

A LEVEL

Examiners' report

BUSINESS

H431

For first teaching in 2015

H431/02 Summer 2022 series

Contents

Introduction	3
Paper 2 series overview	4
Section A overview	5
Question 1	5
Question 2	6
Question 3	6
Question 4	6
Question 5	7
Question 6	7
Question 7	8
Section B overview	9
Question 8	9
Question 9	11
Question 10	12
Question 11*	15
Question 12	17
Question 13	17
Question 14*	18

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.

Advance Information for Summer 2022 assessments

To support student revision, advance information was published about the focus of exams for Summer 2022 assessments. Advance information was available for most GCSE, AS and A Level subjects, Core Maths, FSMQ, and Cambridge Nationals Information Technologies. You can find more information on our [website](#).

Would you prefer a Word version?

Did you know that you can save this PDF as a Word file using Acrobat Professional?

Simply click on **File > Export to** and select **Microsoft Word**

(If you have opened this PDF in your browser you will need to save it first. Simply right click anywhere on the page and select **Save as . . .** to save the PDF. Then open the PDF in Acrobat Professional.)

If you do not have access to Acrobat Professional there are a number of **free** applications available that will also convert PDF to Word (search for PDF to Word converter).

Paper 2 series overview

This paper appeared to be accessible to all candidates and tested a good range of concepts from the specification. In many answers the context contained in the resource booklet was well used, giving an accurate and in-depth investigation of the business. Most candidates were able to attempt every question and gain at least basic knowledge and understanding marks. Often, weaker responses were not clearly developed or did not make use of the context when required.

There was a definite improvement in evaluation skills with some excellent responses, especially about sources of finance and distribution strategy, which often would not have looked out of place on a higher level qualification.

Candidates who did well on this paper generally did the following:	Candidates who did less well on this paper generally did the following:
<ul style="list-style-type: none"> • had a wide range of knowledge so that they were able to answer most questions • made good use of the context in Section B • produced developed analysis and made clear attempts to evaluate when required. 	<ul style="list-style-type: none"> • had significant gaps in their knowledge of specification terms • produced highly theoretical answers in Section B • did not know/apply knowledge about the work of the CMA, change management models, or employment tribunals.

Section A overview

This section was generally well answered. Most answers were of an appropriate length and did not try to make use of the context. Candidates need to make sure they understand what is required from the command words, such as 'Explain'. The more successful responses are often very succinct, providing just a brief example or development of the basic point made.

Questions 2, 4, 5 and 7 were particularly well answered. Question 3 was least well answered.

Question 1

1 Labour is a factor of production.

Explain **two other** factors of production.

1

.....

.....

.....

.....

2

.....

.....

.....

[4]

A number of candidates were not able to name a factor of production other than labour. Some candidates mis-read the question and gave labour as an answer.

Candidates need to develop understanding on how to achieve the second and fourth marks; these are achieved by either providing an accurate example or fully explaining/developing the factor. There is also some confusion with capital that is often answered in layman terms as money, rather than human-made resources.

OCR support



The published mark scheme (and ones from previous series) provide examples of how to gain both marks in an answer to this style of question.

Question 2

2 Identify **two** methods of selection a business could use when employing a new member of staff.

1

2

[2]

Most candidates gained both marks. The most common error was in naming types of recruitment (internal and external) or methods of recruitment, as opposed to selection methods.

Question 3

3 State what is meant by a 'stepped fixed cost'.

.....
.....
.....
..... [2]

This was the first time this term has been assessed and there was a good number of excellent responses, with clear and correct examples. However, a significant number of candidates gained no marks or left out the question. Candidates should be encouraged to attempt each question.

Weaker responses often showed only a partial understanding of the term. The majority of these gave answers such as, "stepped fixed costs might change as output changes" which is a variable cost. Other answers suggested they were fixed costs which would eventually change in the long-term, but that is true of any fixed cost.

Question 4

4 State **two** characteristics of a public sector organisation.

1

2

[2]

A minority of candidates did not differentiate between the public sector and public limited companies – some candidates gave one answer from each of these concepts which emphasised potential confusion.

Question 5

5 Explain **one** advantage and **one** disadvantage to a business of using contingency planning.

Advantage

.....

.....

.....

Disadvantage

.....

.....

.....

[4]

This question was very well answered with the vast majority of candidates scoring 3 or 4 marks. Weaker responses tended to confuse contingency planning with business planning in general.

Question 6

6 An increase in the price of apples from £4.00 per kg to £4.50 per kg leads to a 10% decrease in the demand for apples. At the same time, the demand for bananas increases by 5%.

Calculate the cross elasticity of demand between apples and bananas. Show your workings.

.....

.....

.....

.....

.....

Answer = [3]

This question had the highest omit rate in Section A. A significant number of candidates also scored 0 marks. These candidates tended to confuse cross elasticity of demand with price elasticity of demand, often writing out the formula for the latter.

However, the question did differentiate very well as there were a large number of correct answers, often with very clear workings.

Assessment for learning



A reminder to centres to include in their teaching and preparation how important it is for candidates to show clear workings in quantitative questions. Many candidates were able to score 1 or 2 marks, even though their final answer was wrong, as they had shown clear workings. This allows the examiner to identify where an error is made and so reward the candidate appropriately.

Question 7

7 A business has produced a budget statement for the past year.

	Budget	Actual	Variance
Sales revenue	£25 000	£20 000	
Labour costs		£7000	£2000 Favourable
Overheads	£4500		£1500 Adverse

Complete the budget statement by filling in the unshaded boxes.

[3]

This area may be used for any workings

Nearly all candidates scored 2 or 3 marks. The main reason for not scoring full marks was the usual issue of forgetting that sales revenue is the opposite way round to costs when calculating the variance. This led to some answers giving the sales variance as favourable.

Exemplar 1

One possible disadvantage to Argos of future regulation of this market would be limited growth. The CMA wants to make sure competition in the market remains strong so this means if Sainsbury's or Argos wanted to take over another business in the future, the CMA could restrict them as it would lessen competition in the market. This would lead to Argos struggling to increase market share in the future. [4]

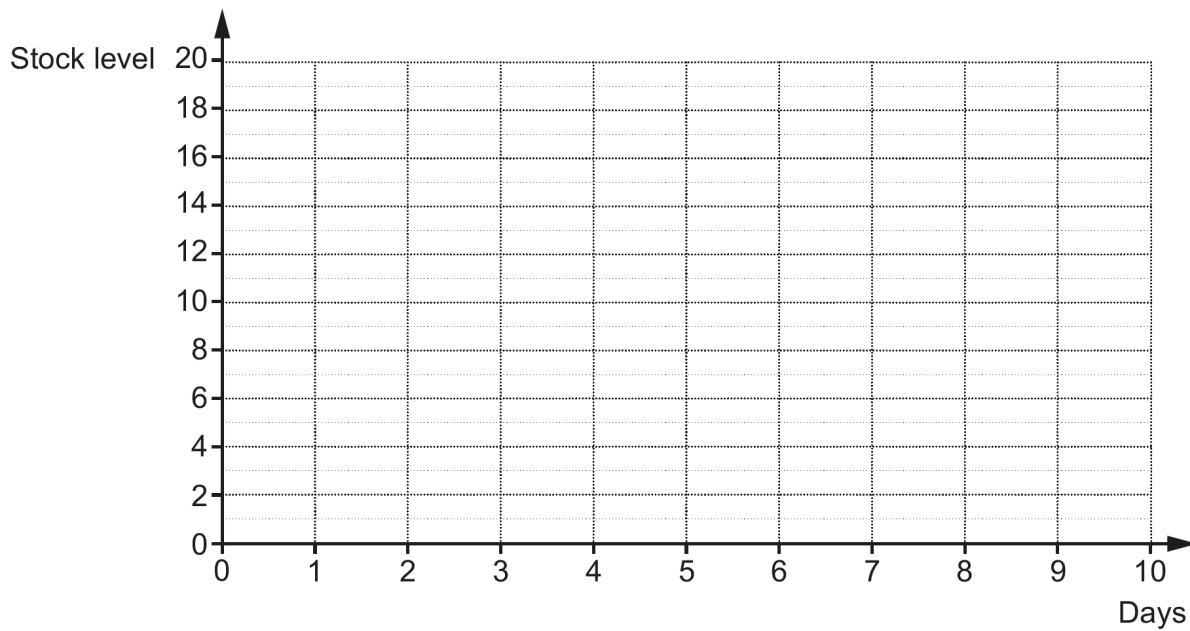
This answer shows clear knowledge of a disadvantage for Argos of the CMA's activities – it corresponds to the 4th bullet point in the mark scheme. There follows some very good analysis of how this may impact a business, in terms of restricting potential takeovers in the future and the ability to increase market share. However, there is nothing in the answer specifically about the scenario in the resource booklet. The names 'Argos' and 'Sainsbury's' could be replaced by virtually any other business name, and it would still make sense. Application could have been gained by mentioning how Argos is part of the second largest supermarket chain, or the 'highly competitive grocery market', or how the online part of the business has been changing. This would then allow the analysis marks to be rewardable.

Question 9

9 One of Argos' most popular products is an own brand garden chair. An Argos store in London sets a buffer stock level of 4 chairs and a maximum stock level of 16 chairs. On average, this store sells 2 chairs a day and the lead time for new deliveries is 1 day.

On the diagram below, draw a stock control chart, clearly drawing and labelling:

- the maximum stock level
- the buffer stock level
- the reorder level.



[4]

This question was well answered. Most candidates correctly recognised the buffer stock, maximum stock level and the reorder level. However, only a small number of candidates were able to correctly draw the stock control line.

Question 10

- 10** Sainsbury's managers have been implementing a plan to open more Argos stores in Sainsbury's stores (**Extract C**). This requires effective change management.

Evaluate how Sainsbury's managers may use **one** change management model to help implement this plan.

[9]

This was the other question on the paper with a high omit rate. Many candidates were unable to name a theorist or component of a change management model. Other responses produced only theoretical answers. These two points led to 0 and 2 being the most common marks on this question.

However, a large number of answers showed good knowledge of change management models. Many candidates had clearly prepared well for this question although many did not always consider the true impact of *using* the model. Responses leaned towards Lewin's model, with better responses emphasising effects on the employees or the business. The most successful answers briefly considered one change management model and then evaluated their answer by considering how an alternative model may be better in this particular situation.

Exemplar 2

Sainsbury should use Kotter's 8 step change management to Lewis change management model to implement this plan. Lewis change management model describes how a business should implement change into business operations effectively, it does this in 3 phases: Unfreeze, Transition, Freeze. Change management can be described as overseeing an approved approach & for transitional change within the business by using Lewis model this can be achieved while minimising uncertainty. In the Freeze stage of the model the business must introduce new ideas and persuade for change; as seen in the extract that would be: 'its plan to bring 300th Argos store opening inside Sainsbury's store'. In ~~stage~~ the transition stage the business management must focus on implementing new ideas into the business production and operating processes such as: a 'pay@Browse' area that uses digital technology to integrate ~~new~~ change that aids ^a better customer experience. Finally the business must use the Freeze stage to reinforce these ideas so that the business does not go back to its old methods of operating and can plan ~~for~~ 'its strategy for the future'.

One benefit of using Lewis model is that the implementation of newer ~~most~~ ideas can lead to lower costs for the business overall; furthermore by using Lewis model we can also use the unfreeze step to ensure the business remains

Competitive and grows by managing change effectively. Finally the use of the Freeze step ensures that change management is reinforced therefore removes the element of uncertainty the business would face.

However if the business use of Lewin's model only works if the business is not constantly evolving and at the rate of growth of Sainsbury's and Argos the business may the model could be deemed unsustainable. If Lewin's model is not used effectively this could cause uncertainty and be disruptive to the business's momentum.

To conclude Lewin's model is suitable for the business to integrating change management however it can be only beneficial in the short term and another model such as Kotter's 8 step change management model will have to be used alongside it to ensure identify ~~connect~~ how all stakeholders respond to change, and ~~how to~~ guarantee the long term success of the business.

This response begins with correct knowledge about Lewin's model. In lines 11-15 it incorporates relevant context into the answer, about the number of stores that have been altered and what is changing in the stores. At the end of the first paragraph and start of the second paragraph the impact of this model on the business is mentioned (preventing the return to old ways of working and how costs may be reduced). The penultimate paragraph evaluates the usefulness of using this change model. The answer concludes by effectively evaluating the overall response, by suggesting that Lewin may only be useful in the short-run, but a different model may be needed in the long-run (which is clearly justified).

Question 11*

11* Evaluate sources of finance available to Argos to help it to achieve its 'strategy for the future'.
(line 36)

[15]

This question was generally well answered, with most candidates scoring between 6 and 11 marks. The weaker responses tended to be purely generic and even the better answers did not always effectively evaluate the finance options available.

When trying to analyse, many candidates considered the impact on Argos of the source(s) of finance, rather than what is good or bad about the source of finance. Better responses focused on how different sources of finance would be more suitable for each of the strands of the 'strategy for the future' (see Exemplar 3). They also achieved a higher level of developed analysis by producing double-sided arguments about each potential source of finance.

Some responses tried to consider too many sources of finance; two or three is plenty in a 15-mark answer. There was also some confusion concerning retained earnings as a source of finance. Retained earnings may well help a business to secure a source of finance, especially when trying to arrange a loan or debenture, but they are not a source of finance in themselves.

Exemplar 3

Overall, I believe Argos should use both the issue of shares and debentures to help raise finance for their strategy for the future. This is because as many sources of finance are needed as possible in order for Argos to reach their £1bn goal and more. However, by using a combination of these two, they can sell shares until ~~they feel~~ they Sainsbury's feel they don't want to lose any more control over the business, at which point they can push the sale of debentures to ensure the finance is still coming in while maintaining a high amount of control.

This shows a final paragraph to a full mark answer which shows an excellent justified recommendation (as opposed to an answer which looks at the pros and cons of a range of sources of finance and then simply says which one is the best).

The bulk of the answer (not included here) had considered, using excellent context, the possible use of share issue and debentures as sources of finance. It had also considered the need for this finance to be both very long-term and large, due to the 2040 target and the need to invest £1bn.

This final paragraph does more than repeat what came before (often seen in weaker attempts at evaluation). It considers why these two sources of finance are particularly appropriate and how they can be used together *strategically* over time.

Misconception



'Retained earnings' are not a pot of money. This is an accounting term which represents the accumulation of a company's retained profits (which will have been reinvested in the past). It is not the same as retained profits.

Question 12

12 Analyse **one** advantage for Argos' managers of using the Plan-Do-Review cycle.

.....

.....

.....

.....

.....

.....

..... [4]

This question was not answered well. Although most candidates were able to identify an advantage of using the Plan-Do-Review cycle, they rarely produced an answer in context. This meant that most candidates only scored 1 mark.

Question 13

13 As a result of the job losses at Argos (**Extract D**) some employees may decide to take their case to an employment tribunal.

Evaluate the significance of employment tribunals for these employees of Argos. [9]

There was evidence of clear differentiation in this question. There were some remarkably good answers which fully recognised what an employment tribunal could achieve *for the employees* and what it could not, as most of these employees were being made redundant.

Weaker responses did not consider that Argos were largely not at fault here and might have behaved in the correct way. Some candidates concluded that the business must be bad and trying to exploit its workers.

Question 14*

14* Evaluate the changes to the distribution strategies used by Argos since it was purchased by Sainsbury's.

[15]

This final 'strategic' question was answered very well and was the best answered of the extended questions. It differentiated very well by allowing more successful responses to really consider the huge amount of context that was available about Argos' recent distribution strategy. These responses made good use of relevant material from the resource booklet, especially with good coverage of the physical to digital changes and the widened delivery strategy.

Less successful responses were also able to show context and analysis which allowed access to half marks or more. The difference was that these responses tended to end without considering the impact of these changes on the overall business, or how the advantages may outweigh the disadvantages, especially for some of their target market.

Supporting you

Post-results services

If any of your students' results are not as expected, you may wish to consider one of our post-results services. For full information about the options available visit the [OCR website](#).

Keep up-to-date

We send a weekly roundup to tell you about important updates. You can also sign up for your subject specific updates. If you haven't already, [sign up here](#).

OCR Professional Development

Attend one of our popular CPD courses to hear directly from a senior assessor or drop in to a Q&A session. Most of our courses are delivered live via an online platform, so you can attend from any location.

Please find details for all our courses on the relevant subject page on our [website](#) or visit [OCR professional development](#).

Signed up for ExamBuilder?

ExamBuilder is the question builder platform for a range of our GCSE, A Level, Cambridge Nationals and Cambridge Technicals qualifications. [Find out more](#).

ExamBuilder is **free for all OCR centres** with an Interchange account and gives you unlimited users per centre. We need an [Interchange](#) username to validate the identity of your centre's first user account for ExamBuilder.

If you do not have an Interchange account please contact your centre administrator (usually the Exams Officer) to request a username, or nominate an existing Interchange user in your department.

Active Results

Review students' exam performance with our free online results analysis tool. It is available for all GCSEs, AS and A Levels and Cambridge Nationals.

It allows you to:

- review and run analysis reports on exam performance
- analyse results at question and/or topic level
- compare your centre with OCR national averages
- identify trends across the centre
- facilitate effective planning and delivery of courses
- identify areas of the curriculum where students excel or struggle
- help pinpoint strengths and weaknesses of students and teaching departments.

[Find out more](#).

Need to get in touch?

If you ever have any questions about OCR qualifications or services (including administration, logistics and teaching) please feel free to get in touch with our customer support centre.

Call us on
01223 553998

Alternatively, you can email us on
support@ocr.org.uk

For more information visit

 **ocr.org.uk/qualifications/resource-finder**

 **ocr.org.uk**

 **/ocrexams**

 **/ocrexams**

 **/company/ocr**

 **/ocrexams**

We really value your feedback

Click to send us an autogenerated email about this resource. Add comments if you want to. Let us know how we can improve this resource or what else you need. Your email address will not be used or shared for any marketing purposes.



I like this



I dislike this

Please note – web links are correct at date of publication but other websites may change over time. If you have any problems with a link you may want to navigate to that organisation's website for a direct search.



OCR is part of Cambridge University Press & Assessment, a department of the University of Cambridge.

For staff training purposes and as part of our quality assurance programme your call may be recorded or monitored. © OCR 2022 Oxford Cambridge and RSA Examinations is a Company Limited by Guarantee. Registered in England. Registered office The Triangle Building, Shaftesbury Road, Cambridge, CB2 8EA. Registered company number 3484466. OCR is an exempt charity.

OCR operates academic and vocational qualifications regulated by Ofqual, Qualifications Wales and CCEA as listed in their qualifications registers including A Levels, GCSEs, Cambridge Technicals and Cambridge Nationals.

OCR provides resources to help you deliver our qualifications. These resources do not represent any particular teaching method we expect you to use. We update our resources regularly and aim to make sure content is accurate but please check the OCR website so that you have the most up to date version. OCR cannot be held responsible for any errors or omissions in these resources.

Though we make every effort to check our resources, there may be contradictions between published support and the specification, so it is important that you always use information in the latest specification. We indicate any specification changes within the document itself, change the version number and provide a summary of the changes. If you do notice a discrepancy between the specification and a resource, please [contact us](#).

You can copy and distribute this resource freely if you keep the OCR logo and this small print intact and you acknowledge OCR as the originator of the resource.

OCR acknowledges the use of the following content: N/A

Whether you already offer OCR qualifications, are new to OCR or are thinking about switching, you can request more information using our [Expression of Interest form](#).

Please [get in touch](#) if you want to discuss the accessibility of resources we offer to support you in delivering our qualifications.