



GCSE

Applied Business

General Certificate of Secondary Education (Double Award) **J226**

General Certificate of Secondary Education **J213**

OCR Report to Centres June 2017

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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 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.

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A241 Business in Action

General Comments:

When preparing for this examination it's important to emphasise the need to apply learning to a specific business context as well as the ability to analyse (consider the impacts or consequences) and the ability to evaluate (make a decision with justification). Those candidates who demonstrated these skills in the examination generally performed well.

Questions on this unit will either be purely theoretical, applied to the business given in the texts within the question paper itself or applied to a business which the candidate has investigated during their programme of study. For questions which required application to the text, it is important that the introductory texts are read very carefully by the candidate and used as appropriate when answering the questions. The texts put the business, in this case Highgrove Chocolates, in context and give candidates important information which allows them to apply their answers and enable them to access the higher levels of response on the mark scheme.

When a question asks the candidate about a business which they have studied, then it's essential that their answer clearly relates to that particular business. So students should be reminded that they need to do more than just mention the name of the business and then write a general, possibly theoretical, answer which could apply to almost any business in existence. This was especially the case in question 2(g).

On the 10 mark questions, candidates were able to access Level 2 by demonstrating the application of knowledge without using context. Without context, however, the maximum mark which could be scored is four out of the available 10 marks. Candidates need to be encouraged to use context wherever possible – even if it is as simple as changing 'product' to 'chocolates' or 'raw materials' to 'cocoa' or 'sugar'. These simple changes will allow candidates to pass beyond four marks. All of the 10 mark questions on the paper require a candidate to evaluate. It's important that candidates are able to analyse their suggestions before reaching a decision. Having made a decision, candidates need to give a reason which does more than just repeat their previous analysis.

Within the Specification there are clearly identifiable aspects where evaluation questions can be asked. Some of these elements include reference to a business which the candidate has studied and some do not. Careful study of the Specification will enable Centres to plan their visits to businesses to their advantage. An approach to planning the course could be to select a specific business to study for each area of the Specification where 'a business candidates have studied' has been mentioned. The use of the Centre as a business is not usually beneficial to candidates as, all too often, they feel they know more about the way the Centre operates as a business than they actually do.

The range of questions presented on this year's examination paper gave candidates of all abilities the opportunity to demonstrate their understanding. The vast majority of the papers showed that the candidate had, at least, attempted to answer all of the questions set, with a consequent very low question omit rate on the whole paper. The questions addressed a wide range of topics taken from the Specification and were a true test of a candidate's ability to apply their knowledge and understanding of business. The higher tariff, 10 mark questions, gave higher ability candidates the opportunity to fully demonstrate their understanding using contextual application, analysis and evaluation.

Teachers appear to be using past mark schemes, examiner reports and other OCR resources to good effect to help to prepare candidates for this examination.

Comments on Individual Questions:

Q.1(a)

This question was intended to be a relatively straightforward introductory question. It served its purpose well as the majority of candidates scored at least two of the available three marks. The type of liability that a partnership has, ie unlimited, appeared to be the greatest challenge for candidates answering this question.

Q.1(b)(i)

The key to gaining marks on this question was to give an advantage of a partnership over a limited company. All too often candidates gave answers such as 'shared workload' or 'more ideas'. These are advantages of a partnership in comparison with a sole trader, but could not be awarded as correct answers for this question.

Q.1(b)(ii)

This question also required comparison of a partnership with a limited company. Pleasingly, this question was answered much better than part (i). The most common correct answer was 'unlimited liability' with many candidates being able to explain the consequent risk to the owner's personal possessions.

Q.1(c)

Answers to questions like this can be improved if candidates are reminded that they need to demonstrate a clear understanding of the difference between aims, objectives and mission statements. Aims should be less specific, objectives should include metrics and time frame and mission statements should clearly be differentiated from slogan or strap lines. .

Q.2(a)

The most common correct answer to this question was 'more organised' and this was deemed sufficient for the mark.

Q.2(b)

In general this question was well answered, with the vast majority of candidates giving the correct answer 'marketing'. It's important to develop candidates' understanding for the distinctive functions of Finance, Administration or ICT.

Q.2(c)

Most candidates were able to circle the three correct answers. Some candidates ignored the instruction to 'circle' and instead ticked or underline their selections. These responses were awarded, but candidates should be encouraged to follow the precise instructions on the examination paper.

Q.2(d)

A straightforward question answered well by the majority of candidates. Answers could be improved by helping candidates to understand the difference between the types of ICT and the uses of ICT e.g. saying 'type a letter' rather than 'word processor' or suggesting types of ICT that would not commonly be used by Administrative staff e.g. cash registers (which would be more appropriate for sales).

Q.2(e)

Candidates' performance could be enhanced by improving their knowledge of the operations functional area. The operations functional area is responsible for production. An answer of 'make the chocolates' would have been awarded full marks. Candidates need to understand that the operations department deals with the production of goods/services.

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Q.2(f)

The vast majority of candidates were able to suggest two correct answers here and so were awarded full marks. Candidates should be encouraged to give clear and specific answers which relate the functional area in question, here finance. It's important that candidates have a thorough understanding of the purpose and roles of the different functional areas within an organisation.

Q.29g)

There were some very pleasing answers to this question, with most candidates being able to explain at least two valid ways that their chosen business has developed a good working relationship. Those candidates who scored most highly made it clear that they were answering contextually, perhaps by using a non-standard business e.g. a hospital (which had patients, doctors, nurses etc) or a football club (with players and fans). Others made reference to the products the business made or specific methods e.g. Virgin Airlines giving employees free flights. To achieve L2 marks the candidate needs to explain how the method leads to an improvement in working relationships, this was usually how the method made the employee feel – e.g. valued, cared for, respected etc. A different reason needs to be given for each method to secure additional L2 marks. For L3 the candidate needs to have gone on to explain specific benefits or drawbacks of using a particular method e.g. giving rewards (L1) makes employees feel valued (L2) but is expensive for the business (L3).

Q.3(a)

Candidates did well on this question. Candidates should be reminded to read the instructions very carefully to avoid giving the reverse answers, possibly missing the emboldened 'not' in the question.

Q.3(b)(i)

Most candidates were able to name four stakeholder groups and made a good attempt at naming their interests. Some common errors were to suggest that employees were interested in profit or that competitors were interested in the business doing well. It's essential that candidates are familiar with the term 'stakeholder' as several gave answers relating to different functional areas e.g. finance, ICT, marketing or different forms of business ownership e.g. sole trader, partnership, private limited company.

Q.3(b)(ii)

This question was well answered. The most common correct answers were 'a fall in reputation', 'loss of customers' and 'employees leaving'.

Q.3(c)

Many candidates gave good, practical answers to this question. They gave thoughtful answers as to what Theo and Anya could do to achieve sustainability. Common right answers were 'buy more energy efficient chocolate making machines', 'install solar panels' and 'use biodegradable packaging'. For the development marks a description, rather than an explanation, was required (the command word in the question was 'describe').

Q.3(d)

Likewise, many candidates gave thoughtful answers to this question. It's important that candidates know the difference between ethics and legal requirements. On this Specification 'ethics' means doing above and beyond what the law requires. Consequently, answers relating to discrimination or unequal treatment could not be awarded. However answers relating to fair/unfair treatment were deemed acceptable. The most common correct answers were 'fairtrade' and 'avoiding child labour'.

Q.3(e)

There were some very impressive answers to this question. The vast majority of candidates were able to suggest several likely consequences to Highgrove Chocolates of not being seen to

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operate in an ethical way. To score above four marks it's necessary for candidates to answer contextually. Simply changing the sentence 'they might sell fewer products' to 'they might sell fewer chocolates' immediately brings the answer into context. Candidates should be encouraged to avoid generic terms such as 'product' or 'raw materials' and use examples specific to the business instead.

To score the highest of marks candidates need to have analysed at least three consequences to the business and justify their selection of one of them. The selection could be on the basis of the most serious, the most likely or the one causing the greatest long-term damage. Any approach, assuming it was justified by appropriate argument, was equally awardable.

Q.4(a)

Candidates need to be able to demonstrate a clear understanding of these economic terms to be able to successfully link all three terms. This is an area of the Specification which is, in general, beyond the remit of experience of the 16 year old consumer. For this reason it is important that Centres clearly reinforce the learning of this area of the Specification.

Q4(b)

Most candidates were able to explain that a fall in interest rates may lead to cheaper borrowing for Highgrove Chocolates who were still making repayments on a 15-year bank loan. Some also, correctly, noted the impact on consumers (be they borrowers or savers). This was pleasing. Candidates should be reminded of the particular meaning of 'interest rate' as opposed to just 'interest' to avoid misunderstandings, e.g. by referring to the level of consumer interest falling i.e. decreased popularity of products.

The impact of reduced unemployment levels was also answered correctly by many. It's really important that candidates know the difference between employment and unemployment as some suggested that fewer people would have jobs and that disposable income would fall. Such answers could not be awarded.

For candidates to understand the impact of lower inflation, i.e. that prices are still increasing, just less quickly than they were before, they should be reminded that this is not to be confused with prices falling, as would happen in a period of deflation.

Almost all candidates who managed to correctly analyse all three changes in economic factors went on to select which one would have the greatest impact on Highgrove Chocolates. Those who justified their selection with a valid reason were awarded full marks. It should be noted that there is no single correct answer for this question. Candidates can achieve full marks by arguing for any of the three economic changes stated in the question.

Q.4(c)(i)

For this question candidates needed to provide a complete answer; addressing the 'rate' issue was necessary. It was not sufficient to explain that one currency was being swapped to another. Candidates needed to make clear that there was a price or value or rate of conversion attached to this transaction.

Q.4(c)(ii)

Good answers, which grasped that imports would be dearer and were able to suggest how the business should react (e.g. find a supplier in a different country or raise prices), scored highly. It's important that candidates understand the effect on the price of imports to describe the appropriate reactions.

A242 Making Your Mark in Business

General Comments:

The aim of the A242 controlled assessment is for centres to find a local business which is similar to one of the five scenarios. The controlled assessment materials are available via OCR Interchange. Candidates must use one of the five scenarios provided by OCR. It is not acceptable for centres to create their own scenario. Candidates should use the actual names of their selected business and competitors within their work, rather than using the names within the scenarios. Candidates must ensure that they follow the requirements of the chosen scenario. Scenario 3, for example, requires the candidates to recommend 'ideas of other products or services the business can offer both in its shops and through the internet'. In the work of some candidates, the new products or services were not entirely clear.

When Centres wish to enter portfolios electronically, the OCR Repository must be used and the candidates entered under A242/01. If candidates are entered for A242/02, then hard copy paper portfolios must be sent to the moderator. Under no circumstances should candidates be entered for A242/02 and then send a disk to the moderator without supporting hard copy paper portfolios.

Comments on Individual Tasks:

Task 1 (AO2). Candidates must produce an action plan, addressing each of the bullet points within the task (two hours allocated). Candidates would benefit from using a tabular format to design the action plan, clearly showing how each task will be approached. They may find it helpful to include actual and target dates for completion. Candidates would also benefit from focussing the action plan on Task 2, ie to obtain information on target market needs and competitor activity in relation to the business scenario. On completion of Task 1, candidates should then use the action plan as a working document. They may need to make changes to the original plan as the investigation progresses. In order to achieve Level 3, the action plan must be comprehensive and fit for purpose. Monitoring must take place, with changes being made and reasons being given for the changes. Candidates should indicate how the changes have impacted on other actions. The use of colour coding to show the changes and impact of changes is an effective technique.

Task 2. This task is based on research and carries no marks. However, candidates should think carefully about the design of their questionnaires and undertake sufficient secondary research to have enough information on which to base their controlled assessment tasks. In the design of the questionnaire, it was helpful if candidates had an understanding of the marketing mix of the selected business. Primary research could also take the form of an interview with a member of staff, observations, visits, focus group or acting as a mystery shopper. Primary and secondary research should focus on the marketing mix of the business under investigation and at least two of its competitors. It is not necessary for candidates to include all their research findings from Task 2, although inclusion of a copy of the questionnaire is useful. Any appendices should be clearly labelled and cross-referenced to the relevant section of the work.

Task 3 (AO1). A brief introduction would be helpful stating which real business is being studied and which competitors are being investigated. Candidates are required to clearly identify and describe how the chosen business is currently meeting the needs of the target market within the scenario. The current customers may not necessarily be the target market from the scenario and candidates should describe the target market the business actually has. It's important that the evidence provided is sufficiently explicit in relation to what the business currently offers the target market. The final bullet point within the task requires the candidates to describe **two** ideas of how the business could better meet the needs of its target market and be more successful than its competitors, making reference to the marketing mix. In order to achieve Level 3, candidates must suggest two relevant ideas for improvement, with explicit links to more than one

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aspect of the marketing mix. Candidates must describe how the ideas will impact on the target market. The two ideas must be based on findings from their primary and secondary research and may be derived from any aspect of the marketing mix: Scenario 1 (eg refurbishing salon, new product(s), price reduction); Scenario 3 (eg new products or services); Scenario 5 (eg new product(s), targeted promotion, price deals).

Task 3 (AO2). Candidates must present their research findings in appropriate formats in relation to both customers and competitors. Candidates would find it useful to research the marketing mix of the business and its competitors. It would be helpful if candidates included a copy of the questionnaire and a tally chart. When analysing questionnaire data, candidates should be encouraged to use percentages. The use of tables to compare products/services and prices of the business and its competitors is an effective technique. For Level 3, there should be accurate interpretation, with detailed coverage of both customers and competitors. Data should be presented in a variety of appropriate formats with supporting explanations eg charts, graphs, tables, location maps. The x and y axes of bar charts should be clearly labelled. There will be few, if any, errors of grammar, spelling and punctuation.

Task 4 (AO1). For Level 2, candidates must provide a comprehensive description of the reasons **why** it is important for businesses to promote. Descriptions are enhanced by the use of a range of examples from different businesses. Some candidates had described **how** rather than **why** businesses promote.

Task 4 (AO2). The item of promotional material must link to one of the ideas from Task 3 e.g. producing an item of promotional material for the new product idea. For Level 3, the item of promotional material should be clearly applied to the business, the target market and based on research. Some candidates had included a second copy of the promotional material which had been clearly annotated and cross-referenced to show how it was fit for purpose, particularly targeted to research outcomes and target market. Such an approach is helpful to the moderator when confirming the standard. Annotations could also show the reasons for the choices made eg font size, colours, images.

Task 4 (AO3). Candidates must address each of the three sections within bullet point three. A frequent omission was section one – why your chosen item of promotional material is more appropriate than any other. Candidates may wish to consider a range of promotional media eg leaflet, poster, billboard, newspaper/magazine advertisement, radio, television. Links to the target market need to be clear in the evaluation, including how the promotion will attract the target market. Evidence from research should support judgements. At Level 3, an evaluation of costs may consider different ways of producing and distributing promotional material. Candidates may wish to include a comparison of costs with other promotional media.

Task 5 (AO3). Candidates must use their action plans to address both bullet points within the task. Some candidates would benefit from using a range of criteria to reflect on the positive and negative aspects of their skills and teamwork. For Level 3, candidates are required to reflect on a range of skills, supported by the action plan. An in-depth evaluation is required of their own contribution and reflection on other group members' contributions, with strong and regular links to the action plan. There will be few, if any, errors of grammar, spelling and punctuation. For Levels 2 and 3 candidates need to make links to their action plan. This could include reflecting on the process of creating an action plan and any benefits they derived from this process. The candidates also need to reflect on the changes which they made to the action plan and why they feel those changes were necessary. They may consider whether or not the changes were avoidable had the candidate worked in a different way. Candidates also need to make judgements about their contribution to the group. Did they have a large or small impact on the group? Were they effective as a team player? What evidence is there for this? Did they take a leading role? Did they solve any issues? Candidates need to support the judgements they are making with examples.

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