

CAMBRIDGE TECHNICALS LEVEL 3 (2016)

Examiners' report

BUSINESS

05834–05837, 05878

Unit 10 Summer 2023 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

After being able to report improvements in the standard of work over the last couple of examination series, this time the quality of work produced by most candidates was not such a good standard. The focus of this unit is Economics, the overall standard of specific Economics knowledge in many candidate's scripts was low or non-existent.

There were some scripts where candidates showed a good grasp of the subject matter and incorporated the context about a superior quality shoe manufacturer into their responses. In these cases, the context was well used and clearly accessible. However, many scripts scored lower marks, due to weaker performance in the more Economics-focused questions.

Many candidates omitted a large number of questions and in some cases this was quite significant. It was also noticeable that the standard of handwriting and general presentation of responses (for example, writing in the margins) was poorer this session.

This is a specialist unit which requires specialist knowledge. It is vital that centres provide candidates with that knowledge if they are going to do better in this examination.

Candidates who did well on this paper generally:	Candidates who did less well on this paper generally:
<ul style="list-style-type: none"> • had some knowledge of economics • made use of the context when required • kept responses focused on the question set • presented their responses in a clear and tidy manner • made a good attempt at the vast majority of questions, performing particularly well on Questions 1 and 2. 	<ul style="list-style-type: none"> • had little economics-based knowledge, especially with regards to the topics of price elasticity of demand, economies of scale, and supply side policies • omitted a significant number of questions • did not read the question carefully enough • gained most of their marks on Question 5 (b).

Question 1 (a) (i)

1 (a) Zac considers microeconomic factors, such as supply and demand, when making business decisions.

(i) What does a market demand curve show?

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..... [2]

Very few candidates were able to clearly explain what a demand curve shows. Many responses which gained no marks wrongly referred to supply, or made no reference at all to price.
A few responses made the connection between price and demand to gain both marks.

Question 1 (a) (ii)

(ii) Identify **three** factors affecting the supply of a product.

1
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2
.....
3
..... [3]

Few candidates were able to identify three **different** factors of supply. Many responses included factors affecting demand, for example, consumer income or tastes.

Question 2 (b)

(b) The UK government may attempt to redistribute income by:

.....

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..... [8]

There were also some successful responses to this question. More successful responses very quickly identified the impact on customers' disposable income (especially the customers of Better Shoes) and the lower price which would likely come about due to lower VAT. However, in many cases, these more successful responses still peaked at 6 marks. This was because the candidate did not attempt to evaluate, by suggesting which of the two tax changes would have the biggest impact on Better Shoes, using the evidence available.

Less successful responses often showed errors in their knowledge and understanding of taxes. In particular, suggesting that a business pays income tax, or it is the business' disposable income which is affected by increased income tax. Some responses also suggested that a fall in VAT would be costly for the business, as if it was a source of revenue for it. A fall in VAT (assuming it is passed on by the firm) will only have an impact on price. The business merely collects the VAT from the customer and passes it on to the government. Any reduction in VAT will not directly affect the income of a business unless demand changes due to the fall in final price charged or if the business does not pass on the fall in VAT by reducing price.

OCR support



The published mark scheme is a vital resource to be used in conjunction with this report. The mark scheme includes exemplar responses for most of the questions, clearly setting out what the minimum response is for each skill.

Question 2 (c)

(c) Other than changes to income tax, analyse **three** supply side policies the UK government could use to help UK businesses.

1

3

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Although questions about supply side policies have been successfully answered in previous examinations, on this occasion most candidates did not appear to know what the term meant. In many cases, responses were about taxation (even though it had been excluded in the question) or interest rates. In some cases, candidates wrote responses of 'fiscal policy' or 'monetary policy', not recognising that supply side policies are a separate category of policies.

The more successful responses were able to identify examples of supply side policy with changes to minimum wages, spending on infrastructure, and funding for education or training being the most popular. When a candidate was able to correctly identify an example, they usually gained all 3 marks for that part of the response. However, very few candidates were able to correctly identify and explain three different supply side policies.

Question 3 (a)

3 A merger between Better Shoes and Sykes Shoes is currently being considered. Zac thinks that this merger would affect the balance between price takers and price leadership in the UK shoe industry.

(a) Explain what is meant by each of the following:

- price taker

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- price leadership

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[4]

These two terms were not well known, although both are specification terms. More successful responses were able to link both terms to the level of power of that firm in their respective market.

Question 3 (b)

(b) Explain **two** ways the Competition and Markets Authority (CMA) might affect a proposed merger.

1

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2

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[4]

This is a topic which has been previously examined on many occasions. However, , a number of candidates were unable to show evidence of what power the CMA has with regards to mergers. Many candidates omitted this question or wrote responses which lacked relevance to the topic.

A few candidates were able to identify that the CMA has the power to prevent the merger from happening or place restrictions on it, those two responses being the most common ones seen.

Assessment for learning



There are now a good number of past papers available for this unit. Centres are encouraged to make use of these to make sure that candidates are familiar with both the style of the paper and what is required from each type of question asked.

This was a question where many candidates did not read the question carefully enough. The question asked specifically about the benefits of **selling** internationally, as opposed to the general benefits of international trade. Many candidates included one or more responses which were not relevant for a firm which is only selling abroad (for example, the availability of cheap labour or the benefits of having a factory in another country.) These responses could not gain any marks.

More successful responses were able to consider specific benefits of selling internationally, with the most common ones being 'access to a wider market' and 'building partnerships with other countries'. These more successful responses were still often limited to 5 or 6 marks for two reasons. First, candidates were unable to identify a third different benefit. As highlighted in the mark scheme, there are plenty of other options, with few candidates mentioning the possibility of lower taxes or higher prices abroad, or the ability to overcome limitations in the domestic market. Second, very few responses provided any context in each benefit which is a requirement of this question (see below).

Misconception



Looking through recent past papers and the published mark schemes, centres should note that there are always three 9-mark questions in this unit. However, each of these three questions is assessed in a slightly different way. The evidence from marking examination responses is that many candidates do not seem to be aware that this distinction exists.

The style of each question is:

- one general analytical question about a concept from the specification which is focused on the named business in the case study. This is marked using Levels of Response and has an open set of response lines. On this paper it is Question 2 (a)
- one question asking the candidate to analyse how a specification concept will affect any business. This will have a response space numbered 1,2,3. Each response is generic and only needs to show the impact on a business in general. On this paper it is Question 2 (c)
- one question asking the candidate to analyse how a specification concept will affect the specific business in the case study. This will have a response space numbered 1, 2 and 3. Each response needs to be contextual and 1 of the 3 marks for each response is given for using the specific context (CONT). On this paper it is Question 4 (b).

Centres should make sure that candidates are aware of this distinction and are able to identify each question style in the examination to make sure that their responses are focused appropriately.

Question 5 (a)

5 (a) Explain **two** activities the World Trade Organisation (WTO) carries out as part of its role in global markets.

1

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2

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[4]

A small number of candidates were able to correctly identify and explain the role of the World Trade Organisation (WTO). Most commonly, correct responses referred to the WTO's role in settling trade disputes between countries and helping to negotiate free trade agreements. A few responses suggested that the WTO's role is with regards to individual firms, or even consumers, which is not the case.

Knowledge of organisations such as the WTO, IMF, and World Bank are required by the specification,

Question 5 (b)

(b) There is expected to be a large increase in the number of imports into the UK over the next five years. This is likely to have three effects in the UK:

- access to more suppliers of raw materials at lower prices
- more imports of low quality shoes
- increased publicity about the environmental consequences of international trade.

Recommend how the production function of Better Shoes should respond to these anticipated impacts. Justify your recommendations.

[16]

In many cases, less successful responses overall were given a significant portion of their total marks on this question. They were often able to gain at least 9 marks by making comment about how access to cheaper supplies of raw materials may allow the business to reduce its costs and so allow higher profit margins and/or lower prices. Higher performing candidates would usually be able to also show similar skills for one of the other options. This was most common when writing about the increased environmental concerns. Some successful responses were seen that suggested the production function of the business needed to find suppliers in the UK, make sure that supplies from abroad arrived in one consignment, or launched the proposed 'vegan shoe' promptly.

In many cases, once a candidate had achieved one or more examples of Level 3 in their response, they were able to move on to Level 4. This was by deciding about which item would have the greatest impact on Better Shoes. However, few candidates went on to justify that decision using the evidence available or considered why one issue was more significant than another.

Less successful responses were often only given a few marks for this question (some gaining no marks at all) due to their responses not being about the response by the production function of the business. Answers often focused on marketing or finance, and these could rarely gain any marks.

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