



*Rewarding Learning*

**General Certificate of Secondary Education  
2014**

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## **Business Studies**

Unit 1

Business Start Up

**[GBS11]**

**WEDNESDAY 21 MAY, MORNING**

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**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 1 (REVISED SPECIFICATION) MARK SCHEME

1	(a)	(i)	retained profit		
		(ii)	social enterprise		
		(iii)	random sampling		
		(iv)	EFQM		
			(4 × [1])	[4]	
	(b)	Any two reasons why a business starts:			
		<ul style="list-style-type: none"> <li>• A gap in the market has been identified/identify a service is required</li> <li>• The owners wanted to be their own boss</li> <li>• The owners had a hobby that could make them money/profit</li> <li>• The owners had spare capital and used it to start a business</li> </ul>			
			(2 × [2])	[4]	8
2	(a)	Sole trader			
			(1 × [1])	[1]	
	(b)	Any one advantage and one disadvantage of this type of business ownership:			
		Advantages			
		<ul style="list-style-type: none"> <li>• They can keep all the profits</li> <li>• They make their own decisions</li> <li>• It is quick and easy to set up</li> <li>• Close links with customers</li> <li>• Financial affairs not published</li> </ul>			
		Disadvantages			
		<ul style="list-style-type: none"> <li>• Lost advantage of economies of scale</li> <li>• Lack of continuity of existence</li> <li>• Finance can be hard to raise</li> <li>• Long hours</li> <li>• Unlimited liability</li> </ul>			
			(2 × [1])	[2]	
	(c)	Discuss his decision:			
		<ul style="list-style-type: none"> <li>• Extra labour to grow the business</li> <li>• Shared workload and ideas for the business</li> <li>• Shared decision making</li> <li>• Additional finance available</li> </ul>			
		<ul style="list-style-type: none"> <li>• Arguments could arise over decisions</li> <li>• Legally binding decisions on both partners</li> <li>• Sharing the profits</li> <li>• Still have unlimited liability</li> <li>• More complicated legal requirements</li> </ul>			
		2 marks for a positive point			
		2 marks for a negative point			
			(2 × [2])	[4]	

- (d) Any two aims of this business:
- To make money
  - To treat staff fairly
  - To care for the environment
  - To develop a good corporate image
  - To provide good customer service
  - NOT survival
- (2 × [1]) [2]

- (e) Impact of aim of growth on business activity:
- Might lead the business to increase advertising so that more customers become aware of the business and increase sales
  - Might lead the business to recruit and train staff to meet the demands of the growing orders
  - Might lead the business to develop new market segments and target different customers to increase sales
  - Might lead the business to opening more outlets/new location
  - Might lead to a merger
  - Economies of scale
  - New form of business ownership
- (2 × [2]) or (1 × [4]) [4]

- (f) Use of customer service to add value:
- he could set up a free delivery service and deliver the cakes to customers
  - he could give a choice of toppings etc and make the product to order
  - he could set up demonstration classes
  - he should deal with queries and complaints promptly and efficiently
  - Issue loyalty cards
- (1 × [3]) [3]

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3 (a)

	Farmer (milk production)	McDonalds (fast food)
Capital	A farmer might use capital to: <ul style="list-style-type: none"> <li>• buy machinery</li> <li>• buy farm vehicles</li> <li>• erect farm buildings</li> </ul> [2]	McDonalds might use the capital to: <ul style="list-style-type: none"> <li>• buy new equipment</li> <li>• improve premises</li> </ul> [2]
Land	A farmer would use the land: <ul style="list-style-type: none"> <li>• for farm buildings</li> <li>• to grow crops</li> <li>• to graze animals</li> </ul> [2]	McDonalds would use the land to: <ul style="list-style-type: none"> <li>• set up the restaurant</li> <li>• provide car parking facilities</li> </ul> [2]

Development required for each point  
(Capital is used for assets only)  
(4 × [2]) [8]

- (b)
- Labour
  - Enterprise
- (2 × [1]) [2]

(c) A product that might be made using:

Examples such as:

Job production	Wedding dress, bridge, designer suit, building
Batch production	Clothes, crisps, cars, houses
Flow production	iPhone, toothpaste, computers, cars, coca-cola

[3]

(d) Explain the difference between job production and batch production:

- Job production is a labour intensive method that makes the product to the specification of the individual customer
- Batch production is a method that uses the same labour and equipment to produce a range of different products

(2 × [2])

[4]

(e) Evaluate the impact of technology on production:

Positives

- Allows the product to be made quickly and in huge quantities
- Quality of the product should be higher
- Communication throughout the business will be faster
- Allows for the development of new products
- Increased efficiency leading to reduced costs

Negatives

- costly to install equipment
- computer breakdown can cause delays
- staff training required
- possibility of staff redundancies

Decision [1]

(2 × [2] + 1)

[5]

(f) Identify one quality standard and explain why a business might want to achieve it:

Identification of standard [1]

- Charter Mark, Customer Service Excellence Standard, IIP, ISO 9002
- A quality standard will improve the reputation of the business and gain more customers
- Some customers will only work with businesses that have recognised quality standards
- It might give the business a competitive advantage over their competitors
- It might improve the motivation of staff
- Helps to maintain customer loyalty
- Helps to reduce the cost of waste and faulty products
- Increases efficiency and productivity

(2 × [2]) + [1] or (1 × [4]) + 1

[5]

			AVAILABLE MARKS
	<p><b>(g)</b> Two social and environmental factors:</p> <ul style="list-style-type: none"> <li>• Traffic congestion – how close the business is to local houses</li> <li>• Noise pollution and the hours the business will be open</li> <li>• Control of litter</li> <li>• Nearby businesses – will it close them down?</li> <li>• Environmental impact, e.g. on wildlife</li> <li>• Area of natural beauty planning permission would not be allowed</li> <li>• Job creation/regeneration/area of high unemployment</li> </ul> <p>(2 × [2])</p>	[4]	31
<b>4</b>	<p><b>(a)</b> US (1 × [1])</p>	[1]	
	<p><b>(b)</b> UK (1 × [1])</p>	[1]	
	<p><b>(c)</b> Ireland (1 × [1])</p>	[1]	
	<p><b>(d)</b> Skimming [1]/*Competitive based [1]</p> <p>This means initially the product will be released at a high price and after a period of time the price will be lowered [2] * Allows the business to take into account competitors' prices and set theirs accordingly.</p> <p>(1 + [2])</p>	[3]	
	<p><b>(e)</b> Definition:</p> <ul style="list-style-type: none"> <li>• Secondary research is the collecting of information that already exists, it might be from old sales records or information collected from the internet [2]</li> <li>• Usefulness: <ul style="list-style-type: none"> <li>• It is relatively cheap to collect</li> <li>• It is less time consuming than collecting first hand information</li> <li>• It might provide the business with information on their competitors</li> </ul> </li> </ul> <p>2 + (2 × [2])</p>	[6]	
	<p><b>Level 1 ([1]–[2])</b> Candidate demonstrates little knowledge and understanding of secondary research. Candidate correctly defines secondary research backed up with a weak analysis of usefulness. Candidate displays limited accuracy in the use of spelling, punctuation and grammar.</p>		
	<p><b>Level 2 ([3]–[4])</b> Candidate demonstrates adequate knowledge and understanding of secondary research. Candidate correctly defines research backed up with a satisfactory analysis of usefulness. Candidate displays satisfactory accuracy in the use of spelling, punctuation and grammar.</p>		
	<p><b>Level 3 ([5]–[6])</b> Candidate demonstrates excellent knowledge and understanding of secondary research and can analyse in depth its usefulness to a business.</p>		

Candidate displays excellent accuracy in the use of spelling, punctuation and grammar.

- (f) • Growth [1]  
 • We can see from the table that sales in every country have grown from the first to the second quarter [2]  
 (1 + [2]) [3]

(g) Identify one extension strategy the company could use to extend the life cycle of the iSee and discuss one advantage and one disadvantage of this strategy.

Identification of strategy [1]

- Modify the product
  - They could bring out a new version allowing business to increase sales [2]
  - It would cost money to spend on research and development [2]
- Reduce the price [1]
  - This would lead to increased interest and increased sales [2]
  - They might not make as much profit as they first wanted if the price is reduced [2]
- Advertise the product [1]
  - This would lead to increased interest and increased sales [2]
  - Cost of running an advertising campaign could lead to less profit [2]
- Bring out accessories [1]
  - They could bring out a carry case etc in exciting colours to attract interest [2]
  - Cost of design and manufacture [2]
- New market/new country [1]
  - They could expand the business into the international market [2]

1 + ([2] × 2) [5]

**Total**

**AVAILABLE MARKS**

20

**75**