

Cambridge Nationals

Business and Enterprise

Level 1/2 Award in Business J804
Level 1/2 Certificate in Business and Enterprise J814

OCR Report to Centres

January 2013

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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.

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

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Overview

Due to the low entries for unit R062 it is not possible to discern general trends to produce a specific report this series. There were no entries for unit R063. Please refer to the general comments given below.

Model assignments

Centres must select an OCR Model Assignment to use when assessing their learners.

Centres are reminded to visit the permitted changes section within the model assignment and section 4 of the Specification before making significant changes to the model assignment. For example, in the model assignment for R062, a careers fair, the list of employment areas can be modified; however, the list should be limited for manageability and established before the assignment is given to learners.

Completing the model assignments

Feedback to learners should enable learners to take the initiative in making amendments. It should not detail what amendments are required. Templates or feedback detailing specifically what amendments should be made, must **not** be provided to learners. Once work has been submitted for assessment no redrafting is allowed (see page 24 of the Specification).

It is helpful if the learners' work is organised into task order, ie to follow the model assignment, so that the moderator can follow the evidence through in a logical sequence.

Internal standardisation

Centres are reminded that they must have a robust internal standardisation process in place to ensure consistency of assessment across teaching staff and groups.

R061 Introduction to business

General comments

Most candidates were able to identify with the scenario, although there was evidence that candidates had not always carried out adequate research into other similar businesses in their local area. Such research is vital for candidates to be able to answer the questions which specifically reference the research brief; in this case a small sweet shop. An aim of the unit is for the candidates to engage with, and to use their knowledge of business operations in order to then apply it to realistic business situations. Many responses were limited by a lack of research into local businesses which was required by a number of the questions. It is also important that the candidates read and understand the context given – either at the beginning of each section of the paper or within questions as this may have a bearing on the response required.

In this examination series, there were a number of candidates who did not attempt to answer all of the questions. Questions 3(b), 6 and 8 showed that there were gaps in knowledge with many responses unable to explain cash flow, identify a training method or identify economic factors. Identification and use of knowledge is a starting point for most questions. The second element for consideration is the context. The use of the research brief is crucial for candidates to isolate particular characteristics of the business. In this case a small business selling sweets. Candidates need to research similar, local businesses to the one in the research brief and to use the local business(es) as examples when answering questions which instruct them to ‘use their local knowledge’. This allows the candidates to assess the implications to the business such as increased/decreased costs, lack of cash and increased/decreased revenue and to come to realistic conclusions in terms of a small sweet shop. Since very few candidates used local research or context in their responses evidence of evaluation was rare.

The quality of the answers was variable with only a small number of candidates able to communicate in a structured way. Centres should encourage their candidates to always attempt to respond to every question as an attempt may gain some reward, a no response cannot.

Comments on individual questions

Section A

- 1 (a) This part of the question was well answered with most candidates gaining full reward.
- 1 (b) An encouraging proportion of the candidates understood that a private limited company would have limited liability and were able to explain what this would mean. The number of marks available indicates the detail which is required in a response. In this case, the candidates needed to give a benefit or a drawback and then explain clearly what this meant to the business and not simply to repeat the benefit or drawback.

Section B

It is very important that the candidates read the small amount of information which precedes questions. In this case there was information about the shop’s location, its lack of display space and its objective to move to new premises where there would be more space. Alongside the information gained through preparation of the research brief this should have given the candidates a good idea about the objectives of the sweet shop.

- 2 (a) (i) This question required candidates to explain two other objectives, apart from growth. For each objective there were three marks available. A number of candidates were able to state another objective such as profit, survival, market share, improved quality or customer service and explain this in general terms. However, very few were able to use the research which they had carried out into a local business in order to give a realistic explanation and, therefore, this limited the reward available.
- 2 (a) (ii) Most responses to this question gave a reason for a business to have objectives with some explanation. Again, it was important that the responses did not simply restate the reason.
- 2 (b) In responding to this question, many candidates tended to repeat the answer which they had given to part (a)(ii). 'Planning' takes place before an action and is put in place to ensure viability and to deal with unforeseen circumstances such as a shortage of finance. Planning is about making decisions in order to achieve the objectives. Responses which achieved high marks explained business planning in terms of a business and how, for instance, planning might help a business to raise finance from a bank or ways in which a business might decide on how much stock or other resources might be needed at certain times of the year.

Section C

- 3 (a) This question was generally well answered, with the majority of the responses stating at least two costs which the sweet shop might have to pay. Candidates should avoid repeating a cost and should be discouraged from giving three different utilities as three different costs. Each answer should be distinctive. Also, using nouns such as 'staff' is not a cost. It is the wages paid to the staff which is the cost incurred by the business.
- 3 (b) Responses to this question were generally limited. The research brief required an investigation into small businesses and into small shops in particular. One of the most common problems with running a small business is a lack of cash flow. Candidates should know that cash is not the same as profit. Too many responses confused the two and also talked in general terms about not having enough money. Candidates could have discussed how businesses, such as the sweet shop, would need to pay suppliers for stock but may not sell enough stock to pay the suppliers. In the case of moving premises the business may have to pay more out in terms of rent, moving costs, equipment and shelving, etc, which would leave it with even less cash flowing into the business as sales may not pick up until the business is established in a new area. Candidates should understand that cash flowing in and out of the business is vital for its survival. One consequence might be that the business will have to apply for an overdraft or loan in order to survive in the short term. Better responses were able to explain that cash needs to flow in and out of the business with some analysis of the implications to the business if cash is limited.
- 4 (a) Most responses to this question, identified suitable missing steps in the sales process. To ensure that their responses are clear, candidates should be encouraged to state whether it was the member of staff or the customer who was taking the steps.
- 4 (b) Answers to this question were variable. Quality control is an on-going process. It attempts to ensure quality from the supply chain through to customer service. Some responses explained this in terms of buying good quality sweets, ensuring the implementation of hygiene and safety standards and providing good customer service. Once again, only one reason needed to be developed and better answers did this by explaining that quality control might result in fewer complaints and encourage repeat sales.

- 5 This question required the candidates to use examples from their local area which they should have investigated when preparing for the examination. The best responses identified the market at which R&K Sweets targeted the sweets, and suggested appropriate promotional activities such as leaflets and flyers to local schools, free samples, children's competitions, etc. Examples from their local area were used by some candidates but these were few and far between. Analysis in this case might have looked at the implications to the business of using different activities such as time, cost, experience, likelihood of success, *local* opportunities etc. There were few examples of evaluation and this could have been achieved by the candidates making a judgement based on their own area in terms of the most appropriate form of promotion for a small shop such as R&K Sweets.
- 6 Responses to this question demonstrated that the candidates either did not know a method of training or thought that the question was about recruitment. This question required candidates to use examples from their own area which they could have investigated when preparing for the examination. The better responses suggested on-the-job training or work shadowing, both of which would cost less and would encourage an employee to follow Rachel or Karen's example when dealing with customers. These answers made comparisons with actual national chains of sweet shops, and/or local independent shops to come to some conclusions about the best method of training – given the size of the shop and the financial limitations of the business.

Section D

- 7 High achieving responses identified issues such as recycling packaging, litter and health and hygiene. There was some confusion with 'the weather', although specific issues to do with extreme weather such as floods and snow were rewarded. However, there was evidence that some candidates did not really know the meaning of the term 'environmental factors' and there was some confusion with economic factors.
- 8 This question was reasonably well answered in terms of knowledge of economic factors such as the recession, income, affordability, the idea of sweets as a luxury, employment and unemployment and government taxation policy. Candidates did not have to use the context of the sweet shop itself but the question did require them to discuss these factors with relevance to small businesses in particular. This allowed the candidates to reference any small business which they had researched during the research brief preparation. However, few candidates took the opportunity to access marks by using this research. Some of the answers were very good but were limited because the candidate had not interacted with the context or with the local area. External factors which impact on any business are a key aspect for research and should allow candidates to really apply their knowledge.

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