

Applied Business

General Certificate of Secondary Education

Unit **A241**: Business in Action

Mark Scheme for June 2013

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This mark scheme is published as an aid to teachers and students, to indicate the requirements of the examination. It shows the basis on which marks were awarded by examiners. It does not indicate the details of the discussions which took place at an examiners' meeting before marking commenced.















All examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes should be read in conjunction with the published question papers and the report on the examination.

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Annotations

Annotation	Meaning
	Unclear
	Benefit of doubt
	Context
	Level 1
	Level 2
	Level 3
	Not answered question
	Repeat
	Noted but no credit given
	Too vague
	Tick
	Development of point
	Own figure rule
	Cross

Subject-specific Marking Instructions**Application marks (AO2)**

Application marks are available for **application of knowledge**. The application marks would be gained by explaining how a business may react, the implications of their theoretical suggestion or reasons why it is a good/bad idea. Context is not needed.

Application marks are also awarded if the candidate **applies their knowledge in the context** of the case study business or their chosen business. It will be clear in the question which business they should refer to. On occasion candidates may be asked to apply their answer to a business 'such as' (usually then naming the case study business) this allows candidates to apply their knowledge in the context of a similar business. The business could be similar in terms of the ownership, size of the business, sector in which it operates or the service it provides/products it produces.

The mark scheme will clearly show whether the application marks are for application in context or application of knowledge.

10 mark questions

Level 1 marks are awarded for showing knowledge.

Level 2 marks are awarded for application and are now split into 3–4 marks and 5–6 marks.

3–4 marks – Application marks are available for **application of knowledge**. The application marks would be gained by explaining how a business may react, the implications of their theoretical suggestion or reasons why it is a good/bad idea. Context is not needed.

5–6 marks are awarded if the candidate **applies their knowledge in the context** of the case study business or their chosen business.

Specific guidance will be given within the mark scheme as to what is needed to access 5 marks.

It must be clear that the candidate is applying their answer to the case study business or a business they have studied to move above L2 4 marks. An applied answer can go straight to L2 as it is not expected that the candidate includes theory in their answer.

Start by checking the candidate's answer for context. Once you have found context in the answer then it can gain at least 5 marks. Context only has to be hit once to reach this level (level 2 descriptor also has to be met to reach level 2).

Level 3 marks are awarded for analysis and evaluation. The candidate has to have previously correctly applied their knowledge in the context of the case study in order to achieve level 3.

7 – 8 marks are awarded for analysis based on previous application in context.

9 – 10 marks are awarded for evaluation based on previous analysis.

Quality of Written Communication (QWC)

Questions 1e, 2c and 3b have QWC embedded in the levels. Below are the full descriptors for requirements to meet the level with regard to QWC.

Level 3 – Candidate shows ability to present relevant material in a well planned and logical sequence. Material is clearly structured using appropriate industry terminology confidently and accurately. Sentences, consistently relevant, are well structured in a way which directly answers the question. There will be few, if any, errors of grammar, punctuation and spelling.

Level 2 – Candidate shows ability to present relevant material in a planned and logical sequence. Appropriate industry terminology is used. Sentences, for the most part, are presented in a balanced, logical and coherent manner which addresses the question. There will be occasional errors of grammar, punctuation and spelling.

Level 1 – Candidate shows ability to communicate at least one point using some appropriate industry terminology. Sentences have limited coherence and structure, often being of doubtful relevance to the main focus of the question. Errors of grammar, punctuation and spelling may be noticeable and intrusive.

Question		Answer	Marks	Guidance
1	(a)	<p>Possible responses may include:</p> <ul style="list-style-type: none"> • tertiary (sector) • tourism • catering/hospitality service • accommodation • bed and breakfast • meals/restaurant • hotel • re-opening hotels 	1	<p>Annotations ✓ or ✗ For one mark</p>
	(b)	<ul style="list-style-type: none"> • shareholders • liability • Stock Exchange. 	3	<p>Annotations ✓ or ✗ One mark for each correct identification in this order, up to a maximum of three identifications.</p>
	(c)	<p>Indicative content:</p> <ul style="list-style-type: none"> • competition • interest rates • inflation • imports/exports • exchange rates • consumer demand <p>Exemplar responses:</p> <ul style="list-style-type: none"> • There are changing customer demands (1) so Nantwold Hall will not know what to provide in order to meet their customer's needs (1) • There is a recession (1) so customers might not be able to afford to stay at a hotel (1) 	4	<p>Annotations ✓ ✓+ or ✗</p> <p>Development marks awarded for application of knowledge.</p> <p>One mark for each correct identification up to a maximum of two identifications, plus a further one mark for each of two explanations.</p> <p>The answer must be related to the wider business environment and not just what is happening at Nantwold Hall.</p> <p>Development marks not to be awarded for a repeated point.</p>

Question	Answer	Marks	Guidance
(d)	<p>Indicative content:</p> <ul style="list-style-type: none"> • fair trade • paying above minimum wage • treating suppliers well • raise money for charity <p>Exemplar responses:</p> <ul style="list-style-type: none"> • Using fair trade products where possible (1) so that farmers in poor countries get more money (1) • Make sure all employees are adults (1) so it does not use child labour (1). 	4	<p>Annotations ✓ ✓+ or *</p> <p>Development marks awarded for application in context – something which a hotel would do.</p> <p>Make sure that answers are ‘ethical’ and not ‘sustainable’ or ‘environmentally friendly’.</p> <p>Do not allow ‘recycling’ or ‘turning off lights’.</p> <p>One mark for each correct identification up to a maximum of two identifications, plus a further one mark for each of two explanations.</p> <p>Development marks not to be awarded for a repeated point.</p>

Question	Answer	Marks	Guidance
(e)* QWC	<p>Indicative content:</p> <ul style="list-style-type: none"> • loss of market share • new competitors in market • loss or profit – buying a failing business • opportunity cost of refurbishing hotel • loss of customers • if hotel didn't spend money promoting, then no-one would know about it. <p>Exemplar response: The tourism sector is a very competitive one and in order to stay ahead of the competition needed to take risks (L1).</p> <p>By closing the hotel when the work took place they did not upset any of the guests (L2). If they had done this, it could have made things worse and the hotel would have got an even worse name and lost those customers as well (L3).</p> <p>Because the hotel was closed people expected something really 'posh' when it reopened. If they had not spent a lot of money on the refurbishment they might have made customers disappointed, (L2) who could have decided not to stay again and so the hotel would have lost even more money (L3).</p>	10	<p>Context: Elements from the bullet points in the question.</p> <p>Level 3 (7–10 marks) Candidate makes reasoned judgements and presents appropriate conclusions about the consequences to shareholders of Nantwold Hall Ltd of not taking these risks.</p> <p>Level 2 (5–6 marks) Candidate applies knowledge of consequences to shareholders of Nantwold Hall Ltd of not taking these risks.</p> <p>Level 2 (3–4 marks) Candidate applies knowledge of consequences to a business of not taking risks.</p> <p>Level 1 (1–2 marks) Candidate identifies consequences to a business of not taking risks.</p> <p>The question asks about consequences to shareholders and not the business in general.</p> <p><i>QWC (Quality of Written Communication) is assessed in this question – see the guidance on Page 6 of this mark scheme.</i> Annotations: L1, L2, L3, ✓+ (use this annotation when decision has been made).</p> <p>Level 3 – Must be in context 10 marks – makes decision and fully justified and all three risks analysed. Evaluating which consequence would have the greatest impact on Nantwold Hall Ltd</p> <p>9 marks – makes decision/judgement based on previous analysis. Needs to have correctly analysed the consequence they have chosen</p> <p>8 marks – minimum two consequences analysed</p> <p>7 marks – one consequence analysed</p> <p>Max 8 marks if candidate makes a decision based on analysis of their chosen risk with no analysis of rejected one(s)</p> <p>Level 2 6 marks – minimum two consequences need to be developed in context</p>

Question	Answer	Marks	Guidance
	<p>They needed to promote the changes so that they could attract old and new customers (L2). If people did not know about the changes then they might not want to stay there (L2).</p> <p>The consequence that would have had the greatest impact would be people not knowing about the changes. This is because the hotel could have wasted all of their money if it did not spend the extra and promote the changes to the public (L3).</p>		<p>5 marks – minimum two consequences need explaining briefly in context or one consequence needs developing in context.</p> <p>4 marks – an explanation of two consequences or one consequence developed</p> <p>3 marks – explanation of one consequence (no development)</p> <p>Level 1</p> <p>2 marks – identifies more than one consequence of not taking risks</p> <p>1 mark – identifies one consequence of not taking risks</p>

Question			Answer	Marks	Guidance
2	(a)	(i)	<p>Possible responses may include:</p> <ul style="list-style-type: none"> Selling more of a product line than a competitor. (1) Providing more services than in the previous year. (1) 	2	<p>Annotations ✓ or ✗</p> <p>One mark for each correct identification up to a maximum of two identifications.</p> <p>Objectives do not have to be SMART but there needs to be a comparison.</p> <p>Do not allow examples of aims.</p>
		(ii)	<p>Exemplar responses:</p> <ul style="list-style-type: none"> Objectives are the stepping stones in achieving an overall goal (1). This makes achieving the overall goal more realistic (1). They allow the business to set realistic targets for each functional area (1) so that everyone knows what role they have to play (1). 	4	<p>Annotations ✓ ✓+ or ✗</p> <p>One mark for each correct identification up to a maximum of two identifications, plus a further one mark for each of two explanations.</p> <p>Development marks can be awarded for application of knowledge.</p> <p>Development marks not to be awarded for a repeated point.</p>
	(b)		<p>Correct responses:</p> <ul style="list-style-type: none"> Employees cannot be sexually discriminated against in employment. It is illegal to discriminate against someone on the basis of their ethnic background. Disabled people have rights in employment. 	3	<p>Annotations ✓ or ✗</p> <p>One mark for each correct identification up to a maximum of three identifications.</p>

Question	Answer	Marks	Guidance	
(c)* QWC	<p>Indicative content:</p> <ul style="list-style-type: none"> • different methods of creating a good working relationship • links to business studied • how the methods created to good working relationship • which method has been most successful. <p>Exemplar response: Name of business: <u>Harmony Concepts</u></p> <p>A good working relationship can be established between employees and employer through a series of weekly meetings (L1) where staff have the opportunity to talk through with management any issues or problems they face on a day-to-day basis (L2). Management also ensures that it fully briefs all employees on new developments and changes to working practices (L1) so employees are aware of what is going to happen in the future (L2). The employees feel that the regular meetings are more beneficial in creating a good working relationship (L2), whilst the employers think that good communication is more effective (L2). In the long term, both approaches will lead to improved motivation, improved productivity and the profitability of the business (L2).</p>	10	<p>Context: Ways of creating a good working relationship in the context of the business.</p> <p>Level 3 (7–10 marks) Candidate makes reasoned judgements and presents appropriate conclusions about how a good working relationship has been developed in their named business.</p> <p>Level 2 (5–6 marks) Candidate applies knowledge about ways to develop a good working relationship in their named business.</p> <p>Level 2 (3–4 marks) Candidate applies knowledge about ways to develop a good working relationship in a business.</p> <p>Level 1 (1–2 marks) Candidate identifies ways in which effective working relationships can be created in a business.</p>	<p><i>QWC (Quality of Written Communication) is assessed in this question – see the guidance on Page 6 of this mark scheme.</i></p> <p>Annotations L1, L2, L3, ✓+ (use this annotation when decision has been made).</p> <p>Level 3 – Must be in context 10 marks – makes decision and fully justified and all three options analysed. Evaluating which method was the most successful in creating a good working relationship.</p> <p>9 marks – makes decision / judgement based on previous analysis. Needs to have correctly analysed the method they have chosen.</p> <p>8 marks – minimum two methods analysed.</p> <p>7 marks – one method analysed.</p> <p>Max 8 marks if candidate makes a decision based on analysis of their chosen method with no analysis of rejected one(s).</p> <p>Level 2 6 marks – minimum two methods need to be developed in context.</p>

Question		Answer	Marks	Guidance
		In Harmony Concepts the working environment is not modern. There is no air conditioning and all of the desks are squashed together, and this does not help develop a good working relationship (L2). I think that the meetings are the most successful factor in Harmony Concepts as everyone feels that they are important to the business (L3).		<p>5 marks – minimum two methods need explaining briefly in context or one method needs developing in context.</p> <p>4 marks – an explanation of two methods or one method developed.</p> <p>3 marks – explanation of one method (no development).</p> <p>Level 1</p> <p>2 marks – identifies more than one method of creating a good working relationship.</p> <p>1 mark – identifies one method of creating a good working relationship.</p>
3	(a)	<p>Possible responses may include:</p> <ul style="list-style-type: none"> • make a profit • be her own boss • she's got a good idea • personal satisfaction • seen a gap in the market. 	2	<p>Annotations ✓ or ✗</p> <p>Beware of repetition.</p> <p>One mark for each correct identification up to a maximum of two identifications.</p> <p>Do not allow 'growth'/'expansion'.</p>

Question	Answer	Marks	Guidance
(b)* QWC	<p>Indicative content:</p> <ul style="list-style-type: none"> • advantages and disadvantages of 'going it alone' • advantages and disadvantages of franchise • weighing up of risk factors • context – Lucy's lack of experience. <p>Exemplar response:</p> <p>If Lucy sets up in business on her own she would have unlimited liability meaning she is responsible for all the debts of the business (L2). She would have to come up with all of her own ideas, and find a location and a product to sell (L2). This might be difficult for her as she has not set up in business before and it might not survive if she makes the wrong decisions (L3).</p> <p>Having a franchise would mean that she would be buying into a recognised and successful brand (L2), so she would have more guarantee of success as the franchisor would have already done all of the research beforehand (L3). The franchisor will want Lucy to be successful so will offer training and advice, as it would not look good on them if Lucy's business was not successful (L3).</p>	10	<p>Context: Must relate to Lucy or her business idea from the text.</p> <p>Level 3 (7–10 marks) Candidate makes reasoned judgements and presents appropriate conclusions about which is the best option for Lucy.</p> <p>Level 2 (5–6 marks) Candidate applies knowledge about the different options for Lucy.</p> <p>Level 2 (3–4 marks) Candidate applies knowledge about the different forms of ownership.</p> <p>Level 1 (1–2 marks) Candidate describes different form(s) of ownership or describes why one form is better than another.</p> <p><i>QWC (Quality of Written Communication) is assessed in this question – see the guidance on Page 6 of this mark scheme.</i> Annotations L1, L2, L3, ✓+ (use this annotation when decision has been made).</p> <p>Level 3 – Must be in context 10 marks – makes decision and fully justified and both options analysed. Evaluates which option would be most suitable for Lucy. 9 marks – makes decision/judgement based on previous analysis. Needs to have correctly analysed the option they have chosen. 8 marks – both options analysed. 7 marks – one option analysed. Max 8 marks if candidate makes a decision based on analysis of their chosen option with no analysis of rejected one(s).</p> <p>Level 2 6 marks – both options need to be developed in context. 5 marks – both options need explaining briefly in context or one option needs developing in context.</p>

Question	Answer	Marks	Guidance
	<p>I think that setting up as a franchisee is the best idea because Lucy needs a lot of support as she has never set up in business before and she will get this from the franchisor (L3). She would still have unlimited liability, but would have a lot more support and advice, so hopefully would have more chance of it being a success (L3).</p>		<p>4 marks – an explanation of both options, or one option developed. 3 marks – explanation of one option (no development).</p> <p>Level 1 2 marks – shows some development of knowledge of franchise or working on her own. 1 mark – states knowledge of franchise or working on her own.</p>

Question	Answer	Marks	Guidance
(c)	<p>Exemplar responses:</p> <p>Local community:</p> <ul style="list-style-type: none"> • They might want to get a job in the ice cream parlour (1), so will be interested in when it is going to open (1). <p>Suppliers:</p> <ul style="list-style-type: none"> • Will be interested in how much ice cream Lucy is going to order, (1) so they can work out how much profit they can make from her business (1). <p>Competitors:</p> <ul style="list-style-type: none"> • Will want to know if Lucy is setting up a franchise or on her own (1) because if it is the franchise they might be more concerned about losing some or all of their customers (1). 	6	<p>Annotations ✓ ✓+ or ✗</p> <p>Development marks awarded for application in context.</p> <p>One mark for each correct identification up to a maximum of three identifications plus one further mark for each of three explanations.</p> <p>Check that the interests are different.</p> <p>Make sure the explanation refers to the interest stated.</p>

Question		Answer	Marks	Guidance
	(d)	<p>Possible responses may include:</p> <ul style="list-style-type: none"> A conflict might occur because the customers want 'cheap ice cream' (1) but Lucy wants to make a lot of profit so increases her prices (1) A conflict might occur as Lucy wants a day off on Sundays (1) but her customers want the ice cream parlour to open (1). 	2	<p>Annotations ✓ ✓+ or ✗</p> <p>Development mark awarded for application of knowledge.</p> <p>One mark for each point of explanation up to a maximum of two explanatory points, but allow a development mark</p>
4	(a)	(i) <p>Possible responses may include:</p> <ul style="list-style-type: none"> ABC Corner Shop This shop has recently installed a new stock monitoring system (1) which allows it to see at a click what it has in the shop, plus the value of the stock (1). It then knows what it needs to order (1). 	3	<p>Annotations ✓ ✓+ or ✗</p> <p>Development marks awarded for application of knowledge.</p> <p>One mark for each point of description up to a maximum of three descriptive points, but allow development marks.</p> <p>Allow answers about new equipment or how the current equipment is used differently.</p> <p>The answer must describe how not explain why.</p>

Question		Answer	Marks	Guidance
	(ii)	<p>Exemplar responses:</p> <ul style="list-style-type: none"> This has meant that the owner no longer needs physically to count the stock and make calculations (1) which saves time (1) It does not over order stock (1) so that there is less wastage (1). 	4	<p>Annotations ✓ ✓+ or ✗ OFR Development marks awarded for application of knowledge.</p> <p>One mark for each correct identification up to a maximum of two identifications, plus a further one mark for each of two explanations.</p> <p>Must be benefit to business and not customer.</p> <p>Development mark not awarded for a repeat of the explanation.</p>
	(iii)	<p>Exemplar responses:</p> <ul style="list-style-type: none"> The equipment was very expensive (1) and it meant that the owner could not make other improvements to the shop (1) No-one knew how to use the system (1) so expensive training had to be undertaken (1). 	4	<p>Annotations ✓ ✓+ or ✗ OFR Development marks awarded for application of knowledge.</p> <p>One mark for each correct identification up to a maximum of two identifications, plus a further one mark for each of two explanations.</p> <p>Must be benefit to business and not customer.</p> <p>Development mark not awarded for a repeat of the explanation.</p>

Question	Answer	Marks	Guidance
(b)	<p>Possible responses may include:</p> <ul style="list-style-type: none"> • She will have to pay back more money to the bank (1) so it will be harder for the ice cream parlour to make a profit (1) • Going out for ice cream is a luxury (1) as customers who have borrowed money have less money they might decide to buy from a supermarket instead (1). 	2	<p>Annotations ✓ ✓+ or ✗ Development mark awarded for application of knowledge.</p> <p>One mark for a correct identification, plus a further one mark for an explanation.</p>
(c)	<p>Possible responses may include:</p> <ul style="list-style-type: none"> • The cost of everything Lucy buys will increase (1) so her profits will go down (1) • Lucy might have to buy lower quality products (1) because she cannot now afford the higher costs of good quality products (1). 	2	<p>Annotations ✓ ✓+ or ✗ Development mark awarded for application of knowledge.</p> <p>One mark for a correct identification, plus a further one mark for an explanation.</p>

Question		Answer	Marks	Guidance
	(d) (i)	<p>Possible responses may include:</p> <ul style="list-style-type: none"> • She will be increasing the amount of ice cream she sells (1), so her profit should increase (1) • As the hotel guests are staying in the area they might come to Lucy's ice cream parlour for a treat (1), so her sales will go up at the parlour(1). 	2	<p>Annotations ✓ ✓+ or ✗</p> <p>Development mark awarded for application in context.</p> <p>One mark for each correct identification, plus a further one mark for an explanation.</p>
	(ii)	<p>Possible responses may include:</p> <ul style="list-style-type: none"> • Nantwold Hall will know that Lucy is reliable because she worked there (1) so the business knows there will always be ice cream available (1) • Grant can encourage Lucy's customers to stay in the hotel and spend money (1) so his profits should increase (1). 	2	<p>Annotations ✓ ✓+ or ✗</p> <p>Development mark awarded for application in context.</p> <p>One mark for a correct identification, plus a further one mark for an explanation.</p>

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