

# **Business Studies**

General Certificate of Secondary Education

Unit **A292**: Business and People

## **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.

OCR will not enter into any discussion or correspondence in connection with this mark scheme.

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## Annotations

Annotation	Meaning
	Unclear
	Cross
	Error carried forward
	Level 1
	Level 2
	Level 3
	Level 4
	Not answered question
	Repeat
	Tick
	Benefit of doubt
	Expansion of a point
	Own figure rule

Note

Every question and additional item must be annotated to show it has been considered.

**Crossed Out Responses**

Where a candidate has crossed out a response and provided a clear alternative then the crossed out response is not marked. Where no alternative response has been provided, examiners may give candidates the benefit of the doubt and mark the crossed out response where legible.

**Multiple Choice Question Responses**

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 should be awarded (as it is not possible to determine which was the first response selected by the candidate).

*When a question requires candidates to select more than one option/multiple options, then local marking arrangements need to ensure consistency of approach.*

**Contradictory Responses**

When a candidate provides contradictory responses, then no mark should be awarded, even if one of the answers is correct.

**Short Answer Questions** (requiring only a list by way of a response, usually worth only **one mark per response**)

Where candidates are required to provide a set number of short answer responses then only the set number of responses should be marked. The response space should be marked from left to right on each line and then line by line until the required number of responses have been considered. The remaining responses should not then be marked. Examiners will have to apply judgement as to whether a 'second response' on a line is a development of the 'first response', rather than a separate, discrete response. *(The underlying assumption is that the candidate is attempting to hedge their bets and therefore getting undue benefit rather than engaging with the question and giving the most relevant/correct responses.)*

**Short Answer Questions** (requiring a more developed response, worth **two or more marks**)

If the candidates are required to provide a description of, say, three items or factors and four items or factors are provided, then mark on a similar basis – that is downwards (as it is unlikely in this situation that a candidate will provide more than one response in each section of the response space.)

**Longer Answer Questions** (requiring a developed response)

Where candidates have provided two (or more) responses to a medium or high tariff question which only required a single (developed) response and not crossed out the first response, then only the first response should be marked. Examiners will need to apply professional judgement as to whether the second (or a subsequent) response is a 'new start' or simply a poorly expressed continuation of the first response.

Question			Answer	Marks	Guidance
1	(a)	(i)	A social enterprise has ethical values central to its business practices.	1	For one mark.
		(ii)	<p>Indicative content:</p> <p><b>Same sector</b> Goodchilds sell the bananas to other businesses which sell them to the public (1), and therefore they need businesses in the same sector in order to make sales/money (1).</p> <p><b>Different sector</b> They need bananas from businesses which grow them (1) in order to sell them and make sales/money (1).</p>	4	<p>Up to two marks for each of two responses.</p> <p>Award one mark for stating 'Tertiary' in first section, and one mark for stating 'Secondary' or 'Primary' in the second section.</p> <p>Reference to Primary / Secondary / Tertiary Sectors <b>does not</b> need to be explicit.</p> <p>Allow:</p> <ul style="list-style-type: none"> <li>- provide stock (1) to sell and make money (1).</li> <li>- they need boxes to transport bananas (1) and boxes are provided by secondary sector (1).</li> </ul> <p><b>Do not</b> allow 'provide competition therefore increasing efficiency / ensuring they remain competitive' as the question refers to Goodchilds <b>depending</b> on other firms.</p>
	(b)	(i)	<p>Possible answers include:</p> <p>To reinvest profits (1) into causes/communities which require assistance (1).</p> <p>Allow</p> <ul style="list-style-type: none"> <li>- meet social needs (1) of its customers (1)</li> <li>- provide jobs in developing countries (1) therefore improving the standard of living of those workers/families (1)</li> <li>- maintaining ethical values (1)</li> <li>- maximise profits (1) therefore giving more to third world farmers (1)</li> <li>- growth (1) therefore raising the issue to more potential consumers (1).</li> </ul>	2	<p>One mark for the correct identification of an objective, plus a further one mark for an explanation.</p> <p>Allow any business objective for first mark (e.g. survival/profit), but there <b>must</b> be a reference to a specific <b>social issue</b> for the second mark (e.g. helping the living standards in developing countries).</p>
		(ii)	<p>Possible answers include:</p> <ul style="list-style-type: none"> <li>- growth (1) to serve shareholders better in future (1)</li> </ul>	2	<p>One mark for the correct identification of an objective, plus a further one mark for an explanation.</p>

Question			Answer	Marks	Guidance
			<ul style="list-style-type: none"><li>- survival (1) to serve shareholders better in future (1)</li><li>- to provide an excellent service (1) therefore increase sales (1)</li><li>- to increase sales (1) to increase profit (1).</li></ul>		Must have explanation/development for the second mark; <b>do not</b> give a second mark for a simple statement of a second objective.

Question		Answer	Marks	Guidance												
(c)	(i)	<p>The Human Resources Manager discussing a staffing matter with the Managing Director. <b>INTERNAL.</b></p> <p>The Sales Manager telling customers about discounts. <b>EXTERNAL.</b></p> <p>The employees discussing with their manager of ways to improve efficiency. <b>INTERNAL.</b></p>	3	<p>One mark for each identification up to a maximum of three identifications.</p> <table border="1"> <thead> <tr> <th></th> <th>Int...</th> <th>Ext...</th> </tr> </thead> <tbody> <tr> <td>HR...</td> <td>✓</td> <td></td> </tr> <tr> <td>Marketing...</td> <td></td> <td>✓</td> </tr> <tr> <td>Employees...</td> <td>✓</td> <td></td> </tr> </tbody> </table>		Int...	Ext...	HR...	✓		Marketing...		✓	Employees...	✓	
	Int...	Ext...														
HR...	✓															
Marketing...		✓														
Employees...	✓															
	(ii)	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>poor reputation as customers may perceive them to be unfriendly</li> <li>customers will not know what is available to buy</li> <li>poor sales.</li> </ul> <p><b>Exemplar response:</b> If Goodchilds does not communicate 'well' then customers may not know of products (1) and, therefore, will not buy from it, thus leading to lower sales (1).</p> <p>If Goodchilds does not communicate 'well' then customers may not perceive it to be a good business (1) which may lead to bad 'word-of-mouth'/PR thus leading to lower sales (1).</p>	4	<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>Award (1) for each effect, reasoned link to communication needed for second mark (1).</p> <p><b>Note</b> question refers to <u>customers</u>; do not allow reference to effects on workers.</p>												
(d)	(i)	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>recruitment/selection of staff</li> <li>pay/remuneration</li> <li>discipline</li> <li>trade union negotiation</li> <li>organise training.</li> </ul> <p><b>Exemplar response:</b> Human Resources deals with the recruitment and selection (1) to provide the best workers for the firm (1).</p> <p>Pay (1) and trade union negotiations (1).</p>	2	<p>One mark for the correct identification of <b>one way</b> in which the functional area contributes to the running of Goodchilds, plus a further one mark for an explanation.</p> <p>Allow 2 x 1.</p> <p>Allow 'HR looks after workers (1)'. Do not reward 'making sure workers are doing their job'.</p>												

Question	Answer	Marks	Guidance
	<p>(ii)* <b>Possible advantages of external recruitment:</b></p> <ul style="list-style-type: none"> <li>• Many potential candidates thus this is increasing choice of candidates</li> <li>• An injection of fresh ideas</li> <li>• External candidates may be better than existing employees.</li> </ul> <p><b>Possible disadvantages of external recruitment:</b></p> <ul style="list-style-type: none"> <li>• Candidates do not know/have existing knowledge of business</li> <li>• Expensive as opposed to internal recruitment</li> <li>• An ideal candidate may be in the business thus much cheaper to recruit from within</li> <li>• May lead to decrease in internal motivation as workers do not see other workers being promoted from within</li> <li>• The recruitment process likely to take longer due to the amount of applications.</li> </ul> <p><b>Exemplar response:</b> I think it is wise to recruit from outside the business as you will have many potential external candidates and these will bring new and/or better ideas (L1) which is great for a Marketing Manager position as he/she will need to be fresh and forward thinking (L2). However, it is recognised that it may be more expensive as the business needs to place advertisements in the local press, and it takes much time to go through all the applications (L3). Therefore, on balance, I think Goodchilds should use the external method as a Marketing Manager post is of high importance and crucial to increasing sales/profits of the business (L3).</p>	6	<p><b>Level 3 (5–6 marks) Analysis and evaluation</b> At least one advantage and one disadvantage analysed and evaluated. Reasoned judgement provided for sixth mark.</p> <p><b>Level 2 (3–4 marks) Application</b> Explanation of either an advantage or disadvantage including reference to <i>Goodchilds / Marketing Manager / Senior Employee / Specialised Employee / Social Enterprise/ Highly Skilled</i>.</p> <p><b>Level 1 (1–2 marks) Knowledge</b> Stated advantages or disadvantages of external recruitment.</p> <p>Disadvantages of external recruitment may be expressed in terms of advantages of internal recruitment.</p> <p>Conclusion maybe in favour of either external or internal or a combination of both.</p> <p><b>QoWC</b> – Judgement should be based on content. Responses can be in Level 3 even if QoWC is poor. If it is poor award bottom Level 3, assuming content puts candidate into Level 3 excluding QoWC.</p> <p>Relatively straightforward ideas have been expressed with some clarity and fluency. Arguments are generally relevant, though may stray from the point of the question. There may be some errors of spelling, punctuation and grammar but these are unlikely to be intrusive or obscure meaning.</p> <p>Straightforward ideas are expressed relatively clearly, legibly and appropriately. There will be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer.</p>



Question		Answer	Marks	Guidance
	(e) (i)	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• cheaper than off-the-job as no need to pay for off-site training</li> <li>• worker is productive whilst training</li> </ul> <p><b>Exemplar response:</b> Cheaper (1) than paying external training companies (1).</p> <p>The worker still produces while training (1) whereas if off the job they will not be (1).</p>	2	<p>One mark for a correct identification of an advantage, plus a further one mark for an explanation.</p> <p>Allow 2 x 1.</p> <p>Allow 'employees get their training whilst working (1) therefore still making (1)'. The question is general and not specific to Goodchilds.</p> <p>Do not allow 'workers become more familiar with the workplace' unless linked to an advantage to the <u>business</u>.</p>
	(ii)	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• health and safety</li> <li>• know how to do job</li> <li>• familiarity with surroundings</li> <li>• less mistakes</li> </ul> <p><b>Exemplar response:</b> To be taught how to do their job efficiently (1) therefore cost effective (1).</p> <p>Workers know health and safety procedures (1) therefore prevention of injuries (1) firm doesn't get sued (1).</p> <p>To be more accustomed with their new surroundings (1) therefore they become productive quickly (1).</p> <p>Training improves accuracy (1) and therefore efficiency (1).</p>	4	<p>One mark for each correct identification of a reason up to a maximum of two identifications, plus a further one mark for each of two explanations.</p> <p>Training can relate to <b>specific job training</b> or <b>induction training</b>.</p> <p>Allow reference to 'get used to using a machine'.</p> <p>Do not allow 'improve the quality of the product' as the company 'sells' and does not 'manufacture'.</p>
2	(a) (i)	The owners have limited liability.	1	For one mark.
	(ii)	Continuity means that if an owner dies (1) the business will still carry on (1).	2	Up to two marks. Allow one mark for 'firm is incorporated' / 'separate identity'.

Question		Answer	Marks	Guidance
	(iii)	<p>Possible answers include:</p> <ul style="list-style-type: none"> <li>• payment of dividend</li> <li>• reinvest into the business / new equipment / training/ expansion</li> <li>• payment of Corporation Tax</li> <li>• to put profit in a bank savings account</li> <li>• profit related bonus to workers</li> </ul> <p><b>Exemplar responses:</b> Reinvest into the business (1) to make the business more competitive (1).</p>	2	<p>One mark for a correct identification, plus one further mark for an explanation.</p> <p>Allow 2 x 1 answers which give two different ways of allocating profit.</p> <p>Allow 'Allocate to workers (1) by giving bonus (1)'.</p> <p>Do not allow</p> <ul style="list-style-type: none"> <li>- 'buy materials' or 'pay for advertising'.</li> <li>- commission.</li> </ul>
	(iv)	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• make a profit for the owners (1)</li> <li>• provision of goods/services (1)</li> </ul> <p><b>Exemplar response:</b> Stones Ltd exists as it provides goods (1) to meet the needs of the public/society (1).</p>	2	<p>One mark for a correct identification, plus one further mark for an explanation.</p> <p>Allow 2 x 1 answers which give two different reasons.</p> <p>Allow 'employment opportunities' and 'serving the community'.</p>
(b)		<p><b>Exemplar response:</b> Providing an excellent service may mean Stones Ltd having to increase training (1) thereby workers become better at their jobs. This increase in training will increase costs (1). As a result Stones Ltd may have lower profits (1) in the short term.</p> <p>Improving customer service means more spending on staff (1) which increases costs (1) and reduces profit (1).</p>	3	<p>One mark for each point of explanation up to a maximum of three explanatory points, but allow development marks.</p>
(c)	(i)	Tertiary Sector	1	For one mark.

Question	Answer	Marks	Guidance
(ii)	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• robotics</li> <li>• cheaper labour costs abroad</li> <li>• cheap imports</li> <li>• less regulation abroad</li> </ul> <p><b>Exemplar response:</b> Labour costs are high in the UK (1) in comparison to labour costs in some countries abroad, therefore, UK prices tend to be higher, therefore, lower sales which mean fewer businesses operate in the secondary sector (1).</p>	4	<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>Allow 'exchange rate is too high (1) and UK cannot compete with foreign imports (1)'.</p> <p><b>Do not award</b> issues based simply on worker preferences such as 'people do not like working in dirty factories'.</p> <p>Do not allow</p> <ul style="list-style-type: none"> <li>- wages are higher in Tertiary Sector.</li> <li>- deindustrialisation.</li> </ul>
(d)	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• worker motivation is higher</li> <li>• productivity increases</li> <li>• workers may rush to do more work</li> <li>• quality may suffer.</li> </ul> <p><b>Advantages</b></p> <p>Workers produce more/work at a faster rate (1) thus more kitchens can be fitted thus more sales (1).</p> <p>Daniel will work harder (1) because the more kitchens he fits the more he gets paid and the more profit the business will make (1).</p> <p><b>Disadvantages</b></p> <p>Workers may rush their work which can lead to poor quality (1) which may increase waste which add costs (1) and decrease profits (1).</p>	4	<p>One mark for one correct identification of an advantage and one for the correct identification of a disadvantage, plus a further one mark for each of two explanations.</p>

Question	Answer	Marks	Guidance
(e)*	<p>Indicative content:</p> <p>The <b>Working Time Directive (WTD)</b> is a European Union (EU) Directive, which creates the right for EU workers to a minimum number of holidays each year, paid breaks, and rest of at least 11 hours in any 24 hours; restricts excessive night work; and makes a default right to work no more than 48 hours per week. The implications of this are:</p> <ul style="list-style-type: none"> <li>• more breaks less work done</li> <li>• more breaks workers fresher and more productive</li> <li>• max 48 hours/restricts excessive night work may mean orders not met, thus decrease in sales/profit</li> <li>• business may have to recruit more temporary workers which is costly</li> <li>• if a business ignores the WTD it may be taken to court/fined (which is costly and bad for reputation which may lead to lower sales</li> <li>• WTD leads to workers being less stressed so more productive.</li> </ul> <p><b>Exemplar response:</b> The <b>Working Time Directive</b> is a European Union Directive, which means European businesses cannot make employees work more than 48 hours per week (L1). This may mean orders are not met (L2) thus reputation falls (L2) which may decrease sales (L2) and profit (L2). It may then have to recruit temporary staff (L2) to meet the orders, which is costly (L2).</p>	4	<p><b>Level 2 (2-4 marks)</b> Analysis and evaluation of the WTD to businesses.</p> <p><b>Level 1 (1 mark)</b> Knowledge of WTD.</p> <p><b>QoWC</b> – <i>Judgement should be based on content. Responses can be in Level 2 even if QoWC is poor. If it is poor award bottom Level 2, assuming content puts candidate into Level 2 excluding QoWC.</i></p> <p><i>Relatively straightforward ideas have been expressed with some clarity and fluency. Arguments are generally relevant, though may stray from the point of the question. There may be some errors of spelling, punctuation and grammar but these are unlikely to be intrusive or obscure meaning.</i></p> <p><i>Straightforward ideas are expressed relatively clearly, legibly and appropriately. There will be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer.</i></p>

Question		Answer	Marks	Guidance
	(f)	<p><b>Exemplar response:</b> Lifelong learning is the continuous building of skills and knowledge throughout the life of an individual (1). It occurs through experiences encountered in the course of a lifetime. These experiences could be formal (training, counselling, tutoring, mentorship, apprenticeship, higher education, etc) or informal (experiences, situations, etc) (1).</p>	2	<p>Up to two marks.</p> <p>Allow:</p> <ul style="list-style-type: none"> <li>- where employees are educated and trained not just in school or college (1) but also the places where they have worked throughout their life (1).</li> <li>- throughout your working life you are always learning' (1)</li> <li>- training may be at school or work (1) although you are learning until you die (1).</li> </ul> <p><u>Allocation of marks</u> – any two of these three:</p> <ul style="list-style-type: none"> <li>- One mark for learning in a formal context– e.g. via training / schools / colleges / work / learning new skills</li> <li>- One mark for learning in a informal context– e.g. life experiences / situations</li> <li>- One mark for learning being continuous / over time / throughout life.</li> </ul>
	(g) (i)	<p>Bankruptcy is a legal status of a person or an organisation which cannot repay the debts owed (1) to creditors, therefore, it ceases to trade (1).</p>	2	<p>Up to two marks.</p> <p>Allow:</p> <ul style="list-style-type: none"> <li>- business has gone bust because it cannot pay its way (1) therefore ceases trading (1).</li> <li>- business does not have any money left (1) therefore not able to pay creditors (1).</li> <li>- no money left (1) therefore the business no longer trades under that name (1).</li> </ul> <p>Do not allow one mark for simply stating 'company gone bust'.</p>

Question	Answer	Marks	Guidance
(ii)	<p><b>Possible effects:</b></p> <ul style="list-style-type: none"> <li>• Switch supplier</li> <li>• Costs increase</li> <li>• Prices may increase which may lead to a drop in customers</li> </ul> <p><b>Exemplar response (3 mark answer):</b> Stones Ltd will have to find other suppliers (1) to build its kitchens and thus it is most likely have to pay more (1) because other suppliers such as Kitchen Units Ltd charged more than Delightful Kitchens Partners did for the same supplies (1).</p> <p><b>Exemplar response (2 mark answer):</b> Stones Ltd will not be able to get its supplies from Delightful Kitchens Partners (1) which may mean it cannot build and fit the kitchens (1) which will lead to lower sales (1) or they will have to make more kitchens themselves.</p>	3	One mark for each point of explanation up to a maximum of three explanatory points but allow development marks.

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