

**A LEVEL**

**Examiners' report**

# **BUSINESS**

**H431**

For first teaching in 2015

**H431/03 Summer 2023 series**

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## Introduction

Our examiners' reports are produced to offer constructive feedback on candidates' performance in the examinations. They provide useful guidance for future candidates.

The reports will include a general commentary on candidates' performance, identify technical aspects examined in the questions and highlight good performance and where performance could be improved. A selection of candidate answers is also provided. The reports will also explain aspects which caused difficulty and why the difficulties arose, whether through a lack of knowledge, poor examination technique, or any other identifiable and explainable reason.

Where overall performance on a question/question part was considered good, with no particular areas to highlight, these questions have not been included in the report.

A full copy of the question paper and the mark scheme can be downloaded from OCR.

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## Paper 3 series overview

This examination requires most responses to be applied, in this case focused on Amazon. The business context was well understood, and it was clear that most, if not all candidates were familiar with Amazon at some level. While no prior knowledge of Amazon was required, it was clear that many candidates had used Amazon and understood the scale of the business as a global entity.

Although some candidates wasted time on providing more detail than some of the questions required, there was little evidence of timing issues with this examination. Most candidates completed the full paper and were able to get to the end of their response to Question 10.

The calculations were generally accessible with elasticity (Question 4) being the most challenging, followed by total float (Question 8 (b) (ii)).

While the context of Amazon was well understood, some candidates ignored the need for context in the some of their responses (Questions 2, 6 and 7). It was clear that these candidates could have used the context because their responses to Questions 3, 5 and 10 were often excellent. However, this lack of context often restricted the responses to AO1 marks only.

Candidates who did well on this paper generally:	Candidates who did less well on this paper generally:
<ul style="list-style-type: none"> <li>• applied their responses to Amazon whenever required, especially in Questions 2, 6 and 7</li> <li>• did not leave their evaluation until the end of their response in questions 3, 5 and 10. Using mid-response mini evaluations provided ample opportunities to weigh up evidence and come to an overall justified judgement</li> <li>• showed their working on numeric questions (Questions 4, 8 (a), 8 (b) (i) and 8 (b) (ii))</li> <li>• were selective over which issues, stakeholders and elements of the marketing mix they chose to analyse and evaluate</li> <li>• understood the commands given to them in each question. For example, if a question states 'identify' then the response is in front of you or if it states 'explain' then there is no need to analyse.</li> </ul>	<ul style="list-style-type: none"> <li>• did not understand the skills (assessment objectives) required for a full response to each question. For example, an 'analyse' question, requires AO1, AO2 and AO3 to be shown</li> <li>• did not use/read the resource booklet well enough. Time should be spent reading this before starting to response the exam</li> <li>• attempted to do too much – there is a need to be selective. For example, for Question 10, there is no expectation that a candidate will attempt to analyse the effect on all the stakeholders of Amazon</li> <li>• spent too long on detailed introduction to Questions 3, 5 and 10. While a good introduction can show knowledge and understanding, these skills are usually shown in the body of the response without the need for an introductory paragraph.</li> </ul>



## Question 2

2 Explain **two** diseconomies of scale that Amazon might experience.

1 .....

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.....

.....

2 .....

.....

.....

[4]

Economies of scale are often a less successful area of understand for candidates and diseconomies of scale tend to be worse. This was evident in candidate responses to this question.

Some candidates attempted to backwards engineer a diseconomy of scale from an economy of scale that they remembered. For example, that Amazon would suffer from a lack of bulk buying. Others attempted to suggest possible disadvantages to Amazon of being a large business.

It was relatively rare to find a response where the candidate could identify and contextualise a diseconomy of scale that Amazon might experience.

Where correct responses were given, the most common were to focus on communication and coordination issues that may arise from an increase in the scale of Amazon. Both of these issues are fairly straightforward to apply to Amazon, and yet many candidates did not attempt to do so in their response.

### Misconception



The majority of the questions in this examination must be applied to Amazon to gain more than basic AO1 (knowledge) marks. Candidates have improved in this regard for longer (6, 10 and 20 mark questions), but often do not apply their responses for shorter questions.

Any question that references the business (in this case Amazon) or stakeholders (as seen in Question 10), must be applied.

I suspect the majority of candidates who only gained AO1 (knowledge) marks on this question, could have applied their responses with relative ease, if they had realised they needed to do so.

### Question 3\*

**3\*** Evaluate whether globalisation has been the most important factor in Amazon's growth. **[20]**

The name of this examination is 'the global business environment', and as such, candidates tackled this question well.

There was a significant amount of data in the resource booklet to support this question and candidates generally made good use of this. In many respects, the more important issue was needing to be selective over what was used. The key to a good response was choosing the most relevant material to support the chosen arguments.

Like most evaluative questions, there is no right response that a candidate is looking for, just a series of potential arguments that could be made. There were excellent evaluative responses that came to successful conclusions on both sides.

With such a wealth of possible arguments, candidates occasionally spent too long analysing and not enough time evaluating. 40% of the marks for this question come from evaluation and a successful response is often one that spends that proportion of the time on evaluation. Too often, candidates offered only a relatively brief conclusion at the end of their response, as their evaluation.

The most successful evaluative responses demonstrated evaluation throughout their answer. This can take many formats, but the most effective is often when candidates make it clear how each analytical point actually relates to and answers the question.

## Exemplar 1

~~Technology as a~~ The increase in technology as a result of globalisation has been an extremely important factor in Amazon's growth. As it is an e-commerce business, the increasing amount of people with technology around the globe ~~where~~ that allows them to access Amazon no matter where they are has led to huge growth for Amazon. This is because as more people have the technology, they can easily use Amazon to purchase products from ~~to~~ the complete opposite side of the world. Ultimately technology allows Amazon to gain a larger customer base, which leads to increased sales and growth. Although ~~technology may~~ globalisation and technology may not be as important as a factor of growth due to the challenge of expanding into the Asia-Pacific relatively slowly. In areas where technology and the use of the internet to access Amazon isn't as popular, growth via globalisation and the increase in technology may not be as significant.



The exemplar above relates the candidates points to the question throughout. The candidate has analysed the impact of technology (as an offshoot of globalisation) on the growth of Amazon. There is a good chain of analysis (more people have technology, access Amazon, create a larger customer base which leads to increased sales and growth) which is immediately followed by an evaluation of the importance of this factor.

The candidate has clearly and explicitly answered the question, utilising the wording of the question (importance) to weigh up the significance of the point in terms of the geography of the customer.

The ability to evaluate each point and weigh up its significance is a key skill in this examination and is one of the easiest ways to bring more AO4 into a response.

This question was very accessible to candidates with the vast majority able to access applicable arguments. Very few candidates ignored the context.

The most common points used were the accessibility to new markets that globalisation brings and the cost reductions that Amazon can gain from cheaper labour markets.

**Evaluate, don't summarise**

At its heart, evaluation is about answering the question. In this case, whether globalisation has been the most important factor in Amazon's growth.

Some candidates made great arguments for and against the importance of globalisation, but then gave a less successful conclusion which summarised the points they had already made.

The examiner has already read the arguments repetition is not necessary. Candidates who repeat the points already made, waste time in the examination that could be more successfully spent on something else.

**Question 4**

**4 Refer to Extract C.**

Amazon's advertising expenditure increased by 59% from 2018 to 2020.

Calculate Amazon's advertising elasticity of demand between 2018 and 2020. Show your workings.

.....  
.....  
.....  
.....  
.....  
.....

Answer ..... [3]

Elasticity is a topic that many candidates perform less successfully on and this question was no exception. The combination of having to calculate a percentage change and remember the correct orientation of the formula is challenging for some candidates and there were many responses which did not gain any or all of the marks in this question.

Some candidates demonstrated good exam technique by clearly set out their working so that marks could be given for elements which were correctly calculated. For example, a candidate who creates an error by inverting the formula, can access 2 out of the 3 marks, if their formula and final response is match up, based on their error.

Likewise, a candidate who makes a mistake in rounding, can access the majority of the marks, as long as the examiner can identify where the error was made.

### Misconception



Candidates must take care when rounding their figures.

It is not uncommon, on this examination, that calculations throw up opportunities for rounding, due to the use of real-world facts figures.

Candidates often round their calculations to a more usable number but did not always make this clear to the examiner.

Correct rounding is always a sensible thing to do in an examination (generally to two decimal places), but candidates must make this clear in their working, otherwise their given response can appear not to match their working. In the case of a wrong response, this can be the difference between an OFR (own figure rule mark) and zero.

## Question 5

5 Evaluate the importance of 'price' as part of Amazon's marketing mix.

[10]

The marketing mix is a well-understood topic and the vast majority of candidates were able to apply the marketing mix concept to Amazon.

Most candidates analysed the way that Amazon can use price within their marketing mix and then compared this with another of the Ps. This was a good strategy and allowed candidates to make a judgement about the level of importance of price compared with another of the Ps.

A few candidates attempted to analyse all the elements of the marketing mix. This was unnecessary and is likely to have reduced the available time for other questions.

Most candidates picked up on the fact that Amazon's customers expect to pay less for comparable goods on the High Street (Extract B in the resource booklet). This gave a good starting point for analysis and there was a wide range of arguments for and against the importance of price in this context.

While there were often large amounts of analysis in candidates' responses, there was a lack of high level evaluation. Most candidates gave a conclusion of some description, but this was rarely detailed enough on its own. To come to a justified evaluation, requires some detailed weighing up of the points made and this was absent in many responses.



## Assessment for learning



Numbers and figures are great pieces of context; often the best to use and pull from the resource booklet. However, many candidates decline to use them.

Figures can be compared and lead to clear analytical points and to obvious evaluative judgements. Using numbers, tends to be far more common for candidates who score higher on longer questions, and they can be used in almost every area of the specification.

Business does not require high level mathematical skills although it does require confidence using numbers. To be able to state that one number is bigger than another. To be able to look at a graph and see if the line/bar/segment is increasing or decreasing. To be able to tell if a number is positive or negative. The importance of these abilities should be stressed to both candidates and teachers.

Everybody can use numbers. We all go to the shops and look at prices – we know what is cheaper and more expensive. We can tell if we can afford to buy something – comparing the price with the amount in our bank account. We can compare two products and know if one has more in it than another – allowing us to tell if we are getting more or less for our money.

Number skills are an essential part of everyday life, and accessible to all. Building this confidence with figures can form part of the entire Business course and be built into the teaching of many areas of the specification.

Try giving your students a graph and asking them to analyse the contents. Try giving them a picture of a shelf in a supermarket and ask them to make a judgement over which product they would choose.

This is not Mathematics; it is confidence with numbers and is a way many candidates can improve their performance.

### Question 7

7 There has been a huge increase in the number of Amazon employees in recent years.

Explain **two** ways Amazon could use workforce planning.

1 .....

2 .....

[4]

It was pleasing to see that most candidates did not make a tautological reply to this question (that workforce planning is about planning the workforce). There was a range of different responses to this question.

The most common responses often focused on the workers in the factory, which was a sensible route into this question.

Some candidate wrote too much, having gained their marks in the first sentence. 'Explain', as a command word, requires knowledge (AO1) and application only (AO2). However, some candidates attempted to analyse and some even evaluate the importance of the topic to Amazon.

This does not harm the candidates mark on the question, but does reduce the time candidates can spend answering other parts of the exam paper.

#### Assessment for learning



Recognising the command word, and then tailoring the response to fit the command is a key skill. OCR's A Level Business uses a relatively small number of command words. Teachers should use the command words throughout the course and be careful to expect the right response, for the right command.

Although we refer to 'questions' on an examination, these are not actually questions; they are commands – instructions for a candidate to answer and use their skills. Candidates who obey the instructions, obtain the marks – it is as simple as that.

### Question 8 (a)

8 Old Dusty Books (ODB) is a small independent book retailer that has one shop and a growing online presence. ODB specialises in rare books and the owners are considering becoming one of Amazon's many global suppliers.

ODB uses a cost-plus approach to pricing with a 65% mark up.

(a) Recently, ODB purchased a set of classic novels from a seller in India, paying 5665 Indian Rupees (INR) at an exchange rate of £1=INR103.

One week later, ODB sold the same set of books to a buyer in the United States, when the exchange rate was £1=\$1.20.

Calculate the final selling price in US Dollars (\$). Show your workings.

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.....

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Answer ..... [3]

The most common mistake on this question, was that candidates did not add the 65% mark up. This gave a response of \$66, instead of the correct response of \$108.90. Although, in most cases, the examiner could follow the candidates working and award marks for the first stages of the calculation.

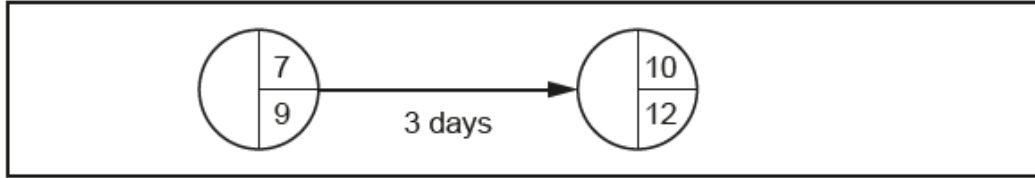
#### Misconception

 Although candidates are under time pressure in an examination, they must fully read all of the data provided. This includes the resource booklet, but also data given on the exam paper itself. Being able to synthesise and draw together different data sources is an important skill, and one which candidates benefit from practising.

Question 8 (b) (i)

(b) The 'valuation stage' (produced below) is part of an overall critical path network diagram of ODB's operations.

Section of network diagram for ODB's supply chain (times are in days)



(i) Identify the latest finish time for this activity.

..... [1]

There were many correct responses to this question. Most candidates could identify the latest finish time. Where incorrect responses were given, it was often after a calculation had taken place. For example, candidates who added together all of the numbers in the network diagram, or those who subtracted the earliest start time from the latest finish time.

Question 8 (b) (ii)

(ii) Calculate the total float for this activity.

..... [1]

This question was not as successfully answered as the previous one, and candidates struggled with how to calculate the total float. Some gave the free float, and some gave unrecognisable responses.

Networking

Network analysis (including critical path analysis) is often thought of as a complex topic within A Level Business. While it should not be over-taught, it is one for which candidates need plenty of practice. Try to bring the topic to life by building networks for everyday tasks.

For example, cooking a meal often requires tasks to completed at the same time. If I cooked my breakfast one item at a time, my mushrooms would be cold and my baked beans piping hot.

This topic does not have to be complex. It is one that most humans use in everyday life and by making this more accessible, teachers can improve their candidates understanding and use of the concept.

### Question 9

9 Explain **one** qualitative factor which might affect project management in a business.

.....

.....

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..... [2]

This was not a well-answered question, with many candidates mixing up quantitative and qualitative.

The most common successful responses, often focused on the motivation of the workers, or the opinions of the managers, both of which could provide good responses.

#### Hedging your bets

Occasionally, candidates answer a question and attempt to 'hedge their bets'. For example in this question, responses such as 'the level of employee motivation' is not clear. A level can be measured and is therefore quantitative. However, for many people, motivation is not measurable.

The key to a good examination question response, is being clear, concise and obeying the instruction given. Giving a response to a question such as this, which covers all eventualities, is not sensible and does not show good knowledge and understanding.

#### Misconception



This question is one of a very few on this examination and its predecessors, which does not need to be put into context. Candidates can tell this, because it does not reference Amazon, or the stakeholders of Amazon. There are only AO1 (knowledge and understanding) marks available. Candidates should state their response and move on.

### Question 10\*

10\* Evaluate the impact on Amazon's stakeholders of its operations strategy. [20]

Making a response specific to the question is a key theme of this examination, and one that many candidates did not do on this question.

Most candidates understood that the analysis needed to be of an impact of Amazon's operations strategy. However, the impact was not on Amazon, but the stakeholders. The impact on Amazon itself was irrelevant, and yet so many responses gave detailed chains of analysis of how Amazon might be impacted by their own operations strategy.



## Exemplar 2

One of Amazon's strategy, design of goods and services is beneficial and has a positive impact on Amazon stakeholders, customers, because it ensures that online retail services are efficient and convenient for target customers. This is a positive impact because it makes online shopping easier for customers, and provides what products they would want to purchase, ~~ensuring that~~ allowing Amazon to increase its sales, leading to higher profit which is beneficial as they could use such profit to re-invest into new higher technologies that enable Amazon to provide the best shopping experience to customers.

Exemplar 2 shows a candidate starting to analyse the impact on the customers, but then losing confidence in their chain of analysis and moving the focus on to Amazon. While there is some analysis of the impact on the customer, it is combined with the impact on Amazon itself and this is not the requirement of the question. There were candidates who gave no impact on the stakeholder at all, only on Amazon.

Another common error was for candidates to misread the question and gave a response on how the stakeholders may impact the operations strategy.

## Exemplar 3

Amazon's stakeholders have a massive impact on their operations strategy. Especially the employees when they are doing quality management. This objective ~~it~~ is to maximise quality. To help improve the efficiency of this task employees can use the technique of jidoka so they can keep the good product separate from the faulty product and make sure that doesn't make it ~~into~~ into their stock. However an employee could make a mistake and mess up causing the strategy to not go to plan and cause issues within the business.

In the response above, the candidate has focused their response on the wrong thing, Amazon and not the stakeholders. While this can show some knowledge and application, the chains of analysis do have the right focus and the candidate ends up using their precious examination time on something that is unlikely to be given many marks.

The most common stakeholders to use were employees, customers and Amazon's shareholders. There was plenty of context to support each of these stakeholders and candidates had little issue in applying their responses.

There are many routes into evaluation in a question such as this. One route was to come to a judgement over which stakeholder has been most impacted by Amazon's operations strategy. However, as seen in previous evaluative questions, an end of response conclusion is unlikely to provide enough evidence to be able to award all of the AO4 marks. The best responses evaluated the extent of the impact on each stakeholder, before coming to an overall conclusion at the end. This was an excellent route into providing a justified evaluation/judgement for this response.

### Whatever stakeholders want

Stakeholders are an essential part of the A Level course however, candidates sometimes struggle with stakeholder questions because they are so used to analysing the impact/effect/reaction/consequence to the business.

While stakeholders appear as a discreet section of the specification, they also appear elsewhere. In fact, 'stakeholder' appears 164 times in the specification, showing that almost every Business topic must be looked at from a stakeholder perspective.

Being able to analyse how a topic is likely to affect the stakeholders is a key skill in Business and one that should be well understood. This requires candidates to understand the objectives and needs of the stakeholders, so that they can analyse and evaluate the likely impact.

What do Amazon's customers want? What does the local community want? To analyse and evaluate how something is likely to affect a stakeholder, requires candidates to understand their motivations and desires.

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