



Rewarding Learning

**General Certificate of Secondary Education
2014**

Business Studies

Unit 2

Business Development

[GBS21]

MONDAY 2 JUNE, MORNING

**MARK
SCHEME**

General Marking Instructions

Introduction

Mark schemes are published to assist teachers and students in their preparation for examinations. Through the mark schemes teachers and students will be able to see what examiners are looking for in response to questions and exactly where the marks have been awarded. The publishing of the mark schemes may help to show that examiners are not concerned about finding out what a student does not know but rather with rewarding students for what they do know.

The Purpose of Mark Schemes

Examination papers are set and revised by teams of examiners and revisers appointed by the Council. The teams of examiners and revisers include experienced teachers who are familiar with the level and standards expected of students in schools and colleges.

The job of the examiners is to set the questions and the mark schemes; and the job of the revisers is to review the questions and mark schemes commenting on a large range of issues about which they must be satisfied before the question papers and mark schemes are finalised.

The questions and the mark schemes are developed in association with each other so that the issues of differentiation and positive achievement can be addressed right from the start. Mark schemes, therefore, are regarded as part of an integral process which begins with the setting of questions and ends with the marking of the examination.

The main purpose of the mark scheme is to provide a uniform basis for the marking process so that all the markers are following exactly the same instructions and making the same judgements in so far as this is possible. Before marking begins a standardising meeting is held where all the markers are briefed using the mark scheme and samples of the students' work in the form of scripts. Consideration is also given at this stage to any comments on the operational papers received from teachers and their organisations. During this meeting, and up to and including the end of the marking, there is provision for amendments to be made to the mark scheme. What is published represents this final form of the mark scheme.

It is important to recognise that in some cases there may well be other correct responses which are equally acceptable to those published: the mark scheme can only cover those responses which emerged in the examination. There may also be instances where certain judgements may have to be left to the experience of the examiner, for example, where there is no absolute correct response – all teachers will be familiar with making such judgements.

UNIT 2 (REVISED SPECIFICATION) MARK SCHEME

- 1 (a)** One advantage of an application form from the following:
- The form contains the exact information required by the employer
 - It allows the employer to compare candidates more accurately
 - It helps with short-listing
 - It lets the employer see how well the applicant has organised the information [2]
- One disadvantage of an application form from the following:
- Does not prove how good the hairdresser is at the job
 - Takes time to sift through the information
 - May be written by another person
 - May contain false information, e.g. qualifications
 - Does not show applicants appearance or personality [2]
- (2 × [2]) [4]
- (b)** Two benefits of an interview from the following:
- It shows the level of an applicant's oral communication skills
 - It shows the personality and appearance of the applicants
 - It gives an impression of the applicant's attitude and confidence
 - It allows the employer to check information on the application form
 - It permits two-way communication between employer and applicant
 - It shows if the applicant would fit into the organisation
- (2 × [2]) [4]
- (c)** Discussion of responsibilities in the selection process:
- HONESTY (One point stated with some discussion)
- Both parties are expected to be completely honest with each other [1], e.g. employer must describe the working conditions accurately and the applicant must not omit any relevant information or include any false information when applying. [1]
- ([1] + [1]) [2]
- OBJECTIVITY (One point stated with some discussion)
- Both parties are expected to be completely without prejudice with each other [1], e.g. neither employer or applicant must be influenced by the other's race, religion, politics or social background. [1]
- ([1] + [1]) [2]
- FAIRNESS (One point stated with some discussion)
- Both parties are expected to be completely fair with each other [1], e.g. employer must give each applicant an equal length of interview and must ask the same questions and the applicant must be fair by giving all relevant information to the employer [1]
- ([1] + [1]) [2]
- CONFIDENTIALITY (One point stated with some discussion)
- Both parties must treat all information learned about the other as strictly confidential [1], e.g. employer must not talk about the personal details of the applicant and the applicant must not disclose any details about the business. [1]
- ([1] + [1]) [2]

(d) Type of training:

The type of training is on-the-job training [1]

Not internal training **Not** induction training

Description of on-the-job training:

It is training which is given at the premises during normal working hours [1]

Two reasons why on-the-job training is suitable from the following:

- Content of the training is designed for that salon
- It uses the machinery and equipment with which the hairdresser will be working
- Employee is supervised by employer throughout the training
- It is less expensive for the employer
- Employee remains at work

(2 × [2])

([1] + [1] + [4])

[6]

(e) Three benefits of appraisal for an employer from the following:

- Identifies strengths and weaknesses of employees
- Identifies opportunities for training/development
- Identifies employees for promotion
- May be used to determine employees' wages
- Provides motivation/sets targets which results in a more highly committed staff
- This may result in higher profits
- Provides opportunity for employer/employee to discuss issues

(3 × [2])

[6]

Level 1 ([1]–[2])

Candidate demonstrates little knowledge and understanding of benefits of appraisal for an employer. One benefit is explained. Candidate displays limited accuracy in the use of spelling, punctuation and grammar.

Level 2 ([3]–[4])

Candidate demonstrates adequate knowledge and understanding of benefits of appraisal for an employer. Two benefits are explained. Candidate displays satisfactory accuracy in the use of spelling, punctuation and grammar.

Level 3 ([5]–[6])

Candidate demonstrates excellent knowledge and understanding of benefits of appraisal for an employer. Three benefits are explained. Candidate displays good accuracy in the use of spelling, punctuation and grammar.

(f) Explanation of two of the following:

- lower labour turnover
- higher quality work/customer satisfaction
- fewer accidents
- less absenteeism

([1] + [2] + [1] + [2])

[6]

Level 1 ([1]–[2])

Candidate demonstrates little knowledge and understanding of the importance of motivation. Either two reasons are correctly identified, or one is correctly identified with some limited explanation.

Level 2 ([3]–[4])

Candidate demonstrates adequate knowledge and understanding of the importance of motivation. Two reasons are correctly identified, with satisfactory explanation of one or both reasons.

Level 3 ([5]–[6])

Candidate demonstrates excellent knowledge and understanding of the importance of motivation. Two reasons are correctly identified, with good explanation of both reasons.

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- 2 (a) Two signs of success in the business from the following:
- It will have increased sales and share of the market
 - This would lead to increased profits
 - It will have a healthy cash flow
 - The business will be expanding and employing more people
 - It may open additional outlets
 - It may upgrade its premises and equipment
 - It will have a good corporate image
 - Its share prices are increasing/dividends increasing
- (2 × [2]) [4]

- (b) Three factors limiting growth from the following:
- Lack of finance
 - Lack of expertise and entrepreneurial skills
 - Strong competition
 - Changes in consumer tastes
 - Lack of demand due to factors such as recession
 - Lack of promotion of its products
 - Legal constraints
 - Niche market
- (3 × [2]) [6]

Level 1 ([1]–[2])

Candidate demonstrates little knowledge and understanding of factors limiting growth. Either one to two factors are correctly identified, or one is correctly identified with limited discussion.

Level 2 ([3]–[4])

Candidate demonstrates adequate knowledge and understanding of factors limiting growth. Two factors are correctly identified, with satisfactory discussion of one or both factors.

Level 3 ([5]–[6])

Candidate demonstrates excellent knowledge and understanding of factors limiting growth. Three factors are correctly identified, with good discussion of all three.

- (c) Explanation of Merger:

A merger is an agreed joining of two businesses in order to form one larger business. When a merger takes place, it is usual for all the assets to be brought into the new business. [2]

Two disadvantages of a merger for Ashton Ltd from the following:

- The company would lose control of its operation
- May be required to change its name
- Company may be moved to a new site
- Possibility of staff redundancies
- Possibility of lack of staff motivation because workers do not know each other
- Increased difficulties of co-ordination of the business/disagreement in management
- Not sharing profit

(2 × [2])
([2] + [4])

[6]

Level 1 ([1]–[2])

Candidate demonstrates little knowledge and understanding of mergers. Either an accurate definition is given or up to two disadvantages are identified without analysis.

Level 2 ([3]–[4])

Candidate demonstrates adequate knowledge and understanding of mergers. Either an accurate definition is given and one disadvantage analysed satisfactorily or two disadvantages are fully analysed.

Level 3 ([5]–[6])

Candidate demonstrates good knowledge and understanding of mergers. An accurate definition of mergers is given as well as good analysis of two disadvantages.

- (d) One or two points explaining the role of the Competition Commission from the following:
- Seeks to maintain some competition in business
 - Aims to make market work for consumers
 - Investigates mergers and monopolies in order to ensure competition in market
 - Prevents large businesses abusing their market power
- (2 × [2]) or (1 × [4]) [4]
- (e) Effect of international trade on elements of marketing mix:
- PRODUCT (One point stated with some explanation)
- May have to be changed to suit the legal, technical or cultural requirements of the foreign country
 - Name may have to be changed.
- (1 × [2]) [2]
- PRICE (One point stated with some explanation)
- Price must be set to reflect what the other country would be able to pay
 - Price must take taxes and exchange rate variations into consideration
 - Must be quoted in the appropriate currency
- (1 × [2]) [2]
- PROMOTION (One point stated with some explanation)
- Must not be offensive to the other country's culture
 - Must be in the appropriate language
 - Packaging must be appropriate for the other country, e.g. colour
- (1 × [2]) [2]
- PLACE (One point stated with some explanation)
- Goods must be available where the target market can buy them
 - Suitable transport has to be arranged
- (1 × [2]) [2]
- (f) Three ways e-commerce supports Ashton's international business from the following:
- It allows business to be conducted at any time of day or night
 - It widens the company's market as its website can be accessed all over the world

- As a result, sales and profits would improve
- Marketing, advertising, wages and warehousing costs are reduced
- Immediate payment is made so credit transactions are eliminated
- Communication with customers is direct
- The company becomes internationally known
- Materials may be sourced from other countries
- Offers a translation service

(3 × [2])

[6]

Level 1 ([1]–[2])

Candidate demonstrates little knowledge and understanding of the ways in which e-commerce helps international trade. Only one way is discussed. Candidate displays limited accuracy in the use of spelling, punctuation and grammar.

Level 2 ([3]–[4])

Candidate demonstrates adequate knowledge and understanding of the ways in which e-commerce helps international trade. Two ways are discussed. Candidate displays satisfactory accuracy in the use of spelling, punctuation and grammar.

Level 3 ([5]–[6])

Candidate demonstrates excellent knowledge and understanding of the ways in which e-commerce helps international trade. Detailed discussion of three roles is given. Candidate displays good accuracy in the use of spelling, punctuation and grammar.

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3 (a) Explanation of Cash Flow:

Cash Flow is the flow of money coming into a business, e.g. from sales, and the flow of money going out of a business, e.g. for expenses.

(1 × [2]) [2]

(b) Two reasons why Cash Flow is important from the following:

- Even cash flow ensures that there would always be ready money in the business
- This means that essential bills such as wages can be paid on time
- It inspires confidence in suppliers who can be paid promptly
- The business would not have to take out loans and pay interest on them
- Business can take advantage of offers for cash payment
- Without good cash flow the business would not survive

(2 × [2]) [4]

(c) One way to improve cash flow from the following:

- Increase income, perhaps by making more sales
- Reduce expenses
- Try to purchase books from cheaper supplier
- Could increase promotion
- Arrange another source of finance

(1 × [2]) [2]

(d) Fixed and variable costs as follows:

COST	TYPE
Postage	Variable
Rent	Fixed
Purchases	Variable
Rates	Fixed

[4]

(e) One explanation of importance of breakeven point from the following:

- It shows the amount of sales required to make a profit
- It shows the price which needs to be charged for goods
- It shows the level of costs which the business can bear
- Sets a target to aim for

(1 × [2]) [2]

(f) Calculation of breakeven point:

$$\text{Breakeven} = \frac{4000}{10 - 2}$$

$$\text{Breakeven} = \frac{4000}{8}$$

$$\text{Breakeven} = 500 \text{ [1] books/units [1]}$$

([1] + [1]) [2]

(g) One explanation of meaning of Margin of Safety:

- Margin of Safety is the amount which the business sells in excess of its breakeven point.

(1 × [2]) [2]

(h) Calculation of the Margin of Safety and comment on performance:

In order to breakeven, The Bookworm needs to sell 500 books per month. It actually sells 550 so the Margin of Safety is 50 books [2]

- Apply OFR
- This indicates that The Bookworm is making a small profit (on 50 books) [1]
- The Bookworm needs to increase sales beyond its present level in order to become more viable. [1]

([2] + [2]) [4]

Total

**AVAILABLE
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90