Environmental Health Department to try to reduce the problem of poor food preparation standards in the independently owned food takeaways. This team will spend much time offsite, inspecting and coordinating training at food takeaways in Camford.

Analyse how the Business Support Services function of *Camford County Council* might respond to the creation of this team of employees.


[9]

This was the least well answered question on this paper. In the majority of cases candidates scored no marks, as they did not know what the Business Support Services function of an organisation performed.

Many responses wrongly suggested that it would be arranging the training for the food takeaways or the staff in the council's other departments (an HR function).

The phrase in the question "might respond to" led to many candidates suggesting it would respond positively, negatively, unhappily, or some other emotion. This would never be appropriate regardless of which functional area is being examined. Any response should be tangible and business-facing.

OCR support

 Section 5 of the specification requires an understanding of “how the functional areas of a business might respond to changes” and there is always a question testing one or more functional areas. It is important that candidates are familiar with all areas of the specification and well versed in topics that will always feature in the exam.

Question 4 (a)

4 (a) Explain **three** factors that have led to globalisation.

1

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2

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3

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[6]

In some cases, responses focused on international trade rather than globalisation. Other responses were about general economic factors, such as exchange rates, climate change, productivity, and changes in consumer tastes.

The specification clearly sets out three main groups of factors that have led to globalisation: communication technology (not technology in general), free trade, and transport infrastructure. Candidates who limited their responses to this selection scored well.

Question 4 (b)

(b) A number of overseas companies are keen to supply their services to *Camford County Council*.

Analyse **three** possible benefits for *Camford County Council* if it decides to buy services from overseas.

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3

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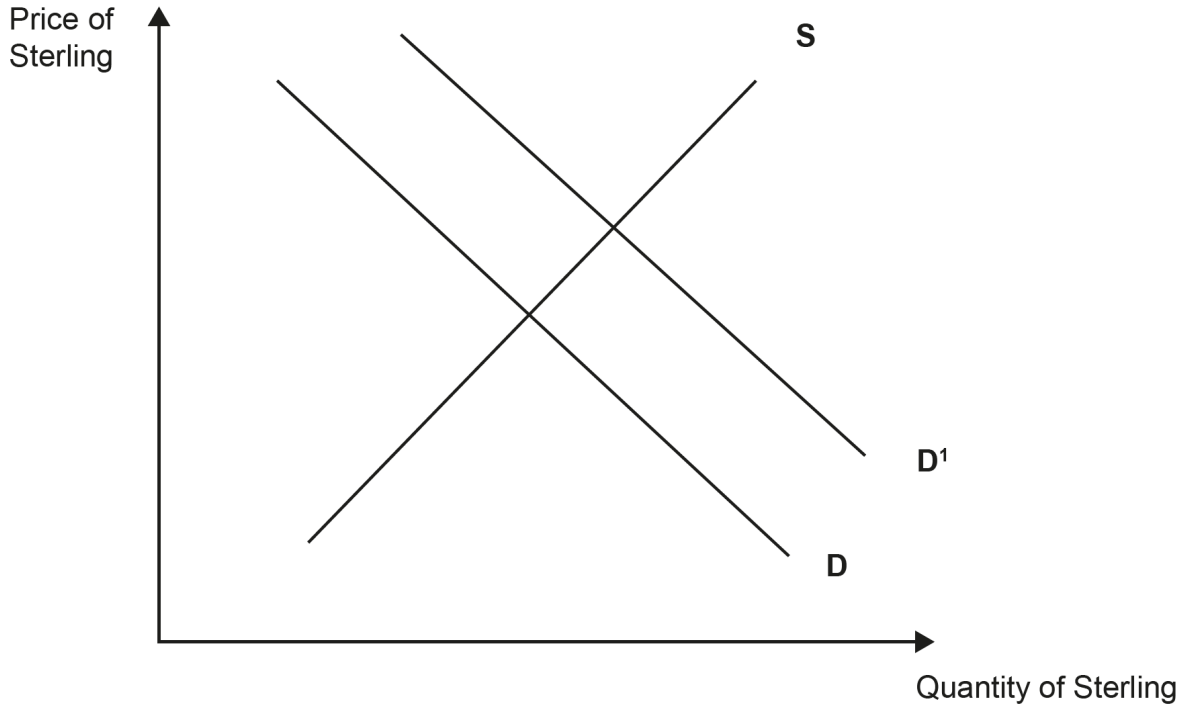
[9]

Stronger responses to this question did consider factors such as lower prices, access to more choice, and being able to buy services unavailable in the domestic market. However, most of these responses did not gain the third mark in each case which required some reference to the context. There was plenty of material which had been deliberately placed in the scenario for candidates to use, ranging from computer equipment to plan bus services to hygienic testing kits.

Less able candidates often included globalisation responses here or considered the benefits of operating in an overseas market (which would not even be relevant for a County Council) or wrote about benefits of working with suppliers generally (e.g., building up better relationships) which are not specific to using overseas suppliers.

Question 4 (c)

(c) If *Camford County Council* buys services from overseas, it will be affected by the Sterling exchange rate.



Explain what has happened to the Sterling exchange rate in the above diagram.

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..... [3]

Many candidates recognised that the Sterling exchange rate was increasing and that this was due to an increase in the demand for the quantity of Sterling. However, very few candidates gained the third mark by explaining why this might have happened, for example, an increase in UK interest rates or an increase in the demand for UK exports.

Less able candidates were unable to correctly read the diagram, suggesting that the price of Sterling had fallen and relabelled the diagram (changing D to D²) to justify this. Some candidates attempted a different question, by considering what would happen because of this appreciation – this gained no credit.

Question 5 (a)

5 (a) Describe how each of the following measures unemployment:

- the Claimant Count (CC)

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- the Labour Force Survey (LFS)

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[4]

Most candidates knew how the claimant count was measured, although some did not produce tautological responses that did not make clear what was being claimed.

Fewer candidates were familiar with the way the LFS is measured. Many responses suggested it was just a survey sent to every household to ask them about their employment status.

Question 5 (b)

(b) The senior managers at *Camford County Council* have considered the latest unemployment forecasts published by the UK government. Three possible causes of unemployment are of particular concern:

- a 4 % decrease in the UK's Gross Domestic Product (GDP) over the next three years
- a rapid decline in manufacturing across the UK
- many local residents who become unemployed may not have the necessary skills to re-enter employment.

Advise the senior managers at *Camford County Council* which of these three causes is likely to have the greatest impact on unemployment in Camford. Justify your recommendation.

[16]

Many candidates produced overly long responses which looked at each cause of unemployment in depth, often without considering how this would impact Camford. In many cases, these candidates also did not make a decision as to which would have the greatest impact. This generally led to a mark of 8 or less.

Better responses focused on one or two of the causes and made good use of the available context to come to a reasoned conclusion. In particular, a rapid decline in manufacturing would have a significant effect on local employment rates in an area with 20% of workers employed in the sector. Also, in a location with an older population, as we are told is the case in Camford, a lack of the necessary skills to re-enter employment may be a more significant issue.

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