

GCSE

Business Studies

Unit **A292**: Business and People

General Certificate of Secondary Education

Mark Scheme for June 2014

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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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These are the annotations, (including abbreviations), including those used in scoris, which are used when marking

Annotation	Meaning of annotation
	Tick
	Cross
	Unclear
	Blank Page – this annotation must be used on all blank pages within an answer booklet (structured or unstructured) and on each page of an additional object where there is no candidate response.
	Benefit of doubt
	Effective evaluation
	Level 1
	Level 2
	Level 3
	Level 4
	Not answered question
	Own figure rule
	Noted but no credit given
	Too vague
	Omission

Note

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

Question			Answer	Mark	Guidance
1	a	i	<p>In this order:</p> <ul style="list-style-type: none"> • Unlimited liability • One owner 	2	One mark for each correct identification, up to a maximum of two identifications.
	a	ii	<p>Indicative content:</p> <ul style="list-style-type: none"> • Sole proprietor keeps all of the profit and does not have to share it with partners • Complete control and no partners with whom to discuss matters • Easy to set up in terms of administration • Less conflict as no partners with whom to disagree <p>Accept other reasonable answers.</p> <p>Exemplar response: Leroy keeps all of the profit (1) and does not have to share with partners (1).</p> <p>Exemplar response: Leroy makes all the decisions (1) whereas he would have to consult the others (1) partners if he was a partnership (1)</p> <p>Exemplar response: Leroy has less conflict to deal with as he owns the business and has no partners (1) therefore he makes the decisions (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>To obtain the second mark for ‘each reason’ a comparison with partnerships is required. Specific reference to ‘partners’, or ‘others’, or ‘someone else’ e.g. award two marks for ‘not have to share profits (1) with anyone else (1)’</p>

	b	<p>Indicative content: Possible stakeholders include:</p> <ul style="list-style-type: none"> • customers • owner • government • local community • workers • 'local council' • bank • manager <p>Possible conflict may relate to:</p> <ul style="list-style-type: none"> • price • wages • quality of product <p>Exemplar response: <u>Stakeholders</u> Customers (1) Owners (1)</p> <p><u>Conflicts</u> Customers may want the cheapest price but owners will want the highest price so as to maximise profit (1).</p> <p>Exemplar response: <u>Stakeholders</u> Suppliers(1) Owners (1)</p> <p><u>Conflict</u> Owners may want to get the cheapest supplies but suppliers want the highest price to maximise their profit (1).</p> <p>Exemplar: Manager (1) Employee (1) Managers want the business to make more profits and the employees want higher wages (1)</p>	3	<p>One mark for each correct identification up to a maximum of two identifications, plus a further one mark for an explanation of a conflict.</p> <p>Specific reference to a conflict between both stakeholders is required for the third mark.</p> <p>Do not allow competitors</p> <p>Do not allow shareholders as the business is a partnership</p>
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	c	i	<p>Indicative content:</p> <ul style="list-style-type: none"> • Profit level • Market share • Sales revenue / income • Number of customers • Turnover • Number of shops • Capital <p>Allow 'money they earn' / 'more employees' / 'amount of clothes sold'</p> <p>Accept any reasonable answers.</p>	1	For one mark.
	c	ii	<p>Indicative content:</p> <ul style="list-style-type: none"> • Efficiency of communication internally • Quality of service to the customer/consumer • Minimise conflict • Organise workforce <p>Accept other reasonable answers.</p> <p>Exemplar response: Growing businesses mean more staff (1) who then need to be organised/structured (1) otherwise orders get distorted/delayed (1).</p> <p>Exemplar response: If you do not think carefully about internal organisation then some employees do not know who to report to (1) therefore communication is inefficient (1) and productivity/quality of work suffers (1).</p>	3	<p>One mark for each point of explanation up to a maximum of three marks but allow development marks.</p> <p>Allow responses from the viewpoint of 'what happens if the owners do not think carefully about the internal organisation structure'.</p> <p>3x1 or 1x3</p> <p>Allow reference to problems of tall and flat organisational structures</p> <p>Do not allow general statements such as 'otherwise the business won't run smoothly'.</p>

	d	i	<p>Indicative content:</p> <ul style="list-style-type: none"> • The businesses have similar goods/services • The businesses do not compete with each other <p>Exemplar response: Lateral integration takes place when two businesses join together (1) which have related but not competing goods (1) e.g. a sports clothing shop integrating with a sports shoe shop (1).</p> <p>Allow one mark for: Business joins together / merge / take over (1)</p>	2	<p>Up to two marks.</p> <p>Reference either to the fact that the businesses are not in direct competition or that they sell related but not identical products is required for second mark</p>
	d	ii	<p>Indicative content:</p> <ul style="list-style-type: none"> • Elimination of competition • Become more of a price maker as opposed to price taker <p>Accept other reasonable answers, <i>'economies of scale'</i> <i>'increasing profits'</i> <i>'more well-known'</i> <i>'use the skills of the other shop you are joining'</i> <i>'help each other'</i> <i>'more ideas / sales / market share / money'</i> <i>'can spread risk'</i></p> <p>Exemplar response: By joining with another business it may mean that Trendy is now no longer in competition with that business (1) thus it makes higher profits (1).</p> <p>Exemplar response: By integrating Trendy can now enjoy economies of scale (1) which means it can buy supplies in bulk, thus getting cheaper per unit supplies (1) or which means it can set more competitive prices which may result in higher demand/profits (1).</p>	2	<p>One mark for a correct identification, plus a further one mark for an explanation.</p> <p>Responses are required to explain an advantage of growing through integration with another business.</p> <p>Allow reference to vertical integration.</p>

	e		<p>Indicative content:</p> <ul style="list-style-type: none"> • Easier to obtain finance – banks, private shareholders • Owners have limited liability <p>Accept other reasonable answers.</p> <p>Exemplar response: Owners have limited liability (1) which means that the owners' personal assets are not at risk (1) whereas a sole proprietor could lose everything (1).</p> <p>Exemplar response: Banks more willing to lend money to a private limited company (1) as opposed to a sole proprietor (1) who is seen as very risky to lend to (1).</p>	3	<p>One mark for a correct identification and one mark for an explanation, plus a further one mark for an appropriate comparison.</p> <p>Can obtain 2 marks for a correct explanation even if the reason is incorrect</p> <p>Allow the disadvantages of unlimited liability</p>

f*	<p>Indicative content: Fringe benefits</p> <ul style="list-style-type: none"> • Forms of reward, other than income • e.g. company cars, free petrol, membership of a health club/health scheme <table border="1" data-bbox="414 379 1294 790"> <thead> <tr> <th data-bbox="414 379 822 448">Advantages of fringe benefits</th> <th data-bbox="822 379 1294 448">Disadvantages of fringe benefits</th> </tr> </thead> <tbody> <tr> <td data-bbox="414 448 822 539">Can lead to worker loyalty</td> <td data-bbox="822 448 1294 539">Depends on the benefit. Some workers may not be interested in the benefit.</td> </tr> <tr> <td data-bbox="414 539 822 630">Costs less than giving a share of the profits</td> <td data-bbox="822 539 1294 630">Not all staff will be eligible which could cause a decrease in motivation and resentment</td> </tr> <tr> <td data-bbox="414 630 822 790">Individual benefits not everyone</td> <td data-bbox="822 630 1294 790">Cost of the benefit may be high</td> </tr> </tbody> </table> <p>Fringe benefits: Exemplar response - Level 3 Fringe benefits are forms of reward other than income, e.g. company cars, free petrol, membership of a health club/health scheme. Using this method is good as it is likely to cost less to the business than giving a share of the profits to many of its workers. Also, given the possible range of fringe benefits it may be an easier way of gaining worker loyalty. A profit share scheme may be a minimal gain as it all depends on the percentage given by the owners, ie if derisory this may actually be a de-motivator as the workers feel that the owners are not acting fairly. Therefore, in summary I would choose fringe benefits based on cost and the potential 'de-motivator' effects of a profit share scheme.</p> <p>Fringe benefits: Exemplar response – Level 2 Fringe benefits are forms of reward other than income e.g., company cars, free petrol, membership of a health club/health scheme. Using this method is good as it is likely to cost less to the business than giving a share of the profits to many of its workers.</p>	Advantages of fringe benefits	Disadvantages of fringe benefits	Can lead to worker loyalty	Depends on the benefit. Some workers may not be interested in the benefit.	Costs less than giving a share of the profits	Not all staff will be eligible which could cause a decrease in motivation and resentment	Individual benefits not everyone	Cost of the benefit may be high	<p>6</p> <p>SCORIS annotations: Use L1, L2, and L3 where these can be credited.</p> <p>Level 3 (5-6 marks)</p> <p>The 6th mark should be awarded for a fully supported, reasoned judgement</p> <p>Recommendation supported by appropriate analysis of both methods of motivation. This will include at least one reason why the candidate rejected the other motivation method and one reason for their selection.</p> <p><i>Straightforward ideas have been expressed with some clarity and fluency. Arguments are generally relevant, though may stray from the point of the question. There will be some errors of spelling, punctuation and grammar but these are unlikely to be intrusive or obscure meaning.</i></p> <p>Level 2 (3-4 marks) Explained reason of either Fringe Benefits or Profit Sharing applied to stated business – Trendy/workers/the shop/the business/staff/employees</p> <p><i>Relatively straightforward ideas are expressed relatively clearly, legibly and appropriately. There will be some errors of spelling, punctuation and grammar which will be noticeable and intrusive.</i></p> <p>Level 1 (1-2 marks) Basic understanding of either/both Fringe Benefits or Profit Sharing</p>
Advantages of fringe benefits	Disadvantages of fringe benefits									
Can lead to worker loyalty	Depends on the benefit. Some workers may not be interested in the benefit.									
Costs less than giving a share of the profits	Not all staff will be eligible which could cause a decrease in motivation and resentment									
Individual benefits not everyone	Cost of the benefit may be high									

	<p>Indicative content: Profit share scheme</p> <ul style="list-style-type: none"> • Worker is paid a share of the profits the company makes. • The more successful the business is in terms of profits, the more the worker receives. • The problem may be that some workers may not deserve the payment if it is given to all the workers in the business. <table border="1" data-bbox="414 443 1294 1024"> <thead> <tr> <th data-bbox="414 443 819 480">Advantages of profit share</th> <th data-bbox="819 443 1294 480">Disadvantages of profit share</th> </tr> </thead> <tbody> <tr> <td data-bbox="414 480 819 635">Encourages workers to think about the whole business not just their own job</td> <td data-bbox="819 480 1294 635">Depends on the %share of profits – if small likely to have no impact on motivation</td> </tr> <tr> <td data-bbox="414 635 819 790">Encourages workers to think about cost savings as well as revenue raising – may lead to increased ideas</td> <td data-bbox="819 635 1294 790">Higher % to employees may mean less to shareholders</td> </tr> <tr> <td data-bbox="414 790 819 944">Focus on profit may make it easier for staff to accept changes in work practices</td> <td data-bbox="819 790 1294 944">Some workers may not deserve the payment if it is given to all the workers in the business</td> </tr> <tr> <td data-bbox="414 944 819 1024">Should give rise to team work</td> <td data-bbox="819 944 1294 1024">May not motivate as workers may realise that their individual efforts will have little effect on overall profit</td> </tr> </tbody> </table> <p>Profit Share: Exemplar response - Level 3 Under a profit share scheme workers are paid a share of the profits the company makes, whereas a fringe benefit will mean some of Trendy’s employees will receive a reward other than income, e.g. a company car.</p> <p>If it was my business I would use a profit share scheme as, if used for all the staff, it encourages workers to think about the whole business not just their own job, as well as encouraging workers to think about cost savings as well as revenue raising – this should then lead to increased efficiency. The problem with fringe benefits</p>	Advantages of profit share	Disadvantages of profit share	Encourages workers to think about the whole business not just their own job	Depends on the %share of profits – if small likely to have no impact on motivation	Encourages workers to think about cost savings as well as revenue raising – may lead to increased ideas	Higher % to employees may mean less to shareholders	Focus on profit may make it easier for staff to accept changes in work practices	Some workers may not deserve the payment if it is given to all the workers in the business	Should give rise to team work	May not motivate as workers may realise that their individual efforts will have little effect on overall profit	<p><i>Some simple ideas have been expressed. There will be some errors of spelling, punctuation and grammar which will be noticeable and intrusive.</i></p> <p>0 marks No response or no response worthy of credit.</p>
Advantages of profit share	Disadvantages of profit share											
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Should give rise to team work	May not motivate as workers may realise that their individual efforts will have little effect on overall profit											

		<p>is that you cannot give it (a company car) to all staff therefore this may cause disaffection amongst staff.</p> <p>Profit Share: Exemplar response - Level 2 Profit sharing is giving a percentage of the profits to all workers at Trendy. This will increase motivation, as the workers will know they will receive more money as Trendy continues to increase profit, and they will therefore work harder .</p>			
	g	i	<p>Indicative content:</p> <ul style="list-style-type: none"> • Role play • Demonstration <p>Exemplar response: I would use role play (1). You can pretend that you are a difficult customer to practise company responses/expectations (1).</p>	2	One mark for a correct method plus a further one mark for an appropriate reason.
	g	ii	<p>Indicative content:</p> <ul style="list-style-type: none"> • Demonstration <p>Exemplar response: I would use demonstrations (1). Jane can easily be shown how the photocopier works (1).</p>	2	One mark for a correct method plus a further one mark for an appropriate reason.

Question			Answer	Mark	Guidance
2	a	i	Shares are sold on the stock exchange	1	For one mark.
	a	ii	<p>Indicative content:</p> <ul style="list-style-type: none"> • Incorporation is the forming of a new limited company, eg plc. • The incorporation process is what creates an entity separate from the individual. • Keeps business separate from the individual owners/shareholders. <p>Exemplar response: Incorporation is when a new limited company is created (1). The incorporation process means that the individual owners are separate from the business (1)</p>	2	<p>Up to two marks.</p> <p>Award only one mark for responses which just describe features of companies: eg limited liability or pays Corporation Tax</p> <p>For both marks responses must show understanding that incorporation separates a business and an individual</p>
	b		<p>Indicative content:</p> <ul style="list-style-type: none"> • Quality of workers • Supply of workers • Cost of land/factory/rent • Infrastructure – including transport for workers • Access to transport links to EU • Enterprise zone • Environmental suitability of site – do not want to create an eyesore, annoy residents or pressure groups • Unemployment rate – for second mark on this point there must be link to supply / cost of labour. <p>Accept other reasonable answers.</p> <p>Exemplar response: Four by Four plc makes cars, therefore, it will need workers (1), therefore, there is no point in locating out in the countryside as there will be very few workers, hence, few cars will be made (1).</p> <p>Exemplar response:</p>	4	<p>Allow 'access to EU'.</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>Do not allow</p> <ul style="list-style-type: none"> • 'near suppliers' • 'near raw materials' • 'near customers', • 'lack of competition', • 'demand for cars'

			It is important for all businesses to monitor outgoings, therefore, if the rent (1) of the factory is high this will increase costs and possibly decrease profits (1).		
	c		<p>Indicative content</p> <ul style="list-style-type: none"> • Having a small shortlist of 6 of the 200 applicants is sensible, although candidates could suggest having a few more. • Only a 10 minute interview – too short. Can't tackle enough areas in the time. Good candidates may be nervous and therefore not settle. • Having 15 employees on the interview panel is excessive • Asking each applicant different questions is illegal • Using group activities as part of the selection process is a good idea, although one person could dominate. • Candidates also can suggest other elements which could be added to the process. Eg a presentation. <p>Exemplar response - Level 3 'I think the recruitment process is unwise. Whilst some parts are good, such as the shortlisting of six of the 200 applicants which saves time, and using group activities as part of the selection process due to the sales position thus you need to see if they can communicate, there are many bad points. What will Four by Four plc learn with only having a 10 minute interview? Also, having 15 employees from various levels on the interview panel is unwise as there will be many different opinions not least because they are at different levels of hierarchy. Also, asking different questions means you cannot compare candidates' answers. Therefore, overall the recruitment procedure is poor as bad points far outweigh the good points.</p>	6	<p>SCORIS annotations: Use L1, L2, and L3 where these can be credited.</p> <p>Level 3 (6 marks) Judgement supported by appropriate analysis. The judgement must be that the process is not good enough.</p> <p>Level 2 (3-5 marks) Explained at least one advantage and one disadvantage regarding the recruitment process provided.</p> <p>Level 1 (1-2 marks) Stated advantages or disadvantages linked to stated company are explained.</p>
	d	i	Briefings at the beginning of each shift	1	For one mark.

	d	ii	<p>Indicative content</p> <ul style="list-style-type: none"> • Notice board - workers may not read the notice board, therefore, no message will be relayed. • Email - the network may go down therefore no message can be relayed. • Briefings at the beginning of the shift - people may be tired therefore they do not correctly hear the intended message <p>Accept other reasonable answers.</p> <p>Exemplar response (Email) The network may go down (1), therefore, no message can be relayed (1). Allow 'attitude of sender can be misunderstood'</p> <p>Exemplar response (Briefings) Employees may be preoccupied at the beginning of a shift (1) therefore they do not correctly hear the intended message (1).</p> <p>Employees may arrive late and miss the communication</p> <p>Exemplar response (Notice board) Workers may not remember to look at the notice board (1) which would mean that they miss out on any messages (1). Allow 'only one way communication' / 'the notice is likely to be on a board with other notices therefore workers may not read it' / 'notice may fall off the board'.</p>	2	<p>Do NOT award a mark for stating the chosen method of communication. Only award marks for explanation of problems.</p> <p>Can have two stated problems of the chosen method of communication</p> <p>Award second mark if the response explains the problem in relation to the day to day workings of a business.</p>
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e	<p>Indicative content</p> <ul style="list-style-type: none"> • Increased interest by workers due to increased variety of tasks, so more productive workers • Save money in terms of office space • Happier workplace so better motivated staff • Working from home so no travel to work, therefore more productive • More people wanting to work there <p>Allow 'likely to lead to a reduction in staff absences'</p> <p>Accept other reasonable answers.</p> <p>Exemplar response Flexible working may mean an increased number of employees working from home (1), therefore, the business can save on office space which increases profitability (1).</p> <p>Exemplar response Flexible working means workers may be fresher (1) as they do not have to travel to work, therefore, are likely to be more productive (1).</p> <p>Exemplar response Workers' less bored (1) therefore are more productive (1)</p>	4	<p>One mark for each correct identification plus a further one mark for each of two explanations.</p> <p>Only reward advantages to the business rather than employees. This can be implied for first mark, but must be explicit (eg lower costs, higher productivity, better motivation) for second mark.</p>
f	<p>Indicative content</p> <ul style="list-style-type: none"> • Complaints have gone down • Productivity has sharply increased • Work is more efficient/quicker and to a better standard <p>Accept other reasonable answers.</p> <p>Exemplar response Complaints have gone down (1) and productivity has sharply increased (1) which suggests that the workers are happier/motivated</p>	4	<p>One mark for correct interpretation of each piece of data in Fig 4.</p> <p>One mark for linking data to motivation</p> <p>One mark for judgment</p>

		and work much more efficiently/quicker (1) and to a better standard (1).		
	g*	<p>Indicative content Allow responses which refer either to Industrial Action, or reductions in Employment Rights and Living Standards.</p> <p>Industrial Action:</p> <ul style="list-style-type: none"> • How many of the business' employees are Transit Car union members? • Even if the employees are members of Transit Car, will they strike? • What type of industrial action? If strike, there will be a major impact/if 'go slow' then not such a big impact. • Industrial action is 'inevitable' thus likely impact – loss of production/sales decrease/poor reputation. • Industrial action may lead to poor reputation <p>Employment Rights and Living Standards:</p> <ul style="list-style-type: none"> • Lower living standards may be related to lower wages so lower costs • Workers may leave due to lower living standards / reduced employment rights <p>Accept other reasonable answers.</p> <p>Exemplar response - Level 3 (6 Marks) Industrial action may mean a strike which could be bad for Four by Four plc. However, it will depend on whether the business's employees are members of the Transit Car union, and if so how many. The more members mean the greater the impact – loss of production/sales. In the headline it states that industrial action is inevitable so there is likely to be an impact although we do not know the type of industrial action, and this will affect the consequences. If a strike, there will be a major impact/if 'go slow' then there may not be such a big impact.</p>	6	<p>SCORIS annotations: Use L1, L2, and L3 where these can be credited</p> <p>Level 3 (5-6 marks) For sixth mark there must be evaluation weighing up the likely overall impact on Four by Four. Judgement supported by appropriate and reasoned analysis</p> <p><i>Straightforward ideas have been expressed with some clarity and fluency. Arguments are generally relevant, though may stray from the point of the question. There will be some errors of spelling, punctuation and grammar but these are unlikely to be intrusive or obscure meaning.</i></p> <p>Level 2 (3-4 marks) A relevant point explained and linked to stated business.</p> <p><i>Relatively straightforward ideas are expressed relatively clearly, legibly and appropriately. There will be some errors of spelling, punctuation and grammar which will be noticeable and intrusive.</i></p> <p>Level 1 (1-2 marks) Basic statements showing correct understanding, e.g. industrial action may mean a strike.</p> <p><i>Some simple ideas have been expressed. There will be some errors of spelling, punctuation and grammar which will be noticeable and intrusive.</i></p> <p>0 marks</p>

		<p>Exemplar response - Level 3 (5 marks) Four by Four may be affected as employment rights are important to staff, so they may be unhappy and go on strike, or work more slowly. This will mean the business will have reduced productivity, their sales will fall and so there will be less profit coming into the business.</p> <p>Exemplar response - Level 2 Industrial action may mean a strike which will cause many problems for Four by Four plc as a strike will stop the business making cars.</p> <p>Exemplar response - Level 1 Industrial action may mean a strike which will cause many problems.</p>		<p>No response or no response worthy of credit.</p> <p>Note: some candidates may mistake 'Transit Car union' for a competing car manufacturing company. Do not reward this.</p>
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