

A LEVEL

Examiners' report

BUSINESS

H431

For first teaching in 2015

H431/01 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 1 series overview

This component focuses on the local business environment, in this case a small independent hardware store known as Big Ben's Bargains (BBB). The concept was accepted by the majority of candidates who understood that Ben was operating as a sole trader and therefore had unlimited liability. Some responses were very difficult to read, sometimes even impossible, which means that they are not likely to be as successful, due to the argument being difficult to follow. This is something which centres need to address if a candidate is to reach their potential. Some scripts were also very hard to follow and lacked structure. On the other hand, there were many scripts that were very well laid out with the arguments clearly arranged in paragraphs and with a concise evaluative conclusion. There was no evidence of time pressure in the exam and very few candidates 'ran out of time'. This report has been written based on the feedback from the entire team of examiners and should be read in conjunction with the published mark scheme.

| Candidates who did well on this paper generally: | Candidates who did less well on this paper generally: |
|---|---|
| <ul style="list-style-type: none"> • made full use of the information provided in the resource booklet • started their response by demonstrating their understanding of the key concept • had a clear structure with developed chains of analysis. | <ul style="list-style-type: none"> • gave purely theoretical responses which meant that they could not gain the analysis and evaluation marks. |

Section A overview

The multiple-choice questions proved a very effective discriminator on this paper. Inevitably, some questions generated a very high level of correct responses whereas others did not. Questions 3 and 15 however, were two which invariably were responded to less well. These two were calculation questions and it may be the fact that candidates had made small errors with their calculations or the fact that they did not revise that area of the specification which caused these two questions to stand out. However, there were plenty of candidates who demonstrated excellent knowledge of the topics and scored more than 12 marks. There were a small number of candidates who missed out one or more responses in this section. Centres are reminded to inform candidates that there is no negative marking and so any response can be more successful than none. There were also other candidates who marked more than one box. When a multiple-choice question has only a single, correct response and a candidate provides two responses (even if one of these responses is correct), then no mark can be given, as it is not possible to determine which was the first response selected by the candidate. A detailed rationale of the multiple-choice responses is provided in the mark scheme.

Section B overview

Most candidates were able to use the case material from the resource booklet in their responses, which is key to being able to access the higher skills of analysis and evaluation. However, many tended to focus on the same pieces of context in many of their responses, such as the key cutting machine or the fact that Ben is hoping to sell his shop and retire when he is 60. There was a wealth of data available in the resource booklet and also from the calculation question where the response could have then been used to further the analysis and evaluation. It is worth noting that it should be stressed to candidates that the calculated data is an ideal source of information that can provide justification on whether or not to go ahead with a strategy, as detailed in the brief. The majority of candidates were able to make very good use of the information provided in the resource booklet. However, there were also a good proportion of candidates who simply gave theoretical responses or only mentioned the owner's name. Responses which only mentioned 'Ben' or 'BBB' were not able to achieve the contextual application marks meaning that they were also unable to gain the marks for analysis and evaluation. Candidates should make thorough use of the Resource Booklet in order to respond to the questions in context. Good use of context will pull together two or three pieces of information from the case study. This is an area which centres should focus on in order to allow their candidates to gain access to the higher marks.

Question 16

16 Ben is planning to use quota sampling when doing some market research. (Line 11)

Analyse **one** advantage to Ben of using quota sampling.

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[6]

Many candidates did not gain the mark for knowledge for quota sampling and either referred to primary research or confused it with giving samples to customers. Those who specifically identified quota sampling correctly usually ended up with full marks on the question.

| More successful topic/question/set texts: | Less successful topic/question/set texts: |
|--|---|
| <ul style="list-style-type: none"> • recognised that quota sampling was linked to splitting up the target population into sub-groups or used a pre-determined number • provided contextualised responses • developed a chain of analysis. | <ul style="list-style-type: none"> • gave purely theoretical responses which meant that they could not gain the analysis and evaluation marks. |

Question 17*

17* Ben has decided to recruit a full-time employee. (Line 25)

Evaluate methods of recruitment that Ben could use.

[15]

The recruitment processes were often mixed up with the selection process. This led to candidates incorrectly identifying selection methods such as interviews and trial shifts, which were very common incorrect responses. Internal and external recruitment were popular ways into the knowledge for this question, as were adverts in local newspapers or in the shop. Use of agencies was also a popular response and a few suggested poaching employees from competitors. Analysis was more difficult to get to a developed level in this question as many candidates just listed advantages rather than developing this further.

| More successful topic/question/set texts: | Less successful topic/question/set texts: |
|---|--|
| <ul style="list-style-type: none"> • were able to differentiate between recruitment and selection procedures • gave well developed analysis on the recruitment method chosen. | <ul style="list-style-type: none"> • mixed up selection methods with recruitment methods • focused on the effects on staff motivation or the potential employee • lacked context • listed advantages rather than develop them. |

Exemplar 1

Recruitment is the process of finding a selection of ~~empty~~ people who are ~~at possible~~ employees. One method of recruitment that Ben could offer use ~~if~~ is internal recruitment. This is where he looks and advertises a full-time position within his business to his current employees. At BBB there are 4 current part-time employees and the role could be offered to them making them a full-time ~~emp~~ worker. The benefit of using this ~~st~~ method is that it is less costly than recruiting externally as the employees are easy to contact directly. This would keep low costs for the recruitment process which is good for Ben's business as he only operates on a local scale and may not be able to raise the finance needed to advertise externally. However BBB do only have ~~as~~ a small amount of employees who ~~may~~ ~~not~~ ~~to~~ are already on a part-time contract so are likely to not want to pursue a full-time role. Therefore because of the size of Ben's labour it may be a limited method of recruitment as he can only access 4 people whereas an alternative study may access a larger pool.

Exemplar 1 demonstrates a clear understanding of recruitment, with a contextualised line of analysis which is developed and comes to a judgement regarding the chosen method. This candidate achieved 13 out of the 15 marks available.

Question 18 (a)

18 Heidi uses the straight line method of depreciation for all of BBB's fixed assets.

- (a) Three years ago, Ben bought a new key-cutting machine at a cost of £1100. He expects it to last for eight years and estimates it will have a residual value of £200.

Calculate the current value of the key-cutting machine.

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Answer = £ [5]

This question was responded to well on the whole, although some candidates divided by the years in the questions rather than lifespan. Lots were given OFR for 3 year calculation and/or subtracting that figure to give another OFR. There was a lot of evidence of candidates not using a calculator.

Assessment for learning



The advantage of showing workings is that an incorrect response can still score close to full marks. If the rest of the workings are correct (and clearly seen) the response could still achieve one mark. Many candidates still do not do this and lose out on possible marks.

Assessment for learning



It is worth noting that the calculation answers can be used when analysing and evaluating other questions. These are rarely used and it should be stressed to candidates the value of using this information to provide a quantitative element for justification.

Question 18 (b)

(b) Analyse **two** possible effects on BBB of depreciating its fixed assets.

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[9]

Responses to this question were mixed. In many cases candidates knew what depreciation was but struggled to articulate it and kept using the word depreciate rather than reduce value. The impacts were understood, however, often the knowledge was missing so it was difficult to award marks. In several cases only one discernible knowledge mark was given so candidates weren't able to access full marks for this question as they didn't respond fully to the question which was asking for two effects.

| More successful topic/question/set texts: | Less successful topic/question/set texts: |
|---|--|
| <ul style="list-style-type: none"> understood depreciation and recognised that the asset decreases in value over time and should be treated as a cost understood the accounting impacts of depreciation recognised that there could be both positive and negative effects provided good contextual responses. | <ul style="list-style-type: none"> provided no knowledge of depreciation those that did demonstrate understanding provided non-contextualised responses. |

Exemplar 2

By depreciating the assets of the business, the valuation of the sum total of their assets decreases as a result. This means that ~~on the business~~ if the business were to apply for a bank loan, possibly to renovate the store and improve their CCTV ~~to~~ and E11 systems, they would be at a worse position ~~if~~ of being approved for the loan. Using ~~the straight line method such as BBB has done,~~ leaves This lack of improvement may make BBB maintain their store front and ~~operations~~ operations, ~~th~~ leading to less revenue and cash flow problems, ultimately creating business failure.

The ~~prec~~ process of depreciation is a timely process, with room for error. Luckily, Ben's wife is a professional accountant so there is sure to be accuracy in their accounts. ~~Acco~~ Accurate predictions of the residual values of the ~~business's~~ BBB's assets ~~in~~ puts the business in an advantageous position. This is because the business ~~is~~ can predict the lifespan of their machinery and

budget accordingly. These forecasts reduce potential cash flow shortages/problems and knowledge on when new machinery is needed ~~can~~ (life span) could be budgeted for. [9]

Turn over —

Exemplar 2 demonstrates a clear understanding of depreciation with a clear line of analysis. The latter part of the first paragraph does stray away from the question, but the candidate develops their second point very well and achieves 8 out of the 9 marks available.

Question 19*

19* Evaluate the impact on BBB of Ben's approach to stock control.

[15]

Candidates probably gave the best responses to this question on the paper, with the majority of candidates being able to identify and put into context at least one way in which Ben was approaching his stock control. There were some well thought out chains of reasoning with good knowledge and application. However, some student's responses were poorly structured and seemed to bounce around with a lot of repetition. There were some good suggestions on ways to improve the stock control which allowed candidates to reach the top marks for providing a justified judgement.

Exemplar 3

One possible impact on BBB of Ben's approach to stock control is greater costs on storage. Ben's stock control method involves him estimating consumer demand which is a very unpredictable and unreliable way to decide what should be ordered. This may lead to too much stock being ordered which will need to be stored elsewhere. This means Ben will have to pay extra sums of money to store goods because of his poor stock control routine. Ben also sells pet food which is a perishable good so if stored for too long will be unable to sell creating a loss on these units. These impacts of excessive stock will only increase costs of the business. Although the extent to which the impact of Ben's stock control will have on costs is limited due to the size of his business. As Ben is a local hardware shop selling nails and screws etc. It is unlikely he orders so much to a point where he will need to purchase a storage container or warehouse for his excess stock. Therefore the impacts on costs are limited as despite the increase of how much he orders it won't be on a level where expansion is required subsequently costs will remain consistent.

Exemplar 3 is a really good example of a clearly structured response that achieves full marks. There is clear knowledge at the very beginning which is in context throughout and gives a chain of developed analysis before coming to a judgement at the end.

Question 20*

20* Evaluate the importance to BBB of having a contingency plan.

[15]

This question was not responded to well by many, with some incorrect definitions of what a contingency plan might cover. Lots of responses were just about planning in general, such as what to do if Ben were to run out of stock or an employee was to call in sick. Those that were able to provide knowledge often did not provide any content. Those that were able to demonstrate analysis provided much less successful evaluations meaning that this was a very low scoring question.

| More successful topic/question/set texts: | Less successful topic/question/set texts: |
|--|--|
| <ul style="list-style-type: none"> • understood that contingency plans focused on the 'what ifs' and were put in place to prevent uncertainty • focused on the 'worst case scenarios' • provided relevant context to their responses. | <ul style="list-style-type: none"> • mixed up a contingency plan with a normal business plan • explained what a contingency plan was as opposed to the importance of one to BBB • talked about how time consuming it would be for Ben to produce one. |

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