

# **Business Studies B**

General Certificate of Secondary Education **GCSE 1952**

## **Report on the Components**

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**June 2007**

**1952/MS/R/07**

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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 syllabus 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.

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### Business Studies B (1952)

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**Chief Examiner's Report  
Business Studies B  
June 2007**

June's entry posted record entries for this specification. It is a timely reminder as to why this specification was established. The aim was to provide a "different" approach to the teaching and learning of business studies and in particular to encourage an investigative approach to the topics based on local business organisations. What is clear from this summer's papers is that this is a real strength in some centres. Candidates demonstrated considerable experience of studying and making recommendations about local business issues. There are however a number of centres who teach the course more formally and more text book based. Whilst this is not impossible these students may be disadvantaged as the examination papers are based on the empathetic approach encouraged by studying local businesses.

This emphasises to centres the importance of correct examination preparation. In all papers (and to an extent the coursework) there are often many open ended answers and it is the ability of the students to think about the issues in the context given that will set them in the direction of a well considered and reasoned response. Whilst a solid understanding of the business theory contained in the specification is essential it is not enough. Practise in the style of questions contained in past papers and in particular the levels of response questions should provide an encouragement for the development of candidates own thinking.

There were again some really excellent candidates who combined theory, technique and a real understanding for the contexts given. They provided answers and coursework that were a pleasure to read in terms of their thorough presentation leading to logical conclusions. They had clearly both understood and enjoyed the course that they had followed. As ever the following reports provide more specific details and feedback on each component and should be invaluable in terms of providing the right preparation for candidates following this alternative modular specification.

## Unit 2321 - Business Organisation

### General Comments

The majority of candidates continue to show that they have gained some knowledge and understanding of the material. At one end this amounts to a clear understanding of the content of the Specification and how this knowledge can be applied to a wide variety of situations. At the other, candidates demonstrate some knowledge of the basic concepts and can handle numerical data.

Application of business ideas was a weakness for many candidates. It was clear from a high proportion of scripts that many candidates were unable to apply their knowledge of advertising/marketing to the building industry (1b/1bii) or batch production or stock control (parts of question 2).

#### Teachers' Tip

Time spent on developing how business concepts are used, as against just knowledge, is likely to be well rewarded in any exam.

Candidates who did well at both levels were those who:

- read the scenario of the question, '70% is sold to four large retailers who specify their own requirements' was often ignored on both papers resulting in very general answers lacking relevant **application**.
- can name and respond sensibly about a business/businesses they have studied. Some centres had clearly prepared their candidates for the questions requiring the naming of a business and usually reaped their rewards in questions one and four. In other cases, however, candidates were choosing businesses that they appeared not to have studied or were not naming a business at all. Although there is no mark, as such, for the name of the business, failure to name one will prevent candidates reaching the top of each level in the mark scheme. It was good to see, however, that more candidates can both name a business and demonstrate knowledge and understanding relevant to that business and the question.
- took due note of the key word e.g. 'advise' and 'discuss'.

It was pleasing to see that most candidates on the higher level paper attempted the question carrying the extra QWC marks, but this was not the case for Foundation Level candidates. This meant that these candidates lost eight marks. Centres are reminded that their candidates are advised to attempt this question and that it is shown, on the paper, by an asterisk '\*'.

In general, Centres had continued to exercise care over the entry of candidates for the Foundation paper although a few, who scored very high marks, would have coped with the Higher paper. Once again, however, there were significant numbers of candidates entered for the Higher paper when their responses clearly indicated that they would have benefited from taking the Foundation paper. It is discouraging for examiners to mark scripts that receive less than 20 out of the 60 marks available and must equally be so for the candidates when they receive their results.

The examiners would be greatly helped if Centres would instruct candidates to indicate when they have used the extra pages, at the end of the booklet, to continue their answers. It was very good to see that many candidates are now doing this.

### Paper 1 – Foundation

It was pleasing to see that there were fewer extremely weak candidates, while on the other side there were more who could offer explanation and start to discuss.

### Question 1

- (a) While the majority of candidates recognised that both statements were true, it was clear that most of the other candidates were merely guessing.
- (b) Most candidates were able to give two ways of advertising products, but only the better candidates could apply these to the building industry for full marks.
- (c) In part (i) most candidates were able to state one advantage to a small business of being a franchise, such as the fact that the name and logo would already be widely known. In part (ii), however, some candidates ignored the reference to 'other than advertising' and simply explained promotion through advertising, gaining no marks. Many answered the question posed and explained one way in which the chosen business could promote itself, such as through sponsorship. Some candidates were unable to gain maximum marks in this section because the business named was not a franchise.
- (d) This question was about market research. Although most candidates were able to explain a method that would be appropriate to use, a number made very general statements such as 'Lu should ask people' without specifying a method as such. In part (ii) candidates tended to explain why and ignored 'discuss'.

### Question 2

- (a) The majority of candidates were able to state one advantage of a limited company, such as the fact that it would have limited liability.
- (b) The majority of candidates answered this correctly.
- (c) Although most candidates could identify the correct statement for batch production a few put a tick in more than one box and scored zero. The second part required application of batch production where 70% of output went to four retailers. Those who recognised this were able to point out that batch production was ideal for this as different colours and styles could be easily made. Many, however, had no idea of what was involved in batch production and so were unable to go beyond repeating the definition or talking about colours and styles.
- (d)
  - (i) There were a number of confused and confusing answers to this part of the question. It was clear that relatively few students really understood what was meant by stock control. A common error was to state that the problem got worse after October; in reality, the opposite was the case as it meant that more items were being sold. Better candidates did identify issues concerning storage including cost.
  - (ii) Many candidates recognised that this situation would lead to a cash flow problem, even if they did not actually use that term.
  - (iii) There were some good answers which often involved candidates suggesting that the firm ought to try and find markets other than Christmas. A common mistake made by many candidates was to write about the firm as if it was a retail shop rather than a production unit leading to unrealistic suggestions.

#### **Teachers' Tip**

Make sure that candidates have had the opportunity to discuss important business concepts in a variety of situations. This could be done as a way of extending work done in relation to a business that has been studied in depth.

### Question 3

- (a) Although only a few candidates used the easy way to arrive at the correct answer, by taking £80000 from £500000, it was pleasing to see a large proportion getting this right. Those who did not often tried to change gross profit.
- (b) There were a number of good answers to this part of the question with candidates pointing out that a decision to pay the shareholders a dividend would reward them for their loyalty and encourage them to keep their shares in the business. Other candidates suggested that it might even encourage shareholders to invest more money into the business. In part (ii), although many candidates did understand what was meant by a CAD/CAM system and were able to offer a sensible reason why it should be installed, many were unable to show that they understood what the term meant with some seeing it as a kind of security system.
- (c) Some candidates struggled to explain either shares or loan as a source of finance. There were, however, a number that were able to compare and contrast the two methods and then come to a conclusion as to why one might be preferable to the other.

#### Teachers' Tip

Candidates are likely to gain a better understanding of methods of finance if these are both linked to their own situation e.g. loans/overdrafts and, also, tied in with news stories, visit from a bank, talked about when visiting a local business etc.

### Question 4

- (a) The majority of candidates correctly stated one external and one internal stakeholder.
- (b) The majority of candidates were able to state a method of communication with external stakeholders and then were able to go on to explain why this method would be appropriate. Those who chose a meeting often found it difficult to gain the third mark.
- (c) Although nearly all the candidates could give methods by which a business would communicate with its employees, it was clear which candidates had real knowledge of the business named. These often went on in part (ii) to link communication with motivation some arguing that one method would while the other would not, while others rejected both in favour of, for example, job rotation. Some candidates clearly know adults who work in organisations where communication is dysfunctional. Weak candidates were sometimes confused by communication offering ideas such as 'bonus' and/or ignoring motivation in the second part.

### Paper 2 – Higher

There was a very wide range of ability shown by candidates on this paper. At the top are those who have an excellent grasp of business concepts and terms and can use these both in the context of the questions and, where called upon, to discuss a business they have studied. At the bottom are those who had little knowledge of the content of the specification, gave vague responses to questions and often ignored the context and/or did not name a business where required to do so.

### Question 1

- (a) There was a general assumption that a consumer is 'anybody' who buys anything, and 'industrial' is any business. Many candidates assumed that putting 'anybody' and 'business' in their responses guaranteed a mark whereas the emphasis in both cases is on 'use'.

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- (b) Most candidates were able to gain both marks in part (i). They were, however, unable to apply marketing to a specific example, in this case the building industry. Those who chose television or newspaper advertising could not get beyond half marks. Better candidates often suggested direct approaches which were clearly more appropriate.
- (c) Those candidates who answered the question posed, normally gained full marks. Many, however, answered in terms of the franchisee rather than the franchisor. In the third part, most could explain a way of promotion, other than advertising, but not all offered a business which was a franchise. It was good to see some candidates going beyond the fast-food outlets.
- (d) The question proved successful for most candidates as it gave them the opportunity to explain a method of market research and then provide some sensible reasons for why Lu should undertake it. Those who could place it in the context of the scenario often offered discussion. Weak candidates made very general statements such as 'Lu should ask people' without specifying a method and often talked about pricing methods in part (ii).

### Question 2

- (a) Too many candidates scored zero either because they gave an advantage, when the question asked for a disadvantage, or because the advantage did not apply.

#### **Teachers' Tip**

Make sure that candidates have a firm grounding in basic business concepts and ideas including not only definitions, but, also, advantages and disadvantages and how the concept etc can be applied.

- (b) Although many candidates could explain batch production, some did not aid clarity with definitions along the line of 'this is where different batches are made'. The main error was to confuse batch and flow.
- (c) Good candidates very often attacked the idea of '70% is sold to four large retailers who specify their own requirements' immediately showing why batch production would allow Gift Deco to supply their needs. Too many candidates, however, could not go beyond a definition of batch production or concentrated on 'many colours and styles'.
- (d) (i) There were a number of confused and confusing answers to this part of the question. Many students did not demonstrate that they understood what was meant by stock control. A common error was to state that the problem got worse after October; in reality, the opposite was the case as it meant that more items were being sold. Better candidates did identify issues concerning storage including cost. Others said that it might be difficult to fulfil orders in December and got some credit.  
  
(ii) Many candidates recognised that this situation would lead to a cash flow problem, even if they did not actually use that term. Problems of paying wages featured in many answers.  
  
(iii) There were some good answers which often involved candidates suggesting that the firm ought to try and find markets other than Christmas. A common mistake made by many candidates was to write about the firm as if it was a retail shop rather than a production unit leading to unrealistic suggestions.

**Question 3**

- (a) A large number of candidates scored full marks. Others were able to calculate the new gross profit, but missed the final 'step'. Encouragingly few submitted a page of numbers with little coherence. At the last stage a percentage was often calculated without showing the figure £100,000.
- (b) Many candidates showed a good understanding of net profit in business and they were particularly concerned about reinvesting in the business to make it grow instead of paying the entire dividend to the shareholders. The best answers offered some sensible discussion of the issues. A few candidates were very confused as to the role of net versus gross profit and the function of shareholders and gained little credit.

**Question 4**

- (a) Although the large majority of candidates knew what stakeholders were not all mentioned that they could be both internal and external and/or gave examples. It was disappointing that some candidates still equate stakeholders with shareholders.
- (b) Most candidates chose one of two approaches. Some addressed this successfully in a more general sense and were able to gain full marks. Others looked at one example, such as customers, but often found complete development difficult.
- (c) Most candidates could explain how their business motivated employees, but only a minority addressed 'how successful'. Those who did often offered interesting insights showing good knowledge and understanding of their business. It was good to see some critical approaches being taken.

**Teachers' Tip**

Try to develop the idea of discussion/assessment/making judgements, etc from the start of the course. When looking at a business try to develop a critical approach to information.

## **Unit 2322 - Business Studies Coursework**

### **General Comments**

The overall standard of work was maintained in the summer series, with a number of candidates producing quality assignments which showed a high level of business studies understanding. It is to their credit and the quality of teaching that standards remain so high.

The choice of title remains varied. An increasing number of centres devise their own title after seeking advice from OCR Coventry office on the suitability of the approach and how it would meet the necessary assessment criteria. The general approach remains to have one title for the whole cohort. This helps with internal moderation and achieving a reliable order of merit within the centre. A minority of centres offer a range of titles (though often on a similar theme) to candidates. Whilst this has the advantage of candidates having a sense of ownership within the work, it can make internal moderation more difficult, especially where there are no experienced staff available to guide other colleagues.

Marketing and location are the most popular specification areas on which to base the assignment. These provide an opportunity for good primary research which can be later analysed and evaluated. They are also subjects which candidates can associate with themselves which aids the overall comprehension of the issues at stake.

A number of centres chose to use the supported coursework investigation, based on the marketing of T Mobile. This scheme provides support from the principal moderator to teachers in the planning and writing of the assignment. Further details can be obtained from the OCR Coventry office.

The Internet is extensively used by many candidates as a source of information. Whilst the inclusion of superfluous material from such a source (along with magazines and brochures) is not as much of a problem as it was, there are still too many candidates who include any material they can find whether it has a real bearing on their investigation or not. It may be the case that time should be allocated to give candidates guidance on how to sift information in order to assess its suitability for inclusion within a business studies assignment.

Administrative problems within moderation centred around 3 areas:

- Using a '0' when no coursework has been completed. An 'A' should be entered.
- Not enclosing the coursework authentication form with the coursework.
- Arithmetical errors. These may be in the addition of marks, or in the transfer of marks from the candidate sheet to the MS1.

Centres are asked to take care when completing the administrative side of coursework submission.

## Application of the Assessment Criteria

### Criterion 1

Here candidates are required to state the aim of their assignment and explain the strategy which will be used to achieve the aim. At times centres over rewarded a simple list of tasks which the candidate intended to complete. For the higher range of marks, there should be reasons given why a particular strategy is being employed. This may be why a particular sample for primary research is being used, why maps are important to the study, why the present market mix for a business is to be analysed etc.

### Criterion 2

This criterion deals with the collection of information within the assignment. Candidates must gather sufficient data to achieve the aim, which under most circumstances will include both primary and secondary information.

Many candidates collected primary data, though this often lacked depth with, at times, as few as 10 interviews being completed. Where location was the theme, more able candidates collected footfall information to help them in their work. Secondary information must be within the context of the work and clearly applied to the business under investigation. Merely stating, and indeed explaining, for example the differing pricing strategies cannot be rewarded *unless* it is clearly applied to the business. A number of candidates spent time and trouble going through the full market mix without gaining any credit simply because it was not in any context.

It is worth repeating at this stage the need to be careful when using downloaded material. This should always be commented on within the work with an explanation as to what it is illustrating. If a candidate cannot clearly justify why material is being included then it should be discarded.

### Criterion 3

To satisfy this criterion, candidates must present their work in a clear, logical fashion which serves the aim. There were once again many examples of work which were of a professional standard, with care taken over maps, diagrams, charts, tables, photographs as well as text.

The use of maps has improved, with more candidates annotating maps of a different scale to illustrate particular aspects of the location of a business. Digital photographs are being seen rather more in certain assignments. These again are improved by the addition of thoughtful annotation which directs the reader to the points being raised.

### Criterion 4

This criterion requires candidates to use business terms and techniques within their work. In the worst cases, there was no real use of business terms, with the assignment looking as though no business studies leaning had taken place. General terms were used rather than the more specific business language which can be rewarded.

More able candidates were able to use the correct terms throughout their work, particularly on the marketing based assignments, investigating different pricing strategies, promotional opportunities, product mix and life cycles etc.

SWOT analysis is being used by an increasing number of candidates in their work, with a small minority of stronger candidates also using the Boston Matrix (not within the specification, but used well in context). Care should be taken when using these techniques so that they inform the investigation and form part of the data gathering process which informs the later recommendations.

### **Criterion 5**

Here the candidates must both analyse and interpret the data they have collected. Whilst many candidates are able to draw clear graphs with the use of ICT, it remains the case that the analysis and in particular the *interpretation* of data proves difficult for the less able. In addition to this, some candidates work that is strong in other areas is let down by a failure to interpret the data, which accounts for many of the mark reductions under this criterion. Using separate headings, analysis and then interpretation, is one possible way of directing candidates to at least attempt both of the required elements.

As stated in last year's report it is still disappointing that candidates do not make full use of their data. Most questionnaires for example contain sections on gender and age. Most candidates only then comment on the fact that they interviewed a certain number of each gender, with better candidates explaining why those proportions were used. What is usually ignored is *how* those different age/gender groups reacted within the rest of the questions. Such analysis would certainly give greater scope for more detailed recommendations to be made.

### **Criterion 6**

Criterion 6 requires candidates to evaluate the *data* (*not* how they enjoyed the work or how it would be improved) and make appropriate recommendations. It is vital that any recommendations must fit the context of the study and be fully justified by using the earlier analysis and interpretation. A minority of candidates still ignore the data analysis and present a personal view of what the business should do, often totally at odds with what the data is indicating.

Candidates scoring well on this criteria looked carefully at their data analysis, and used figures from that section to add weight to their recommendations which were clearly within the context of the business situation/decision being investigated.

## **Unit 2323 - The Business in its Environment**

### **General Comments**

This year's paper proved to be a suitable challenge to the candidates and their overall performance demonstrated that they were able to rise to that challenge. However, the performance of candidates across both papers was slightly lower than last year. Despite this, there were many examples of very good scripts on the higher tier paper and performance of many candidates entered for the foundation tier was pleasing. While there was plenty of evidence that candidates had a good overall understanding of the subject content of the specification, it is noticeable that when questions are based around the role of the public sector student performance, particularly in the foundation tier, is slightly lower. Candidates on the higher tier were often able to demonstrate good higher order skills of analysis and evaluation, although foundation tier candidates' ability in these areas was generally lower in this examination session.

Centres appeared to have entered the majority of candidates at the appropriate tier; although, once again, there was some evidence that candidates did not have the required subject knowledge or the ability to use higher order skills to cope with the demands of the higher tier. Given the specialised nature of the subject content and the fact that this is a unitised specification, there has been evidence in previous years that some centres have been somewhat cautious about entering candidates at the higher tier level. Some candidates might profit from a similar degree of circumspection and caution by centres that always enter all of their candidates at the same tier for each of the units of this specification.

As in previous years, the key differentiating factors were:

- subject knowledge
- examination technique
- the ability to use contextual information; and
- the ability to demonstrate skills of analysis and evaluation.

There were fewer obvious gaps in subject knowledge this year. However, some candidates (including the majority of candidates from certain centres) had specific difficulties in the areas of interest rates, public sector organisations, the role of the state and patterns of employment.

In order to access the higher marks available within the mark scheme it is imperative that candidates answer in their own words. If information from the stem of the question is simply repeated in a candidate's answer to an open-ended discursive question then it is very unlikely to achieve higher than Level 1 (knowledge and understanding). The examination for this unit always consists of questions which use brief scenarios concerning a specific organisation as both a setting and a stimulus for the individual questions. This information is not there simply to be repeated at great length in the answer to the question.

Two of the keys to success in this paper are the abilities to analyse and to evaluate. In order to do this successfully candidates must be able to discriminate in terms of the information provided at the start of the question and each sub-question. There are some aspects of the information that are more important than others and these can often provide the basis for reasoned discussion and supported judgements to be made. Once again, this year many candidates simply resorted to repeating suggestions that had already been made earlier in their answers or they finished with a statement that the decision should or should not be made because in their opinion it was the best option with no attempt being made to justify why.

There was no evidence of candidates being short of time. Unanswered questions appeared to be due to a lack of subject knowledge.

*Report on the Components taken in June 2007*

For some candidates there is a need to extend their answer to the blank pages at the back of the answer booklet. It is advised that candidates inform the examiner of this by putting a reference such as 'See back of booklet' or 'Answer continued at back' so that the answer can be read logically as it was intended to be read.

As might be expected, the cross-over questions targeted at grades C and D were not answered as well on the foundation tier and reflected some significant gaps in subject knowledge and/or in the abilities to analyse and evaluate. However, the higher tier candidates were often better equipped to provide well-structured and detailed answers to these questions. Both tiers had difficulty with Question 1 (b) (i) concerning the role of the public sector.

Performance in the questions of the paper was inconsistent across both tiers with candidates generally performing better on Question 1 than on Question 2. This was undoubtedly due to the presence of more discursive sub-questions in Question 2.

## 2323/1 Foundation Tier - The Business in its Environment

### Comments on Individual Questions

This paper is targeted at grades C to G and the questions were accessible to candidates working at this level. The overall quality of written communication was quite good.

The main reasons for candidates not gaining marks were:

- a. Limited amounts of analysis and evaluation demonstrated.
- b. Lack of use of the information given in the question to inform their answers.
- c. Copying of information from the introduction to the question into their answers.
- d. Weaknesses in subject knowledge. For example, few candidates demonstrated a clear understanding of how interest rates impact upon business, which led to disappointing results for certain questions.

Candidates seem to have made good use of their time.

Standards of spelling were occasionally poor, although few scripts were illegible.

### Question 1

- (a) The majority of candidates achieved 3 marks out of 4. However, many students thought that there must be two public and two private and so crossed out right answers.
- (b)
  - (i) There were very few correct answers to this question. Candidates did not link their answers to the fact that the airports were council-owned and how services funded by the public sector could lead to cheaper costs for the airline. Many candidates wrote about the fact that DAL did not own the airport and so did not have to pay for maintenance, etc. However, the same would be true if DAL operated from an airport owned by a private enterprise.
  - (ii) Lots of candidates identified that affording an update of buildings and facilities could be a problem for a local council. However, many failed to identify why there is a limited budget for council services. Better candidates were able to link this to the collection of taxes and an unwillingness among local residents to pay higher taxes.
- (c) The majority of candidates were able to score full marks on this question, with very few achieving no marks.
- (d)
  - (i) Candidates demonstrated a wide range of correct responses to this question.
  - (ii) Candidates frequently identified steps that airlines could take to reduce environmental damage such as cutting down on the number of flights or using more fuel efficient planes; however, few seemed to understand that the question was looking for actions that **the state** could take to bring about change. Many candidates identified not building the runway as an option, despite the fact that the question clearly stated that this would not be rewarded. Less realistic answers included moving the runway to a different place, although better candidates were able to explain actions such as the use of taxation or restrictions on the number of flights. Unfortunately, many candidates let themselves down by being too vague when their ideas were basically sound.

- (e) Many candidates were able to access Level 2 in the mark scheme (3-4 marks) by using the information to explain possible issues surrounding the introduction of new technology. Unfortunately, some candidates did not use the information provided at all. This seemed to be an issue across certain centres and therefore centres should be preparing candidates to make use of all of the information provided as context, particularly if this is what the question asks candidates to do.

Few candidates reached Level 3 (5-6 marks) due to a lack of any analysis. Again, centres should be reminded of the importance of preparing candidates to look at the figures and to use words such as 'the majority of', 'more than x%' or 'over half of' in order to back up their explanations. Many limited themselves to simply repeating the data in words with little thought shown. Those who did reach Level 2 rarely went beyond the most obvious reactions to the data. Stronger candidates did analyse the figures to give totals, for example by stating that 20% thought the present check-in to be slow or very slow. Similarly, stronger candidates were able to recognise the fact that DAL was only 4 minutes slower than the fastest, so customers would not be particularly concerned about saving that amount of time and certainly would be unwilling to pay for such a small improvement.

The quality of written communication was generally sound.

- (f) Many candidates identified not introducing the new computer system as a method of conflict avoidance. However, few then backed this up with reasons as to why this would prevent conflict. Few scored both marks and too many did not appear to read the question properly. Some candidates produced good answers which involved, for example, discussions with the unions and coming to a compromise, 'persuading' staff to accept the change by increased pay or being moved to other parts of the business. Some of these answers would have been worth more than two marks if the mark scheme had allowed.
- (g) There were few problems with this question.

## **Question 2**

- (a) Many candidates described competition, but not a reaction to the actions of another firm. Those who did often identified several reactions rather than explaining one. Many candidates chose to suggest that a particular supermarket, such as Tesco, had low prices; however, there was a general failure to recognise that this question was about 'change' and the response to change.
- (b) Most candidates were able to show an understanding of the difference between fixed and variable interest rates (although some were confused and talked about saving rather than borrowing). However, few candidates achieved Level 3 (5-6 marks) due to a lack of any analysis. Where candidates did attempt to analyse figures by calculating how much was needed to be paid back virtually all achieved Level 3. Weaker candidates did not understand the issues or could not calculate any figures correctly or simply discussed the expansion of the business. Many candidates did recognise that having a fixed rate when interest rates fell would be a problem, but an advantage if interest rates rose. Stronger candidates, however, were able to work out the total interest paid each year and the total extra interest to be paid.
- (c) Many candidates achieved marks in Level 1 (1-3 marks) as they were able to use the information provided to analyse possible impacts on the business. However, very few achieved Level 2 (4-6 marks) as they failed to look at both sides of the argument. Rather they made a decision at the start of the answer and then detailed the positive reasons as to why this would be the best choice. Candidates should be reminded in extended answer questions to look at all possible choices and consider the positive and negative implications of them in order to reach a supported judgement.

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- (d) Candidates easily achieved Level 1 (1-2 marks) and many achieved Level 2 (3-4 marks) as they were able to make basic analytical comments. However, very few achieved Level 3 (5-7 marks) as candidates again provided one-sided arguments and did not look at either any negative implications of selling waste or any positive implications of leaving waste for the council.
- (e) The majority of candidates answered this question well.
- (f) This question was generally well answered, despite the many mis-spellings of corporation!

## **2323/2 Higher Tier - The Business in its Environment**

### **Comments on Individual Questions**

This paper is targeted at grades A\* to D and the questions brought a range of responses.

The main reasons for candidates not gaining marks were:

- (a) Weaknesses in subject knowledge, e.g. public enterprise, the role of the state and patterns of employment.
- (b) Failure to read the question properly or focussing on a narrow range of issues provided in the stem of the question.
- (c) Repetition of information provided in the stem of the question.
- (d) Lack of analysis issues in candidates' answers.
- (e) Repetition of issues already discussed when trying to evaluate.

Standards of spelling and written communication were generally good.

### **Question 1**

- (a) (i) Weaker students tended to confuse private enterprise with private limited companies, but could still achieve some reward for their answer. Better responses referred to a profit motive and/or provided an example of a private enterprise.
- (ii) There was the usual confusion over the specific use of the word 'public' in this question and significant numbers of candidates wrote about public limited companies! Better responses referred to a service motive and/or provided an example of a public enterprise.
- (b) (i) This proved to be a difficult question even for higher tier candidates. Common inaccurate responses referred to the fact that the airport was not owned by DAL and so it was cheaper. However, payment by the council for the operation of the airport does not make it cheaper to operate at a council-owned airport as these operational payments would be paid for by a private enterprise if privately owned. The airline would not be responsible for paying them in either case!
- (ii) Candidates were often able to score one mark by identifying the shortage of funding, but all too often they were unable to go on to explain how this could have arisen for a local council.
- (c) This question was generally answered very well.
- (d) (i) A large number of candidates were able to identify a reason for the decision of the local council, e.g. increased pollution, but then were unable to go on to explain the reasoning behind such a decision.
- (ii) A common misunderstanding amongst candidates was to identify and explain actions that the airline could take to reduce environmental damage. However, the question was designed to test understanding of the role that the state can

play in protecting the environment. Better candidates were able to suggest examples such as the use of taxation to reduce demand for air travel and so cut emissions or limits on the number of flights to cut noise levels.

- (e) This question produced some very good answers that were able to analyse and evaluate the issues facing a business such as DAL in the market in which it operates. It was rewarding to see candidates using such a good range of concepts to help them answer the question set. A key issue for some candidates was the fact that DAL was a low-cost/budget airline and considered the impact of higher fares on existing or potential customers. This shows good use of the stimulus material provided to allow a context in which to structure an answer to such a question.

The quality of written communication was generally good.

- (f) (i) A good range of options were presented in answer to this question, which demonstrated a well developed understanding of this part of the unit specification.
- (ii) To achieve full marks for this question, a candidate could answer by means of one very well developed explanation or by means of three identifiable legal protections. It was pleasing to see some very good answers to this question.

## **Question 2**

- (a) Unfortunately, some weaker candidates did not appear to have read the question properly and tended to answer by means of existing or generic marketing activities that a business is undertaking. However, the key issue was changes in marketing activities in response to competition.
- (b) There were some very good answers to this question, which included relevant calculations of the impact of interest rate changes within the context provided. However, it was slightly disappointing to see so few answers that managed to reach Level 4 (7-9 marks) by successfully evaluating one or more of the relevant issues discussed. Where evaluation was seen it was sometimes related to the benefit of a fixed rate loan to the business in terms of the future budgeting and financial planning or piece of mind for the owner of a small business in a competitive market.
- (c) This question proved to be a real test for the candidates. Common misconceptions included the possibility of the business being able to pay part-time workers less per hour than full-time workers or that the wage bill of the business would fall despite the fact that the business was planned to be open for longer. A lot has changed in the UK's patterns of employment over the past two decades, which has been well documented and it is important that centres reflect the dynamic nature of the business world in the teaching of the subject. It can be expected that future questions will attempt to examine candidates' understanding of relevant **changes** that occur within the external environment of business as laid out in the specification for this unit.
- (d) In contrast to the previous question, this question brought out a much better set of responses from candidates. Clearly the nature of the subject matter within which

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this question was framed was well understood by candidates and they were often able to analyse a range of issues and then to reach a supported judgement based upon that analysis. Issues relating to waste management have been raised in previous examination papers and it was pleasing to read many excellent answers.

- (e) This question was generally answered well.

## **Unit 2324 – Business Processes**

### **General Comments**

This year's case study was based on one of the most important sectors of the British economy, the financial services sector. It also took the opportunity to consider many of the issues in this and many other tertiary sector firms i.e. mergers, relocation and the impact of technology. In addition as a study of a plc the case study gave many opportunities to consider issues found in large organisations particularly divergent stakeholder aims and the importance of people issues.

Most centres and candidates were well prepared for this paper and had clearly spent much time discussing many of the issues outlined in the case study. There was again much evidence of candidates preparing well for the obvious questions e.g. redundancies and again there were fewer pre-learnt answers reproduced than was the case when this paper was first introduced. There was however an increasing number of candidates failing to answer the question set for example the question on market research methodology where many candidates discussed methods of data presentation.

A recurring characteristic seems to be the failure of some centres and candidates to be prepared to answer some of the later questions highlighted in the case study. The most obvious example this year being the branch banking vs. mobile technology issue. The main weakness however continues to be the failure of candidates to address questions requiring evaluation. This paper has a large number of marks available for evaluation and it is disappointing to see many candidates continue to miss these marks. Often detailed and well argued answers failed to gain above half marks because of the lack of an evaluative conclusion. Questions words such as recommend, advise and evaluate should all be expected as should questions asking for priorities or judgements. This was particularly a problem in Q3 in both tiers. Centres would be well advised to frame such questions in their preparation for this examination and to advise candidates that evaluation can be required in low mark questions as well as the more open ended ones.

It is worth repeating that calculations are a requirement in all papers for this specification. A similar financial table to table 1 was set three years ago and it was pleasing to see some improvement in the number of calculations used. More disappointing, however, was that many answers tended to describe the figures line by line rather than look at overall trends. Again the ability to comment and make calculations on such data must be an essential feature of case study preparation.

Overall many candidates were able to identify with the case study situation and consider the issues from the point of view of many of the stakeholders identified. This empathetic approach continues to be the best strategy for candidates to gain high marks, particularly when combined with sound business knowledge and good examination technique.

## 2324/01 Foundation Tier

At foundation level some candidates found the context more challenging than in recent years. There were however some very good papers, in some cases from potentially higher tier level candidates. There were however some basic weaknesses in subject knowledge particularly around the first and last sections of the module specification (objectives and evaluation). Questions have been asked on these areas every year yet they continue to be erratically answered.

Candidates did make good use of the context and were able to describe many of the required decisions. There was some evidence of candidates over relying on the text rather than using the data it contains. Questions 2 a (iii) and b (ii) were good examples of this. This normally resulted in candidates gaining low level marks for often very long answers.

### Comments on individual questions

- Q1. (a) (i) Many candidates gained one mark from this question with common objectives being to increase revenue or to increase the range of services offered. Answers were clearly in the text yet some candidates seemed to make up objectives or refer to the present AnB situation rather than the historical merger.
- (ii) This was less well answered although some candidates had some ideas of achieving objectives and setting new ones. Other referred to external changes requiring new objectives e.g. the effects of competition or technological change.
- (b) (i) On the whole poorly answered. The quote in the question was in the case study yet issues such as sample size, independent researchers, and national survey were often missed. Many comments were more general about the qualities of the questions and answers but these did not address the issues of “how” the research was collected.
- (ii) Most candidates gained one mark for this question, generally referring to the comments nature of section 3. Better answers often associated tables and charts with figures.
- (c) Where candidates referred to the Appendix this question was well answered although some candidates insisted on listing advantages and disadvantages rather than explaining one of each as required.
- Q2. (a) (i) Most candidates calculated the answer of £400m correctly.
- (ii) The calculation of the percentage was less successful with a minority of candidates failing to attempt this part. A range of calculations and attempted answers were produced with a minority calculating 25% correctly.

- (iii) This was a crossover question. Most candidates were able to describe the data although some ignored the employee data. Some also undertook a year by year comparison rather than trying to compare over the period or more general trends. Some calculations were used but these were often only absolute change (Level 2) rather than productivity measures based on either revenue or profit per employee.
- (b)
  - (i) This was a well answered question with most candidates gaining at least Level 2 marks. Many conclusions however lacked justifications. Issues identified included saving wages and reducing costs compared to losing key workers and possible disruption or industrial action.
  - (ii) There was no requirement in this question to choose two particular candidates for redundancy although Tony was invariably one of the choices. Far more important was to provide some commentary regarding the recommendations made based ideally on comparisons between those being made redundant and those keeping their jobs. Many candidates merely restated the summaries from Appendix 1.
- Q3 (a)
  - (i) Most correct answers concentrated on the threats of technology, often related to mobile phones. Many candidates however included in their answer either competition or actions related to competitions which was not allowed within the question.
  - (ii) Most candidates gained level one marks for this question with competition being allowed as the basis for an answer or a comparison. Very few candidates however addressed the evaluation requirement signalled by the “greatest threat” in this crossover question.
- (b) Although many candidates explained issues related to possible expansion in Europe such as possibly lower costs or increased revenue. Very few candidates however addressed the “whether or not” aspect of this question i.e. the requirement to come to a justified conclusion.
- (c)
  - (i) This was generally answered well with many candidates identifying some or all of the correct answers of an increase in share price and share dividend.
  - (ii) Most popular answers were profit or revenue although some candidates provided a list rather than choosing one method and showing how it could be used to measure success.

## 2324/02 – Higher Tier

Again there was a wide range of marks on this paper with some weaker candidates finding the context more challenging than usual. As last year some candidates provided answers that were completely in line with the marking scheme, reflecting attention to previous papers, command words, and the type of questions likely to be set given the specification content and the case study material. However, other centres had candidates again who were handicapped by poor technique or were an inappropriate entry to this tier of examination.

Where questions were predictable such as 1 (c) and 2 (b) (ii) these were well answered however responses to the calculation questions were more variable. Most disappointing were the answers to the parts of Question 3 where well written answers often failed to address the required evaluation and were unable to access many of the available marks.

### Comments on individual questions

#### Q1.

- (a) Although most candidates gained at least two marks from this question, many did not explain sufficiently the reason for the change either in detail or through a valid example. Good answers discussed either external factors causing change of an objective from one stated objective to another possible objective or developed through a chain of achievements explanation.
- (b) This question was generally well answered with candidates discussing either issues of questionnaire design or sampling techniques. Some candidates produced lists of features rather than developing two points as required.
- (c) Many candidates produced excellent answers for this question basing analysis on the Appendix 2 research and provided reasoned conclusions. Either option or both options provided valid answers providing they were justified.

#### Q2.

- (a)
  - (i) The best candidates addressed the trend over the years mentioned and used simple calculations to support their conclusions. Many candidates however produced simplistic comments with no calculation or described the changes on a year by year basis rather than commenting on the overall trend.
  - (ii) Most candidates made an attempt to support their answer with calculations although this was often limited to the change in the number of employees. Some candidates, generally from centres who appeared to have prepared all candidates well, calculated the change in revenue or profit per employee and commented on possible reasons for their deterioration.
- (b)
  - (i) This question produced an interesting and varied range of good answers. Methods included asking for volunteers, LIFO and variations

on auditing current performance. Many candidates successfully analysed their options discussing possible conflict or legal issues.

- (ii) Most candidates gained Level Two marks providing sensible commentary on the performance of the different supervisors. Only a minority however provided a reasoned comparison to decide who should be made redundant and who should be retained.

Q3.

- (a)
  - (i) Most correct answers concentrated on the threats of technology often related to mobile phones however there was some use of economic factors. Again some candidates included in their answer competition or actions related to competitions which were not credited.
  - (ii) Most candidates gained some marks for this question with competition being allowed as the basis for an answer or a comparison. A minority of candidates addressed the evaluation requirement signalled by the “greatest threat” in this crossover question but conclusions were generally insufficiently developed to gain high marks.
- (b) Many candidates explained issues related to possible expansion in Europe such as possibly lower costs or increased revenue, often in considerable detail. Only a minority of candidates, however, addressed the “whether or not” aspect of this question i.e. the requirement to come to a justified conclusion. This resulted in often well written, long and detailed answers only gaining half marks.
- (c) Most popular measures answers were profit or revenue although some candidates included issues related to shareholders such as share price or dividend. As in the previous question however most candidates did not address the evaluation requirement of the question. The best answers provided clear recommendations from the point of view of the shareholders.

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Business Studies B (Modular) (1952)  
June 2007 Assessment Session**

**Unit Threshold Marks**

<b>Unit</b>		<b>Maximum Mark</b>	<b>a*</b>	<b>a</b>	<b>b</b>	<b>c</b>	<b>d</b>	<b>e</b>	<b>f</b>	<b>g</b>	<b>u</b>
<b>2321/1</b>	Raw	60				34	27	21	15	9	0
	UMS	69				60	50	40	30	20	0
<b>2321/2</b>	Raw	60	44	38	32	26	20	17			0
	UMS	100	90	80	70	60	50	45			0
<b>2322</b>	Raw	60	50	45	40	35	27	20	13	6	0
	UMS	100	90	80	70	60	50	40	30	20	0
<b>2323/1</b>	Raw	60				35	29	23	18	13	0
	UMS	69				60	50	40	30	20	0
<b>2323/2</b>	Raw	60	46	40	34	28	20	16			0
	UMS	100	90	80	70	60	50	45			0
<b>2324/1</b>	Raw	60				33	27	21	16	11	0
	UMS	69				60	50	40	30	20	0
<b>2324/2</b>	Raw	60	47	41	35	29	20	15			0
	UMS	100	90	80	70	60	50	45			0

The total entry for the examination was:

2321/1 = 1208 candidates  
 2321/2 = 1841 candidates  
 2322 = 1929 candidates  
 2323/1 = 1327 candidates  
 2323/2 = 1717 candidates  
 2324/1 = 1303 candidates  
 2324/2 = 1742 candidates

### Specification Aggregation Results

Overall threshold marks in UMS (i.e. after conversion of raw marks to uniform marks)

	<b>Maximum Mark</b>	<b>A*</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>U</b>
<b>1952</b>	400	360	320	280	240	200	160	120	80	0

The cumulative percentage of candidates awarded each grade was as follows:

	<b>A*</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>U</b>	<b>Total Number of Candidates</b>
<b>1952</b>	2.2	12.1	30.2	54.4	75.7	89.7	96.8	99.4	100.0	2928

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