

Business Studies

General Certificate of Secondary Education **J253**

OCR Report to Centres

January 2013

OCR (Oxford Cambridge and RSA) is a leading UK awarding body, providing a wide range of qualifications to meet the needs of candidates of all ages and abilities. OCR qualifications include AS/A Levels, Diplomas, GCSEs, Cambridge Nationals, Cambridge Technicals, Functional Skills, Key Skills, Entry Level qualifications, NVQs and vocational qualifications in areas such as IT, business, languages, teaching/training, administration and secretarial skills.

It is also responsible for developing new specifications to meet national requirements and the needs of students and teachers. OCR is a not-for-profit organisation; any surplus made is invested back into the establishment to help towards the development of qualifications and support, which keep pace with the changing needs of today's society.

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 specification 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.

OCR will not enter into any discussion or correspondence in connection with this report.

© OCR 2013

CONTENTS

General Certificate of Secondary Education

Business Studies (J253)

OCR REPORT TO CENTRES

Content	Page
Overview	1
A291 Marketing and Enterprise	2
A292 Business and People	5

Overview

As in the January 2012 examination series, the performance of the candidates on the controlled assessment (unit A291) was rather more consistent than that on the Business and People written paper (unit A292).

One common issue which affected performance in both assessments was the need to *apply* knowledge and understanding to the scenario given. In A291 few candidates fully appreciated the fact that Zetagym was a large, established business which was very profitable. Such a business would clearly approach marketing in a different way to Josh who was a young entrepreneur setting up his first, new, small business. Candidates should look for detail within the scenario and think clearly on how their knowledge should be applied and how those details might impact on the recommendations being made.

In a similar vein within A292 many candidates did not appreciate that Question 2 related to a business which designs and sells computer games software, selling its products to other businesses in the UK and Europe. These details would certainly affect the location of the business, something not appreciated by a number of candidates who often gave generic location answers which did not relate to the scenario given.

Knowledge was a strength on unit A291, although there were disappointing gaps in the knowledge of many A292 candidates. There was a continued weakness in the knowledge of unions/industrial action (highlighted in the January 2012 report), along with other aspects which are identified in the following report on the unit. It is vital that candidates prepare for unit A292 by having a thorough knowledge of the specification content. The teacher's handbook should be used to clarify the content which needs to be covered.

A291 Marketing and Enterprise

General Comments

For assessment in 2013 the two scenarios share a common theme in that they are both related to the fitness market. There are, however, contrasts in that Zetagym is a large, established, nationwide business which is very profitable, and Josh is a young entrepreneur wanting to establish a new small business in a competitive market.

These differences will clearly have an impact on marketing decisions. More able candidates in particular looked to apply such detail to their work. Many of the investigations seen, especially for Zetagym, made little reference to the detail of the business. Indeed, at times candidates' work was all too generic, with application being no more than using gym/fitness examples to further illustrate a point.

Knowledge remained strong within the work seen. Research, especially primary, however, was at times weak, with some centres failing to collect any primary data for Josh in Investigation 2. Secondary data was at times very detailed, and well-targeted. At other times the data collected was not really appropriate. It is important that the exact nature of the scenario is taken into account in order that the data collected is appropriate for the business under investigation.

Application of the Assessment Objectives (AO)

AO1

As stated above, knowledge was once again a strength of much of the work seen. Candidates showed good understanding of market research, promotion and pricing. For Josh, there was some good work produced on enterprise and becoming a successful entrepreneur.

For weaker candidates, in particular, it is important that their knowledge base is established at the start of each investigation. This may be presented in a table helps to structure ideas. The 'table' approach, however, may restrict the more able candidate who can offer more detailed understanding but who feels constrained by putting ideas within a table. It is vital for higher level marks that knowledge *and understanding* is shown. This is best achieved by the provision of examples to illustrate and develop the theory being covered.

AO2

The importance of this particular assessment objective has been stressed in previous reports. It carries 24 out of the 60 marks available, 50% more than AO3. It is vital, therefore, that any candidate aiming for the highest grade fully applies their knowledge and understanding to the scenario.

It remains the case that some candidates only apply their otherwise very good knowledge in a generic way without explaining *why* it is applicable to Josh or Zetagym. To ensure high marks within this aspect of the assessment it is important that candidates appreciate the circumstances of the business and the local area and consider this at all times within their work. For example, with Zetagym, being an established, very profitable business, there would be no real problem in terms of finance in setting up an e-commerce arm. Again, being an established business it would no doubt have a pricing strategy which it would use in any new business. As Zetagym is both established and very successful, it would be able to engage in an aggressive pricing strategy if required, especially if the local competition was small independent operations. In the case of Josh, setting up a new, small business, there would be constraints on what he could consider by way of promotional activities. Despite this, many candidates recommended a whole raft of

activities in which he should engage, including newspaper advertising, billboards, local radio, sponsorship, celebrity endorsements. Whilst there are possible items from this list which might be appropriate, suggesting them all is not really taking into account Josh's position.

Other items which many candidates did not consider included the experience of Josh and the target market of both Josh and Zetagym. Josh is 25, and has worked in the fitness business for eight years. This experience could well be used in how he promotes his business, possibly looking for a niche market? This experience could also have given him contacts to use in market research, possibly as an informed focus group? Josh's target market was mainly the 18–30 age group, which would be a prime group with which to use social media as a form of advertising. Some candidates did say that Josh should use social media in his promotional activity, but few explained why it was especially suited to him and his target market.

Zetagym's general target market was the 16–40 in the case of males, but the 18–30 age group for the extreme fitness programme. There was also a fitness/weight loss programme for older clients. It was important that the data collected was applicable to these age groups in order to show evidence of good planning within the investigation.

In Investigation 2 for Josh, most candidates looked at secondary research in order to examine how this might be used by him. This included good use of local demographic data, though more could have been made of why Josh's situation in particular made such data applicable. At times there was little by way of primary research which was applicable; for example, asking local consumers whether these customers would take part in interviews, whether questions were likely to be answered correctly, whether they would be willing to join focus groups, whether questionnaires left with them were likely to be filled in and returned. Answers to such questions would have been applicable to Josh in that such research would have been within his budget, and could have targeted his particular market.

A03

This assessment objective requires the analysis, interpretation and evaluation of data in order to make supported recommendations. At times candidates would analyse both primary and secondary data well, but fail to use that analysis in order to support ideas being put forward.

It is important that candidates collect suitable data for analysis. Whilst a number of candidates devised carefully focused questions in their primary research, other candidates asked very generalised questions which did little to help them reach meaningful conclusions. On pricing for example, a question such as 'How much will you pay for gym membership?' will provide little direct evidence to support any pricing method Zetagym might use. A question such as 'Would you join a new gym simply based on the fact it is cheaper than others in the area?' will give evidence to support whether or not penetration pricing might be considered by Zetagym. Further practice on questionnaire development prior to starting a controlled assessment would benefit many candidates.

When analysing data candidates should use figures/percentages wherever possible in order to add precision to their work. The importance of the data results should always be explained in the context of the investigation. Candidates who simply repeat in words that which a graph has already shown add little to any work presented.

It is important that candidates complete all the work within a controlled assessment. A minority of candidates ignored the requirement to explain how a pricing or promotion strategy might change over time. Other candidates simply stated a number of possibilities without explaining why they had come to that particular conclusion.

Administration

Care should be taken when entering candidates for this unit. Option 1 is for the OCR Repository, where the required sample of work is uploaded electronically. Option 2 is for postal moderation. A small number of centres entered their candidates for Option 1, when the intention was to opt for postal moderation.

A292 Business and People

General Comments

The cohort for the final January series consisted mainly of Year 11 candidates either retaking the unit or those taking the unit for the first time. As a consequence, the standard of the scripts varied markedly. Some candidates displayed an excellent knowledge of the specification content and many outstanding scripts were seen. However, there were other scripts which displayed major gaps in knowledge and understanding, and it seemed apparent that some candidates were not well prepared.

Aspects of the question paper which caused difficulty included applying knowledge to the scenario provided, understanding the requirements of the question set, eg question 1(a)(ii), and displaying knowledge, eg understanding the meaning of 'footloose', barriers to communication, and methods of industrial action.

As expected, only the more able candidates could fully analyse and evaluate. These candidates provided good responses to questions 1(d), 2(d) and 2(e)(i). These questions were targeted at the higher end and differentiated well.

Comments on Individual Questions

1 (a) (i) This part of the question was well answered. The majority of the candidates (over three-quarters) could obtain at least two of the three marks available by correctly selecting features of a partnership. The most incorrect selection was that 'a partnership paid *corporation tax* on its profits'.

(ii) This part of the question was poorly answered. The majority of the candidates found difficulty in explaining two advantages of being a partnership when compared to being a private limited company. Candidates tended to explain general advantages of being a partnership in relation to a sole proprietor, without comparing to a private limited company.

Correct responses included '*Partnerships are cheaper to set up when compared to an LTD as there are less administration costs incurred than when setting up a private limited company*', and '*Financial information about Jackmans will remain confidential to the partners, unlike with a private limited company*'.

(iii) This part of the question was well answered. Nearly all of the candidates achieved at least one of the three marks available by correctly explaining why the 'government' and the 'local community' would be interested in Jackmans.

Common correct responses included '*The government would be interested in Jackmans as it has to pay income tax*', and '*The local community would be interested in Jackmans as it may provide jobs for the local people*'.

(b) (i) This part of the question was well answered. Over three-quarters of the candidates obtained the one mark available for describing the difference between verbal and non-verbal communication.

A common response was as outlined in the mark scheme, '*Verbal communication is face to face communication between two or more people. Non-verbal communication is by written word*'.

- (ii) Surprisingly this part of the question was poorly answered. The majority of the candidates found difficulty in explaining two barriers to communication between a business and customers. Nearly half of the candidates did not obtain any marks. The issue, therefore, appeared to be one of specification coverage. A similar question has been set on previous examination papers.

Correct responses included *'If one of the partners is rude then customers may decide not to purchase from the business, and 'Clarity of messages between the customer and the business may not be clear/easy to understand and this may lead to lower sales'.*

- (iii) This part of the question was well answered. Nearly all of the candidates obtained one of the two marks available by explaining why ICT has increased.

Correct responses included *'ICT means communication is now much quicker, eg email is instantaneous' and 'Sending letters is costly as you need to pay to post them and they normally take at least a day to arrive and are, therefore, not as cost/time effective as email which is free'.*

- (c) (i) This part of the question was well answered. Just over three-quarters of the candidates obtained both of the two marks available by correctly calculating the income tax as £50.

- (ii) This part of the question was satisfactorily answered. About half of the candidates obtained at least two of the four marks available by explaining one advantage and one disadvantage of using seasonal workers. On the whole the candidates tended to find the 'advantage' easier than the 'disadvantage'.

Full mark responses included *'An advantage of using seasonal workers is that you only use and pay workers during busy periods, therefore, saving money on wage costs, and a disadvantage includes workers are not necessarily loyal to the business and, hence, may not do the job properly'.*

- (d)* All candidates could obtain at least Level 1 by making basic statements regarding each of the objectives provided. However, many candidates did not explain the reasons as to why objectives change over-time and, therefore, could not access the higher levels. The more able candidates provided a wide range of answers including reference to changing objectives because of economic forces.

An example of a good response included *'In its early days, Jackmans would simply have wanted to survive, that is covers its costs, as when businesses first open this is a very risky time. As time goes on profit becomes the main motive. It will try to maximise profits by maximising sales. This profit can then be reinvested to help the business to grow. Business growth leads to further profits and further expansion in terms of size, sale and, image'.*

- 2 (a) This part of the question was poorly answered with less than half of the candidates obtaining the one mark available by correctly stating 'private limited company'. A common incorrect answer was 'public limited company'.

- (b) (i) This part of the question was poorly answered with over half of the candidates not achieving either of the two marks available. It seemed apparent that many candidates were not aware of the term 'footloose', despite it being in the guidance notes.

Rare correct responses included *'Footloose industries can locate anywhere, eg ebay'.*

- (ii) This part of the question was poorly answered with nearly two-thirds of the candidates not obtaining any of the four marks available. These candidates did not provide appropriate location factors for a company which designs and sells computer software. Incorrect answers simply gave a variety of 'general' location factors, eg 'not locate near competitors'. Such responses were not awarded.

Correct responses included *'If the rent is too high this will cut profits'* and *'They design software, therefore, are there appropriate workers available, otherwise the computer games will not be designed and no sale will be made'*.

- (c) (i) This part of the question was well answered with candidates able to display understanding of the term 'hierarchy'. Over half of the candidates obtained both of the marks available and over three-quarters of candidates obtained at least one mark.

Correct responses included *'Having a clear hierarchical structure helps as everyone knows who their manager is and, as a result, communication should be efficient. In addition, every manager knows who they are in charge of which helps with accountability'*.

- (ii) This part of the question was satisfactorily answered. Whilst it seemed apparent that some candidates were not aware of the term 'delaying', despite it being in the guidance notes, most candidates could still obtain some marks by making a logical attempt at the question. Some candidates who understood the meaning of delaying could not be awarded a mark because they did not refer to Fig. 2 despite this being a requirement of the question.

Correct responses included *'Delaying is when one or more of the layers of management is removed from the business, eg removing all supervisors, therefore it saves money since the organisation no longer needs to pay these workers'*.

- (d) This part of the question was well answered. Nearly three-quarters of the candidates were able to achieve at least three of the six marks available by showing an understanding of 'fixed salary' and 'commission based' payment systems. The more able candidates provided a wide range of answers including reference to the *'Size of the reduction in salary'*, and *'The possibility of conflict as the sales workers become competitive with each other which may lead to the sales staff being aggressive to customers'*. The reason as to why candidates did not achieve Level 3 was, in the main, the result of a lack of depth in the analysis, and a lack of understanding of the role of a sales person.

An example of a good response included *'If switching to a commission based payment system, SI plc's sales people may initially be unhappy, although motivation should improve as workers can, in theory, earn more than the fixed salary method. Obviously if the business switches to commission rates close attention needs to be paid to the level at which it is set as this may take away profits if set too high. Whilst a fixed salary gives security, it does not allow more than the salary being achieved; therefore, existing workers may not be working as hard as they could. Also, some workers may not work hard, whilst others do and yet they both still get paid the same. This is not fair. Overall, assuming the commission rate is not too high, I would advise commission rates to be used by SI plc'*.

- (e) (i)* This part of the question was satisfactorily answered. Nearly three-quarters of the candidates obtained at least two of the six marks available, few candidates achieved Level 3, and only a third achieved Level 2. Candidates did not read the question closely enough and many simply provided advantages and disadvantages of internal/external recruitment. In addition, few candidates explained the recruitment and selection process in terms of recruiting a Finance Director.

An example of a good response included 'Businesses need to construct a job specification to show what skills and experience potential candidates need, and a job description to show potential candidates what they will need to do. Once you have done this, you have to decide whether to do your own recruitment and selection or pay an agency. I would advise to do it yourself and design an advertisement for the post and advertise it in an appropriate place. Given that this is a senior position I would advertise the post in a quality newspaper. Once applications come in you need to shortlist, otherwise you would be spending far too much time interviewing. On shortlisting I would arrange for each candidate to do a presentation as this will be a major part of a Financial Director's job. At the interview I would have a small panel of interviewers who will then provide a range of opinions on who would be the best person to employ as a Finance Director'.

- (ii) This part of the question was well answered. Approximately three-quarters of the candidates obtained at least one of the two marks available by accurately stating that the business would be going against employment law if it did not shortlist 'Karen' on the basis that she was going to start a family in the near future.

Correct responses included 'as Karen is well qualified, SI plc should shortlist as it would be breaking the law if it did not as stated in the Equality Act. You should not treat women differently from men'.

- (f) This part of the question was well answered. Over three-quarters of the candidates obtained at least one of the two marks available by accurately explaining the meaning of the term redundancy.

Correct responses included 'Where a business dismisses a worker as their job is no longer needed'.

- (g) (i) This part of the question was well answered. Over three-quarters of the candidates obtained at least one of the two marks available by identifying one possible impact on the stated business of 15% of a workforce going on strike.

Correct responses included 'If Unions A and B were to strike the business could stay open as they only make up 15% of the workforce. This sharply compares with Union C as 85% of the employees would be striking and SI plc would not be able to operate'.

- (ii) This part of the question was poorly answered. Approximately three-quarters of the candidates did not obtain any marks. This was particularly surprising as the topic 'trade unions' is regularly examined on this unit and 'industrial action' is clearly outlined in the guidance notes.

Correct responses included 'The union may order its members to do no overtime, therefore, workers only work the set number of contract hours. As a consequence, some contracts may not be met'.

OCR (Oxford Cambridge and RSA Examinations)
1 Hills Road
Cambridge
CB1 2EU

OCR Customer Contact Centre

Education and Learning

Telephone: 01223 553998

Facsimile: 01223 552627

Email: general.qualifications@ocr.org.uk

www.ocr.org.uk

For staff training purposes and as part of our quality assurance programme your call may be recorded or monitored

Oxford Cambridge and RSA Examinations
is a Company Limited by Guarantee
Registered in England
Registered Office; 1 Hills Road, Cambridge, CB1 2EU
Registered Company Number: 3484466
OCR is an exempt Charity

OCR (Oxford Cambridge and RSA Examinations)
Head office
Telephone: 01223 552552
Facsimile: 01223 552553

© OCR 2013

