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Examiners' report

BUSINESS

H431

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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.

Paper 2 series overview

The examining team reported that candidates made good use of an interesting Resource Booklet scenario which was well used in their Section B responses. It was felt to be a fair paper which had a combination of easy and more challenging questions which led to a good degree of differentiation. It was clear this year that the overall standard of many responses was improved and that the subject knowledge itself was far better than usual across most topics. The one exception was with regards to the topic of AIDA.

There was evidence of improved exam technique on the longer responses relative to previous sessions. Many candidates wrote contextually and could produce a lot of analysis, developing this where necessary. There were plenty of mid-level scripts, and although some excellent scripts were seen they were not as significant in number. The limiting factor on many of these 'more successful' scripts was the lack of consistent evaluation skills in the 15 mark questions.

There were less omitted questions (although the omit rate was still around 10% on Questions 7 and 9a). Most candidates were able to complete the paper in the time given. In fact, in many cases some responses were longer than necessary, in particular for Question 13.

Candidates who did well on this paper generally:	Candidates who did less well on this paper generally:
• had wide-ranging knowledge of the specification • scored well across the questions in Section A • incorporated the context about the National Trust into their responses in Section B • wrote focused responses which were not overly long and kept to the specific issue in the question • showed evaluative skills where required in Section B.	• wrote responses which were either too brief or too long and meandering, which lacked focus on the question set • produced largely generic responses in Section B • did not perform well on the quantitative questions • missed out one or more questions • did not know about AIDA as a marketing technique.

Section A overview

In general, questions were answered well in this section, with many candidates scoring close to full marks. Some candidates continue to be unable to complete any of the calculation questions, in many cases leaving them out completely. Business is, by its very nature, a quantitative subject and so candidates do need to be prepared for a small number of basic calculations.

Question 1

1 Define the term 'primary sector'.

....

....

....

.... **[2]**

Most candidates were able to correctly define the term although a few confused it with public/private sector, and others provided superficial definitions which could only score 1 mark.

Question 2

2 State the difference between a consumer and a customer.

....

....

....

.... **[2]**

The best answered question in Section B with the vast majority of candidates knowing the difference between the two groups.

A minority gave answers which were the wrong way round or wrongly suggested that one term was about goods and the other about services.

Question 3

3 A business paid a consultant £10 000 to advise on ways to reduce waste. In 2022 its output was £150 000 and the value of its waste was reduced to £12 000.

Calculate the wastage rate for the business in 2022. Show your working.

....

....

....

....

Answer = ... [2]

There were plenty of correct answers, although some candidates inverted the formula (which gained no marks).

Question 4

4 Define the term 'strategic alliance'.

....

....

....

.... [2]

More than half of the candidates scored only 1 mark, as they did not make it clear that a strategic alliance is a temporary arrangement. A smaller number of candidates were able to provide a succinct definition of the term to gain both marks.

Question 5

5 Explain **one** advantage and **one** disadvantage for the managers of a business of a wide span of control.

Advantage ....

....

....

Disadvantage ....

....

....

[4]

There were fewer candidates who scored 3 or 4 marks on this question than may have been expected. This was often because many candidates identified faster, or improved, communication as an advantage; this is not specifically true <u>for the manager</u>. Many of these candidates also gave an answer of difficult communication (because the manager has so many subordinates to oversee) as a disadvantage. Logically, the same argument cannot be given as an advantage and a disadvantage.

Less successful responses tended to focus on the advantage to the employee or the business (which is not the focus of the question) and possibly explains why some candidates did suggest improved communication as an advantage. The disadvantage was usually answered more successfully than the advantage.

Question 6

6 Explain **two** limitations for a business of using a decision tree.

1 ....

....

....

2 ....

....

....

[4]

This was the less successfully answered of the two 4 mark questions in Section A. Many candidates had limited knowledge of decision trees and hence were unable to offer any limitations. Some limitations, such as the task is time consuming or may be inaccurate, could have applied to any business activity and were not rewarded.

More successful responses focused on the fact that decision trees rely on quantitative data only and the fact that much of the data is estimated.

Assessment for learning

It is often the case that when questions are asked, whether in Section A or B, about business techniques (such as decision trees, break-even analysis, time series forecasting, or network analysis) that candidates include answers about the accuracy/difficulty or time taken. Each of these techniques have specific limitations which candidates should be focusing on. Any business activity, on a day-to-day basis, will be time consuming or difficult.

Question 7 (a)

7 A public limited company has published the following information for the benefit of shareholders:

- dividend per share = 3 pence
- earnings per share = 8 pence
- net profit = £1.3m

Following the publication of this information, the company's shares are trading on the stock market at a price of £1.20 per share.

Calculate:

(a) the dividend yield. Show your working.

....

....

....

....

Answer = ... **[2]**

(b) the price / earnings ratio. Show your working.

....

....

....

....

Answer = ... **[2]**

There was evidence of far more candidates having learned these formulae, so many were able to gain full marks on these two parts to Question 7. Some candidates only scored 1 mark for one or both answers as they gave the answer in the incorrect format (dividend yield is a percentage and P/E ratio is a number or ratio).

However, many candidates scored no marks across the two parts of this question which suggests that more focus is needed by centres and candidates on the ratio analysis part of the specification.

The importance of ratio analysis

Ratio analysis is a key part of assessing business performance. It is vital that candidates are fully prepared for this topic.

Section B overview

There was very clear evidence that a majority of candidates found the context about the National Trust to be highly accessible. In fact, it was probably the most well used context for many years. This is encouraging, given the nature of the organisation (as a charity) but it is clearly an organisation well-known to many.

Having said that, the main reason for low marks by some candidates were responses which did not make any use of the context provided. These responses appeared to have been written without the candidate having first read the Resource Booklet. This was particularly true for Question 10 and Question 11.

Another reason for low marks was a lack of knowledge about specification content. Many candidates did not know about the AIDA marketing model, could not complete a demand and supply diagram, or knew what data protection legislation required of a business. In some cases, one or more of these answers were omitted.

Question 8

8 Analyse **one** advantage for NT of producing a budget.

....

....

....

....

....

.... **[4]**

Many candidates were able to access evidence from the case study which meant around half of all responses gained 3 or 4 marks.

However, there were still a significant number of candidates that wrote completely generic responses (see Exemplar 1). These responses can gain no more than 1 mark.

Exemplar 1

An advantage of NT producing a budget is that it provides quantitative data to compare actual spending and income against. This means that NT will become aware of if they are spending too much or not bringing enough revenue, and so they can adapt their future targets and objectives to improve these.

Exemplar 1 is a good example of the completely generic response still seen in many of the 4 mark analysis questions. It starts off by giving a correct advantage of producing a budget ('provides quantitative data to compare actual spending and income'). It does go on to consider an impact of this on a business ('can adapt their future targets'). However, this response could apply to any business. It needs to be focused on the National Trust, for example by referring to the data provided in Table 1.

If the response had contained any contextual material, it would have gained 3 marks instead of only 1.

Question 9 (a)

9 In 2021 NT started planning an advertising campaign to help raise finance to repair the roof at Oxburgh Hall (lines 18–20).

(a) Evaluate the advantages for NT of using the AIDA marketing model when planning its advertising. **[9]**

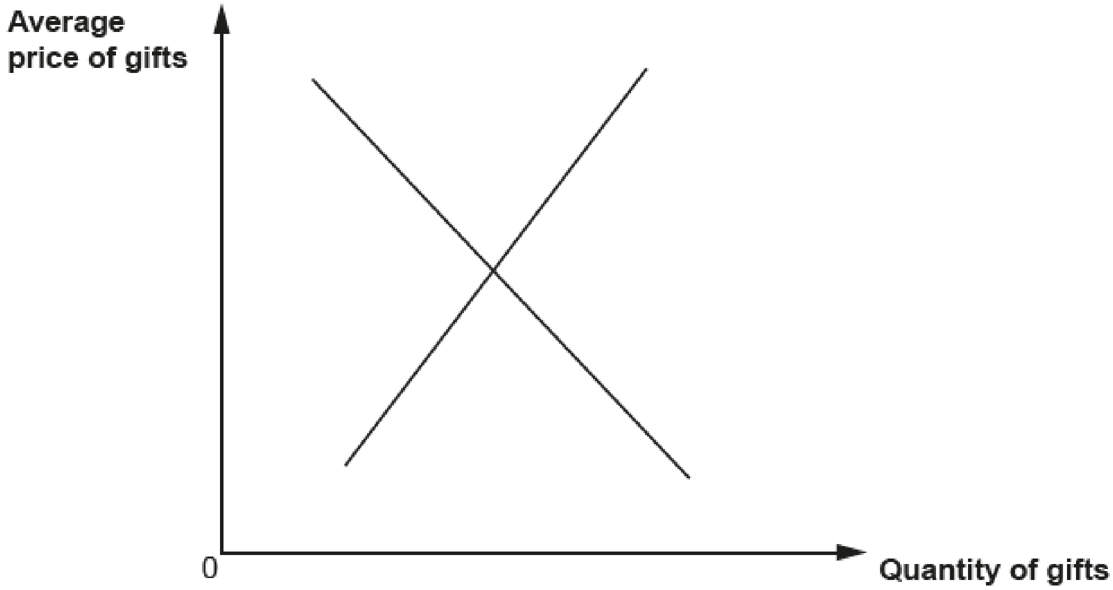
Many candidates did not demonstrate any understanding of AIDA and did not know what the four letters represented. This led to a high omit rate on this question as well as responses which were about the general benefits of marketing for the National Trust, without there being any specific mention of AIDA. As is the case with all questions in Section B (other than Question 9(b)) if a response contains no correct knowledge, then no further marks can be given.

There were a small number of very successful responses to this question which considered how at least two components of AIDA could help the National Trust to plan its advertising. A common focus of these responses was whether the model could be relevant to a business so reliant on word of mouth and social media advertising, with the added constraint of being a charity.

Question 9 (b)

(b) As a result of extra advertising, NT has seen an increase in demand from customers in the gift shops at its properties.

Complete the supply and demand diagram to show how equilibrium price and quantity of gifts would be affected.



[4]

Around a third of responses were well drawn diagrams, showing a shift to the right of the demand schedule and an increase in both price and quantity. However there were also many candidates that omitted the question or were not able to label the supply and demand schedules the correct way round.

Question 10

10 NT has a 10-year strategy to 2025 **(Extract A)**.

Evaluate the importance for NT's success of setting aims and objectives. **[9]**

This question was generally well answered with a reasonable use of the context available. Typical responses focused on how a charity needed to be transparent with what it was trying to achieve, and this would help to attract more members and/or donations. There was plenty of context which candidates could make use of, and in many cases, they did. In fact, some more successful responses ended up being far too long.

The 9 mark questions are designed so that a candidate should be able to gain full marks by considering no more than two issues - this can be seen by looking at the distribution of AO marks in a question (see below).

Although there were plenty of good responses, many of these still lacked good evaluation, with few candidates fully understanding a limitation or alternative point of view to setting aims and objectives (see Exemplar 2).

OCR support

This report should always be considered in conjunction with the mark scheme. One aspect of the mark scheme, which is often ignored but helps to inform centres and candidates, is the middle column headed 'Mark'. This contains information about how the marks for that question are distributed between the AO. So, for example, in a 9 mark question there are 2 marks for AO1 (Knowledge and Understanding). This means that a candidate needs to consider two reasons why aims and objectives are important. There are then 2 marks for AO3 (Analysis) which are for considering the impact of each reason on the organisation.

By considering how many marks are given for each AO, in conjunction with this report and published exemplar materials, centres and candidates can recognise the breadth of response required for each question.

Exemplar 2

Setting aims and objectives is also important as it provides a clear sense of direction for NT. This is because by making the 10 year plan they know exactly where they want to be by 2025 which may help them to attract donations as people agree with aspects such as developing green spaces. This will mean their income will be higher so they can develop and restore new sites, allowing them to provide a wider range of services with higher quality, hence helping them to be successful in the long term.

However, setting such a long term strategy may mean their staff do not see the vision due to it being too long term and generic, so the lack of short term goals may cause them to be demotivated.

The objectives need to be reviewed regularly and judged on success otherwise they will have limited impact on NT's success.

Exemplar 2 is one of the most successful responses seen to this question. Not only is it well-structured, it is also evaluative and comes to a clear position on the importance of setting aims and objectives. It identifies two reasons for setting aims and objectives ('staff will feel like they have a common goal to work towards' and 'provides a clear sense of direction for NT'). Both points are in context with reference throughout the response to the numbers of staff and volunteers, evidence from Table 1, and the role of donations for a charity. There are also impacts on NT ('lead to higher productivity' and 'allow them to provide a wider range of services').

However, there is also evidence of evaluation. Towards the end of the first paragraph, the response considers the alternative viewpoint that for a charity the volunteers may be motivated in a different way to paid employees. The response ultimately comes to a reasoned (justified) conclusion in the final paragraph which is not just repeating what has already been written earlier in the response.

Question 11*

11* Evaluate the impact on NT's stakeholders of rapid technological change. **[15]**

This question required a focus on how technological change affects different stakeholders. This did mean that candidates needed to consider how specific stakeholders of NT would be affected. However, less successful responses did not do this and kept referring generally to how 'stakeholders' would be affected which gained no marks. Another limiting factor to many responses, was that they did not consider specific examples of technological change. These needed to come from the contextual evidence in the Resource Booklet if they were to be rewarded more than AO1 marks. Some candidates also mistakenly referred to 'the owners' of NT as stakeholders (which do not exist for a charity).

Many responses also did not always maintain focus on the stakeholder mentioned or referred to evidence which was not about the actual technological change (see Exemplar 3).

More successful responses tended to focus on how customers may be affected by the increased use of websites to donate or become members, or how the service in the gift shops or cafés is helped by the new cash tills and broadband. In addition, many responses focused on how employees may be affected by all the new technology they have been provided with. The key thing about both of these examples is that they are rooted in technological changes mentioned in the context.

Exemplar 3

One Stakeholder that will be impacted by rapid technological change is Employees and volunteers that work for NT. Employees will need to be trained on the new technology, in the NT annual report it states that employees took over 19,000 days of training off for the 2 years. This means there are less employes working on the sites, which could impact the level of customer service.

Overall, the stakeholders are being impacted positively ~~by the~~ by the technology change because they are gaining new experiences, however new technology can also be stressful to understand so customer service for a while may be lacking.

Exemplar 3 starts off by considering the impact on employees. However, this first part of the response ultimately gains no marks. It does not mention what the technological change is that is affecting them (reference to the training is contextual but there is no reference to what the specific technological change is that needs the training). The response then goes on to consider how this will affect customer service, as opposed to how any technological change will affect the employees. If the response is considering the employee, then the impact must be on the employee (not some other stakeholder).

The middle part of the response (not reproduced here) went on to consider the impact on the owners (no reward as they do not exist in a charity) and the impact on the customers which did gain some limited marks.

The final paragraph then shows the sort of limited evaluation seen in many less successful responses. Rather than considering how some individual stakeholders may be affected more than others, or whether they would be particularly affected by the specific context faced by NT, this conclusion is generic and limited. Bearing in mind that there are 7 marks available for AO4 (Evaluation) in the 15 mark questions, a brief paragraph at the end of a response is unlikely to gain many of these marks. This response only gained 1 of these marks, for a basic unsupported and generic decision.

Question 12

12 Analyse **one** way NT may be affected by data protection legislation.

....

....

....

....

....

.... **[4]**

In about a third of all responses, candidates did not appear to know what data protection legislation included. Some responses only repeated of the information in the case study about NT's policy towards fundraising, taken from Extract B. Many responses also did not gain any marks as they only considered the impact on the organisation without first identifying an aspect of the legislation.

More successful responses clearly identified a requirement of the legislation, such as the need to keep data secure or appropriate, and then considered how this may affect NT's ability to manage its database of volunteers or members. The impact on the cost of the necessary systems to protect the data was also a common response.

Question 13*

13* NT recognises the importance of good employer/employee relations.

Evaluate the extent to which NT's human resources strategy will enable it to achieve this objective. **[15]**

There were many thorough, well written responses to this question which considered how different aspects of NT's human resources strategy may impact employer/employee relations. These often focused on the level of training provided (with plenty of evidence available) as well as the focus on the wellbeing of employees and volunteers. The evidence about the gender gap was also often made good use of, especially when considering an alternative viewpoint.

A common mistake in many responses was to see a benefit to the employee as analysis whereas it should link the benefit to NT; an organisation's purpose is to satisfy its core aim, not the welfare of its employees.

Many more successful responses did not reach the upper level of marks as, following on from some excellent developed contextual analysis, any evaluation was either non-existent or very limited, with some candidates unaware of the skills of evaluation outside of summing up or the making of a simple conclusion. As mentioned in Question 11, this is particularly important when 7 of the marks are given for this skill.

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