

Business Studies

General Certificate of Secondary Education **A292**

Business and People

Mark Scheme for June 2010

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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.

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Question			Spec Ref	Expected Answer	Mark	Additional Guidance
1	(a)	(i)	3.2.1.10	<p>Target to demonstrate knowledge of Partnerships</p> <p>Income tax must be paid on profit</p>	[1]	If more than one tick award no marks
1	(a)	(ii)	3.2.1.2	<p>Target to apply knowledge of stakeholders</p> <p>Many possible answers Employees, customers, inland revenue, local community, public, owners, suppliers, government, pressure groups, local businesses</p> <p><u>Examples</u> Employees (1) as they work for a business to be paid (1) / job security (1)</p> <p>Local community (1) noise pollution caused by 'teeth drills' (1)</p> <p>Owners (1) to ensure profits for themselves (1)</p>	[2]	<p>Allow reference to 'receptionist', 'cleaner', 'dentist' with appropriate explanation.</p> <p>Allow any overlap between 'customer' and 'community'.</p> <p>Do not allow 'shareholders'. The business is a partnership.</p> <p>Identification one mark Explanation one mark</p>
1	(b)	(i)	3.2.2.8/9	<p>Target to demonstrate knowledge of the objective survival and the importance of keeping accurate records.</p> <p>Many possible answers</p> <ul style="list-style-type: none"> • Monitor level of liquidity • Knowing who they owe money to • Which customers owe them money • How many customers they may have 	[1]	<p>Do not allow 'plan ahead'</p> <p>Do not allow 'see how the business is doing' / 'what went wrong' / identify mistakes' / 'how to improve'.</p> <p>Allow 'whether business has met targets/objectives'</p> <p>Allow 'identification of trends'</p> <p>Any valid suggestion</p>

Question			Spec Ref	Expected Answer	Mark	Additional Guidance
1	(b)	(ii)	3.2.1.6	<p>Target to apply knowledge of why objectives change overtime.</p> <p>Many possible answers</p> <ul style="list-style-type: none"> • Previous objectives met • External influences have changed – increased competition, increasing/decreasing exchange rate, increasing unemployment • Internal influences – e.g., death of a partner <p><u>Example</u> increasing unemployment may mean the objective for HTP is to survive (1) as there may be a drop in demand caused by the loss of jobs (1)</p> <p>Because they have grown as a business (1) they may have more customers and may want to start making a profit (1) as they are established and may want to take the business further</p>	[2]	<p>First mark – reference to surviving first year Second mark must be a stated objective.</p> <p>Any valid suggestion Explanation required for the second mark.</p>
1	(c)	(i)	3.2.1.14	<p>Target to apply knowledge of location factors for stated business</p> <p>Many possible answers size of market, cost of premises (including rent), wealth of area, competition, availability of NHS dentists</p> <p><u>Example</u> 'wealth of the area (1) because if there is a high number of people unemployed not many people will go to the dentist therefore less profits (1)' 'competition (1) as if there are many dentists nearby they may have less demand/profits (1)'</p>	[4]	<p>The location factors provided should be within context ie, important to a dentist therefore do not allow 'close to raw materials/suppliers'.</p> <p>Transport links are allowed for one mark albeit the second mark must be linked to customers.</p> <p>Stated and explained 2 x 2</p>

Question		Spec Ref	Expected Answer	Mark	Additional Guidance
1	(d)	3.2.2.12	<p>Target To apply knowledge of communication channels to stated business.</p> <p>Many possible answers</p> <ul style="list-style-type: none"> • Letters • e-mail • text messages • allow 'local newspaper/local TV/local radio/local posters • face to face - meetings, talk to customer... • optional surveys.. • telephone (1) as it is quick way of contacting people (1) <p><u>Example – Letters (1)</u> As they know who their customers are they should send them personalised letters (1).</p>	[4]	<p>Not allow national newspapers. Students must reference 'local' eg, local TV</p> <p><u>Allow</u> reference to either existing or potential customers.</p> <p>A method must be given</p> <p>Reasoning may be the same for both methods of communication.</p> <p>Communication method one mark Appropriate explanation one mark 2x2</p>
1	(e) (i)	3.2.1.6	<p>Target To analyse and evaluate statements concerning a businesses 'competitiveness'.</p> <p>Increase money spent on training employees. LIKELY</p> <p>Employing poorly educated workers. UNLIKELY</p> <p>Increase money spent on updating ICT facilities LIKELY</p>	[3]	

Question			Spec Ref	Expected Answer	Mark	Rationale
1	(e)	(ii)*	3.2.1.13	<p>Target To evaluate 'horizontal integration' and 'takeovers' as a means to increasing a company's competitiveness.</p> <p>Many lines of reasoning</p> <p><u>disadvantages of takeovers</u> <i>problems with existing staff</i> <i>may be liable for any debt the other business may have</i> <i>communication maybe a problem</i> <i>low morale</i></p> <p><u>advantages of takeovers</u> <i>increase market share</i> <i>allow 'increased sales'</i> <i>allow 'bigger the business more chance of economies of scale'</i> <i>allow 'incorporating existing ideas from other companies'</i></p>		<p>The sixth mark must be a balanced / weighing up both sides mark</p> <p>The fifth mark can be awarded if the judgement follows appropriate analysis of both the advantages and disadvantages of a takeover.</p> <p>One advantage may be fully explained and the disadvantage may be stated and not explained - 4 marks awarded</p> <p>Stated advantage and stated disadvantage = 3 marks</p> <p>Level 2 (3-6) – Analysis and evaluation Judgement Advantages and disadvantage given Candidate would have noted the takeover is one of an existing dentist</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 will be some errors of spelling, punctuation and grammar but these are unlikely to be intrusive or obscure meaning.</i></p>

Question	Spec Ref	Expected Answer	Mark	Rationale
		<p><u>Example – level 2</u> There are many benefits of taking over a similar business – not least the likely increase in customers. The increase in customers is likely to help you increase your buying power with suppliers thus unit costs will decrease which assists with helping increase profits. However, as you are taking over a new business the existing workers at Perfect Smile may not like your management style and they may leave. This will then add to your recruitment costs let alone time.</p> <p>Overall, though given the sharp increase in customers there should be much opportunity for the business to increase profits which should outweigh the increase in costs.</p> <p><i>Allow level 2 when noting that there is not enough information to make a decision assuming candidate has backed this statement – eg, no knowledge of Perfect Smile’s financial situation.</i></p> <p>By taking over an established local dental practice HTP are using horizontal integration which can be a good thing (L1) for example they could spread the risk over the two businesses so that if one is loosing sales (L1), profit etc. they still have one more and also it would help reduce competition (L1) on the market if they own more proportions. However, it could be a bad thing to do as taking over a business requires a lot of capital (L2) and the current workers in the business may not benefit from different leadership styles (L2), autocratic to democratic. I recommend that HTP should take over another local practice as it would help with growth, profit maximisation and advertising.</p>	[6]	<p>Level 1 (1-2) – Knowledge and Application Correct reference to stated business Only advantages OR disadvantages given</p> <p><i>Simple ideas have been expressed in an appropriate context. There are likely to be some errors of spelling, punctuation and grammar of which some may be noticeable and intrusive.</i></p> <p>Level 0(0) No response or no response worthy of credit</p> <p>Candidate fails to reach the threshold standard in all respects.</p>

Question		Spec Ref	Expected Answer	Mark	Additional Guidance
1	(f)	3.2.2.3	<p>Target To apply knowledge and understanding of staff appraisal to stated business</p> <p>Many possible answers</p> <ul style="list-style-type: none"> • Recruitment • Retention • Motivation • Identifying employee strengths and weaknesses <p><u>Example – 3 marks</u></p> <p>Staff appraisal offers both the employee and the business a chance to discuss (1) aspirations and highlight problems within the company. This information can be used to inform the business and lead to the employee being more motivated (1) hence more efficient (1).</p> <p><u>Example for 2 marks</u></p> <p>More motivated (1) and thus more work harder (1)</p>	[3]	<p>Must be linked to a benefit to HTP i.e., greater productivity, efficiency. Do not allow reference to increasing sales, customers.....</p> <p>If two points stated maximum two marks. Development of at least one point required for the final mark.</p> <p>1x3 Also allow 1x2+1</p>
Total				[28]	

Question			Spec Ref	Expected Answer	Mark	Additional Guidance
2	(a)	(i)	3.2.1.11	<p>Target To demonstrate understanding of cooperatives <u>Worker Co-operative</u> Business owned and controlled by its workers rather than outside shareholders.</p>	[1]	
2	(a)	(ii)	3.2.1.11	<p>Target To demonstrate understanding of cooperatives</p> <p>Many possible answers</p> <p><u>Advantages</u></p> <ul style="list-style-type: none"> • <i>As the employees own the business everyone should be motivated</i> • <i>The objectives are normally more focused on the members of the co-operative</i> • <i>The workers know about the business (1) therefore products better quality / better productivity (1)</i> <p><u>Disadvantages</u></p> <ul style="list-style-type: none"> • <i>The lack of experience of running a business may hinder the business and thus less likely to succeed.</i> • <i>The system of one member one vote in some societies means a long, drawn out decision-making process</i> • <i>Co-operatives may find it difficult to raise finance since banks are not so willing to lend them money because their main aim is not to make a profit</i> • <i>Ideas limited</i> • <i>Skills limited</i> • <i>Difficulty in raising finance</i> 	[4]	<p>Simply providing a feature co-operative is not enough for marks. Linkage to advantages and disadvantages required.</p> <p>Stated advantage/disadvantage 2x1 Explanation of 2x1 2x2</p>

Question			Spec Ref	Expected Answer	Mark	Additional Guidance
2	(b)	(i)	3.2.2.10	<p>Target To demonstrate knowledge of TQM.</p> <p>Possible answers include <i>Total Quality Management, TQM, is a method by which management and employees can become involved in the continuous improvement of the production of goods and services (1). It is a combination of quality and management tools aimed at increasing business and reducing losses due to wasteful practices (1).</i></p> <p><i>TQM is a description of the culture, attitude and organization (1) of a company that strives to provide customers with products and services that satisfy their needs (1).</i></p> <p>TQM takes place throughout the production process (1). Quality control is the responsibilities of every worker (1)</p> <p>Allow 'checking quality (1) is the employees own responsibility (1)</p>	[2]	2x1

Question			Spec Ref	Expected Answer	Mark	Additional Guidance
2	(b)	(ii)	3.2.1.13	<p>Target To apply knowledge of the advantages and disadvantages of businesses becoming larger.</p> <p>Many possible answers</p> <p><u>Advantages</u></p> <ul style="list-style-type: none"> • Lower unit costs which may lead to more competitive prices to be set. • Greater pool of ideas • More expertise <p><u>Disadvantages</u></p> <ul style="list-style-type: none"> • Communication problems • Decisions may take longer • Control may be harder – more workers means more responsibility for the owners to check the work is done. 		<p>Do not allow ‘make more’ – making more does not imply increased sales.</p> <p>Allow total wage costs go up (1) but linkage to the need to improve sales / revenue required for the additional (1) mark.</p> <p>Allow increased training required (1) thus increased costs (1)</p> <p>Allow more employees the better the service (1) as more staff thus increases customer satisfaction (1)</p> <p><i>If candidate has said wages go up thus lowering profits award only one mark.</i></p> <p>This type of answer may well be linked to economies / diseconomies of scale</p>

Question			Spec Ref	Expected Answer	Mark	Additional Guidance
2	(b)	(ii)	cont'd	<p>Example</p> <p><u>Advantage</u> Greater pool of ideas (1) as more employees can contribute to the running of the business which may increase efficiency (1)</p> <p><u>Disadvantage</u> Unit costs may go up (1) such as wages as the business is not operating efficiently with the greater number of employees (1)</p> <p>Wages gone up (1) therefore more stress on business to increase its sales (1)</p> <p>Who are the 40% more? Where are they employed? On the production floor? If not they may be inefficient.</p>	[4]	<p>Stated advantage/disadvantage 2x1</p> <p>Explanation of 2x1</p>

Question		Spec Ref	Expected Answer	Mark	Additional Guidance
2	(c)	3.2.2.6	<p>Target to apply knowledge of the advantages to employees and businesses of following Health and Safety Laws.</p> <p>Many possible answers</p> <p><u>Cosy Beds Ltd</u></p> <ul style="list-style-type: none"> • Less accidents • Workers feel valued and thus are more motivated/work better • Avoid getting fined <p><u>Employees</u></p> <ul style="list-style-type: none"> • Safer place to work (1) therefore more motivated staff (1) – allow ‘more happy’, ‘no fear’ • They feel they are part of the business/more valued/looked after • Allow linkage to Maslow 	[4]	<p>Allow ‘improve reputation (1) which may assist with recruitment of workers (1) – allow increase in customers (1)</p> <p>Allow reference to Health and Safety implying product safety</p> <p>Stated advantage/disadvantage 2x1 Explanation of 2x1 2x2</p>

Question			Spec Ref	Expected Answer	Mark	Additional Guidance
2	(e)	(ii)	3.2.2.11	<p>Target To apply knowledge of the term ‘job share’, and evaluate its use as opposed to employing a full time worker.</p> <p>Many possible answers</p> <ul style="list-style-type: none"> • May retain the services of skilled employees with young children • Workers do not become bored • Workers motivation maybe higher as less time in the building • Easier for sick cover • Bringing more skills to the business - two heads better than one • Complimentary skills – share ideas.... • Allow ‘prevent burn out’, ‘aid psychological state’. • Wider skill range • Allow less stress <p><u>Example</u> <i>Job share is where two people share one post (1). With a full time worker they go to work everyday and may get bored but with a job share they may be essentially working on alternate days which means they may be possibly more motivated (1) a thus when they come in they are more efficient (1).</i></p>	[3]	<p>For the third mark a direct link of student idea to Cosy Beds Ltd – i.e., more ideas and skills may lead to better service and efficiency improvements.</p> <p><i>Reward complimentary skills ie., ‘colleagues on the job share do the same work and they may ask each other advice even though not both in the building thus assisting in making decisions’</i></p> <p>Poorly motivated people would ideally not be working for Cosy Beds Ltd in the first place.</p> <p>Do not allow reference to money Do not allow reference to benefiting employees</p> <p>1x3 1x2+1</p>

Question			Spec Ref	Expected Answer	Mark	Additional Guidance
2	(e)	(iii)	3.2.2.3/4	<p>Target To demonstrate knowledge of the concept 'Maslow's Hierarchy of Needs'.</p> <p>Many possible answers</p> <p>Self-esteem – giving status (1) eg, worker of the month award thus you feel better about your self as you know people value you (1).</p> <p><i>Allow 'promotion'</i> <i>Allow 'giving more responsibilities'</i> <i>Allow 'praise' / encouragement</i> <i>Allow 'motivational rewards'</i> <i>Allow 'training to build self confidence'</i></p> <p><i>Allow 'the meeting of the three 'needs' below self esteem e.g., by making sure the workplace is safe (1)</i></p>	[2]	<p>DO NOT allow pay rises</p> <p>Implicit or explicit understanding of the meaning of self esteem</p> <p>1+1</p>

Question		Spec Ref	Expected Answer	Mark	Additional Guidance
2	(f)	3.2.2.2	<p>Target To analyse data on training thus allowing an appropriate judgement to be made.</p> <p>Many possible effects</p> <ul style="list-style-type: none"> • Has Cosy Beds Ltd followed the trend and reduced its spending on training? • How many of its workers have been recruited as skilled workers from other businesses or do they do all the training themselves? • Workers find difficulty in obtaining employment • May lead to capital replacement of workers hence higher job losses • Future and current job opportunities limited as not trained – hindering promotion prospects • Cosy Beds Ltd may not follow the trend hence these employees not affected – they may even be better off as they will be trained others will not. • Linkage between training and responsibilities / self fulfilment should be rewarded <p><u>Example 1</u> <i>The amount of money per worker spent on training is expected to dramatically decrease (1). This will mean worker skills may decline (1) which may harm Cosy Beds competitiveness (1) eg, lower quality (1) which then may lead to drops in demand which could lead to higher unemployment (1).</i></p> <p><u>Example 2</u> <i>Cosy Beds' employees might not be affected (1) as the company has maintained the amount of money it spends on training (1). In fact, when comparing to other workers they will now be more skilled (1) hence more employable hence they can bid up wages (1).</i></p>	[4]	<p>One mark for Implicit or explicit reference to the data ie., amount spent per employee on training</p> <p>One mark for impact on employees</p> <p>Two marks for appropriate analysis</p> <p>Data refers to the UK - NOT the Cosy Beds Ltd</p> <p>Question refers to the affect on the EMPLOYEE not the business</p> <p>Allow 'the amount spent on training has fallen thus if the business is not spending as much it is saving money which it may decide to give bonuses which will make the employees more motivated'</p>

Question			Spec Ref	Expected Answer	Mark	Additional Guidance
				Employees might be affected by the data because the money spent on training (1) is going to decrease by £1400 in the two year gap (from 2008). This would therefore mean that workers would be unsure of some of the work (1) and feel slightly uncertain, which could imply that their motivation (1) would reduce. Employees would be less likely to use ICT and become multi-skilled (1) and therefore reduce their chances of self fulfilment or confidence in the workplace.		
				Total	[32]	
				Paper Total	[60]	

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