

Business Studies

General Certificate of Secondary Education

Unit **A292**: Business and People

Mark Scheme for June 2012

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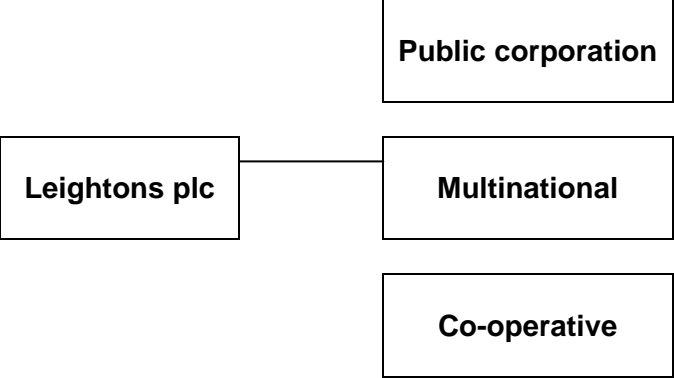
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Annotations used in the detailed Mark Scheme (to include abbreviations and subject-specific conventions)

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

Question			Answer	Marks	Guidance
1	(a)	(i)	A public limited company can raise money by selling shares to the public using the stock exchange .	2	One mark for each correct identification up to a maximum of two identifications.
		(ii)	<p>Indicative content:</p> <ul style="list-style-type: none"> personal possessions are not at risk if the business goes into liquidation shareholders can only lose what they invested in the company the business and its owners have separate legal identity. <p><u>Example</u> Company is incorporated (1) and has a separate legal identity (1) thus personal possessions not at risk (1)</p> <p><u>Example</u> In the event that the company goes into liquidation (1) the owners will only lose what they invested in the company (1). Their personal possessions cannot be taken (1) to repay the debts of the company.</p>	3	<p>Up to three marks.</p> <p><u>Allocation of marks – 3 of the 4 below</u></p> <p><i>Bust/fail/insolvent/bankrupt/stopped trading (one mark)</i> <i>Business failed because it was not able to pay its debts (one mark)</i> <i>Not lose personal possessions (one mark)</i> <i>Only lose what they have invested (one mark)</i></p> <p>Do not award 'business has gone into debt'.</p>

Question	Answer	Marks	Guidance
	<p>(iii) Indicative content:</p> <ul style="list-style-type: none"> • shareholders do not have control over day to day decisions • shareholders vote for a board of directors at the AGM to make decisions for them • Allow one mark if any reference to shareholders <u>owning</u> part of the business. <p><u>Example</u> <i>Divorce of ownership and control means that a shareholder does not have any control over the day to day running of the business (1). Shareholders vote for a board of directors (1) to make decisions for them (1). They vote for the directors at the AGM to take decisions for them(1).</i></p> <p><u>Example</u> <i>Shareholder owns a certain percentage of the business (1) but does not deal with the day to day running of the business (1).</i></p>	2	Up to two marks.

Question	Answer	Marks	Guidance
(b)	<p>Possible answers:</p> <ul style="list-style-type: none"> • Leightons plc relies on the primary sector to get its raw materials • Leightons plc relies on the tertiary sector to sell its clothes • The high street (tertiary) buys the products which Leightons makes. <p><i>Example</i> <i>Leightons plc needs materials from the primary sector to make its sportswear (1). It then needs shops, tertiary sector, to sell its sportswear (1).</i></p>	2	Up to two marks.
(c) (i)	 <pre> graph LR A[Leightons plc] --- B[Multinational] B --- C[Public corporation] B --- D[Co-operative] </pre>	1	For one mark.

Question		Answer	Marks	Guidance	
				Content	Levels of response
(c)	(ii)*	<p>Possible Analytical Points (AP) from Fig 1:</p> <ul style="list-style-type: none"> wage costs lower in Asia than Europe therefore may have more money to invest – impact also depends on number of workers and hours of work rent is lower in Asia which means money can be used elsewhere in the business eg marketing transport costs are less in Europe than Asia which means money can be used elsewhere in the business eg marketing EU free trade – no tariffs/closer distance which minimises cost Asia – fewer H and S regulations/not as stringent employment law which saves money Image as public perception is that workers are exploited in Asia/Sri Lanka which harms reputation. 	6	<p>Note: Simple calculations If candidate has calculated the yearly outgoing excluding wage costs (Poland = £160 000, and Sri Lanka = £248 000) but does not develop award bottom Level 2.</p> <p><i>BUT ignore calculation if candidate simply adds the three costs (eg Poland £2 + £40,000 + £10,000 = £50,002). If this is the case Level 1.</i></p> <p>Note: Developed calculations If candidate calculates relative costs by assuming specific numbers of workers and hours, with reasoned judgement, candidate could get 6 marks.</p> <p>If Leightons has (eg) 100 workers, 40 hours per week, 50 weeks per year, annual cost in</p> <p>Poland = £400,000+ £40,000 + £120,000 = £560,000</p> <p>Sri Lanka = £100,000 +£8,000 + £240,000 = £348,000</p> <p>Therefore, I would choose Sri Lanka as it is cheaper.</p> <p>This would achieve 6 marks.</p>	<p>For Level 2 – analysis and evaluation (3–6)</p> <p>6 marks - reasoned judgement (note you can award this judgement mark as long as analysis is evident)</p> <p>5 marks - data + 2 x AP or 3 x AP</p> <p>4 marks - data + AP or 2 x AP</p> <p>3 marks - data analysis or an analytical point AP</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>Level 1 – application (1–2) Stating the advantages and or disadvantages.</p> <p>Simple listing of the information in Fig. 1.</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	
					Content	Levels of response
			<p><u>Possible other Analytical Points</u></p> <ul style="list-style-type: none"> Quality – higher wages improves quality? Depends on cost of living in each country ie will this wage increase product quality. Productivity – higher wages increase productivity? Depends on cost of living in each country ie will this wage increase productivity. Higher wages increase motivation? Depends on cost of living in each country ie will this wage increase motivation. <p><u>Level 2</u></p> <p>If Leightons plc chooses to locate in Poland then its wage costs will be higher. This means it might get less profit per item sold, than if it made them in Sri Lanka. However, higher wages may mean workers work harder in Poland albeit we know nothing about the cost of living in either Poland/Sri Lanka so 50 pence per hour may be a high wage for that country.</p>		<p><u>Note</u></p> <p>Correct reference to other factors such as EU tariffs (importing from Poland, no duty to be paid) automatic Level 2.</p> <p>If candidate analyses other factors with minimal reference to Fig. 1 award bottom of level 2 that is 3 marks.</p>	

Question			Answer	Marks	Guidance	
					Content	Levels of response
			<p><i>Transporting the goods from Sri Lanka will cost twice as much as it would to locate in Europe. This means its costs will be a lot higher which may have to be passed on to customers which again may lower demand. Also, if Leightons locates in EU it does not have to pay tariffs when selling its sportswear in EU countries and this could be a significant saving albeit we do not know how much will be imported.</i></p> <p><i>Rent is also very high in Poland compared to Sri Lanka hence high total costs but again this may be offset by better quality clothing.</i></p> <p><i>Overall I think Leightons plc should choose Poland as the benefits of Sri Lanka may be offset against better quality products and this is important if Leightons are to receive repeat orders.</i></p> <p>Level 1 <i>I would choose Location Sri Lanka as wages are much cheaper.</i></p>			

Question		Answer	Marks	Guidance
	(d) (i)	<p>Strike action is when workers do not go to work in protest (1).</p> <p><i>Strike action is when workers refuse to work in order to get their way (1)</i></p> <p><i>Allow 'workers refuse to work' (1)</i></p>	1	<p>For one mark.</p> <p><i>No need to specifically use the word 'protest' eg workers <u>stop work</u> due to threat of job losses.</i></p> <p><i>Do not allow – 'going on strike'.</i></p>
	(ii)	<p>Indicative content:</p> <p>Leightons</p> <ul style="list-style-type: none"> • <i>Leightons plc cannot produce or sell (1)</i> • <i>may make less profit as no goods to sell (1)</i> • <i>customers may go to a competitor (1)</i> • <i>may lead to poor business reputation (1), less customers (1), less candidates for employment in the future (1)</i> • <i>no workers to work (1) so lose money (1).</i> <p>Employees</p> <ul style="list-style-type: none"> • <i>employees lose wages (1), because they are not at work (1)</i> • <i>may lose bonuses or overtime (1)</i> • <i>allow reference to 'employees not on strike will have to work harder' (1).</i> <p>Leightons plc</p> <p><i>If the employees go on strike, it cannot produce or sell its sportswear (1) thus making less profit (1).</i></p> <p><i>Customers may lose confidence in the business if they cannot get an item (1) this may make them go to a competitor (1).</i></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 – 2x2.</p> <p>Do not allow 'will have to hire new staff, and thus train them'.</p> <p>Do not allow 'could get fired'.</p> <p>Do not allow 'have to pay higher wages' – strike is due to 'worry of losing their jobs'.</p>

Question	Answer	Marks	Guidance
	<p>Employees <i>Employees will not get paid (1) whilst they are on strike. This might mean that they will struggle to pay their bills (1) and go into debt.</i></p> <p><i>Morale may fall (1) as employees feel management are not listening to their views (1).</i></p>		
(iii)	<p>Indicative content:</p> <ul style="list-style-type: none"> • works to improve relations between business and employees • mediates between the employees and management • appoints an arbitrator who helps to reach an agreement. <p><u>Allow</u></p> <ul style="list-style-type: none"> • <i>Sort out issues like a dispute over working conditions (1)</i> • <i>ACAS provides advice (1) to both parties</i> • <i>It helps settle disputes (1).</i> <p><u>Example</u> <i>ACAS attempts to improve organisations and working life through better employment relations (1). ACAS mediates (1) between management and unions. ACAS helps each side to reach an agreement (1) or compromise (1) on any disagreements which they have.</i></p> <p><u>Example</u> <i>ACAS provide general information on employment rights and responsibilities (1) and can also help employees and employers who are involved in an employment dispute (1) to identify practical ways of sorting out the problem (1). If an employer and an employee need external help to resolve a problem, ACAS can often assist them to find a solution that is acceptable to both (1).</i></p>	3	<p>Up to three marks.</p> <p><u>Marks allocated</u></p> <p><i>One mark for sorting out an employment issue eg pay/working conditions.</i></p> <p><i>Up to two marks for help sides to reach a decision /compromise / mediates / suggest arbitrator/provide advice/independent advisor/ neutral, unbiased.</i></p> <p><i>Do not allow 'ACAS acts like a judge'.</i></p> <p><i>Allow 'ACAS makes a decision if both parties agree they can arbitrate'.</i></p>

Question		Answer	Marks	Guidance
	(e) (i)	Letters will be least popular in 2015	1	One mark for correct response.
	(ii)	Social networking sites will increase at the fastest rate	1	One mark for correct response. Allow 'social'
	(iii)	<p>Indicative content:</p> <ul style="list-style-type: none"> • <i>lose competitive advantage if they don't</i> • <i>customers might not feel valued if Leightons don't</i> • <i>competitors might get in contact with customers more regularly</i> • <i>Leightons may miss out on customer feedback if they don't.</i> • <i>speeds up communication between business and customer – increases efficiency</i> • <i>must know and use the types of communication which customers use otherwise the business will lose profit/sales</i> • <i>easier to communicate</i> • <i>ensure you are reaching potential customers</i> • <i>maintain/increase sales</i> • <i>poor reputation if not up to date</i> • <i>new developments may be a cheaper way of communicating.</i> <p><u>Example</u> <i>If Leightons plc does not keep up to date with communication methods it may not remain competitive (1) which means it may lose customers (1) as customers are not regularly informed about the business compared to its competitors (1) therefore they lose profit/sales (1).</i></p> <p><u>Example</u> <i>Good communication is good service (1) which means customers return which means higher sales (1).</i></p>	2	<p>One mark for correct identification of a reason, with one additional mark for an explanation.</p> <p>Question is concerned with 'developments' not just with benefit of communicating.</p> <p>2x1 or 1x2</p>

Question	Answer	Marks	Guidance
2 (a)	<p>Indicative content:</p> <p>Advantages</p> <ul style="list-style-type: none"> • James keeps all of the profit • James is in complete control • easy to set up in terms of administration • very little capital required to set up • financial information is private • makes all decisions • less conflict • may be tax benefits compared to being a company. <p>Disadvantages</p> <ul style="list-style-type: none"> • lack of ideas • unlimited liability • shortage of capital • illness • hours of work • continuity • economies of scale harder to achieve. <p><u>Example</u></p> <p>Advantages <i>Financial information is private (1), therefore, competitors can not look and try to get an advantage (1).</i></p> <p>Disadvantages <i>Unlimited liability (1) which means that James runs the risk of losing his personal possessions (1).</i></p>	4	<p>One mark for each correct identification of an advantage and one mark for each correct identification of a disadvantage. Plus a further one mark for each of two explanations.</p> <p>2x2 or 2x1+2x1</p>

Question	Answer	Marks	Guidance
(b)	<p>Indicative content:</p> <ul style="list-style-type: none"> • James will want to maximise profit • James will want capital growth in the value of his business • Delto has a cause which it supports • Delto's profits will help the elderly. <p><u>Example</u> <i>James will want to maximise profits (1) for himself whereas a social enterprise will aim to provide the best service for the cause (1) eg helping the aged (1).</i></p>	3	<p>Up to three marks.</p> <p><u>Allocation of marks</u></p> <p>To obtain 3 marks both Sole Proprietor and social enterprise need to be accurately referenced. Max 2 marks if not.</p> <p><i>Can have James (2 marks) and Delto (1) or James (1) and Delto (2 marks). The second mark for Delto mark is for what Delto aims to do – eg 'make life better for the elderly'.</i></p>

Question		Answer	Marks	Guidance	
				Content	Levels of response
	(c) (i)*	<p>Possible lines of argument:</p> <ul style="list-style-type: none"> suppliers will want the highest price paid for their goods customers will want good quality at cheap prices allow reference to ethics <i>ie suppliers may use unethical practices which the customers do not like.</i> <p><u>Level 2 example</u> <i>Suppliers of Viva will want the best price for their goods whilst customers will want the best quality at the cheapest prices Viva will not be able to please both so it will need to compromise. It must make sure that it pays its suppliers enough so that they can make a decent living whilst keeping prices low enough to persuade consumers to buy them.</i></p> <p><u>Level 1 example</u> <i>Viva will want to maiximise profits.</i></p>	4	<p>Clear explanation of how suppliers and customers have a 'stake' in Viva. This explanation should then be linked to explain the possible conflict. Both parts are required for Level 2.</p> <p>The conflict is the trigger for Level 2.</p>	<p>Level 2 – analysis (3–4) Conflict between both suppliers and customers explained and analysed.</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>Level 1 – knowledge and application (1–2)</p> <p>Stating objectives of either/and suppliers or customers as stakeholders.</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															
(c)	(ii)	<p>Insolvency is when a business does not have enough funds (1) to carry on trading/pay its debts (1).</p> <p>Allow 'business is being shut down (1) as it does not have enough money (1)</p>	2	<p>Up to two marks.</p> <p>First mark for reference to 'stop trading' / 'cease trading' / 'shut down' / 'gone bust' / 'can't supply any more' / 'bankrupt'/'liquidation'.</p> <p>Second mark for reference to 'not enough funds/ money/cannot pay off debts'</p>															
(d)	(i)	<table border="1"> <thead> <tr> <th>Feature</th> <th>Job description</th> <th>Person specification</th> </tr> </thead> <tbody> <tr> <td>Who their line manager will be</td> <td>✓</td> <td></td> </tr> <tr> <td>Qualifications needed</td> <td></td> <td>✓</td> </tr> <tr> <td>Hours of work</td> <td>✓</td> <td></td> </tr> <tr> <td>Previous experience</td> <td></td> <td>✓</td> </tr> </tbody> </table>	Feature	Job description	Person specification	Who their line manager will be	✓		Qualifications needed		✓	Hours of work	✓		Previous experience		✓	4	<p>One mark for each correct identification up to a maximum of four marks.</p>
Feature	Job description	Person specification																	
Who their line manager will be	✓																		
Qualifications needed		✓																	
Hours of work	✓																		
Previous experience		✓																	

Question	Answer	Marks	Guidance
	<p>(ii) Indicative content:</p> <ul style="list-style-type: none"> • staff notice board/magazine • local newspaper (not simply newspaper) • local school/college • local job centre • Internet • Recruitment agency • Local radio (not simply radio) • Shops. <p><u>Example</u> A local newspaper (1) as the job is looking for a trainee so Viva does need a worker with high skills as it will train them up, therefore many possible applicants will live in the local area (1).</p>	4	<p>One mark for each correct identification up to a maximum of two identifications. Plus a further two marks for each of two explanations.</p> <p>No need to specifically reference trainees albeit answers such as ‘national press’ or national TV’ are not appropriate for a new trainee.</p> <p><i>An actual method must be given.</i></p> <p><i>Do not award mark simply for internal and external recruitment. – need an actual method. Do not allow posters.</i></p>

Question	Answer	Marks	Guidance
	<p>(iii) Curriculum Vitae Indicative content:</p> <ul style="list-style-type: none"> • <i>Qualifications</i> • <i>skills</i> • <i>experience</i> • <i>referees.</i> <p><u>Example</u> <i>A CV will list the qualifications (1) the candidate has so it will be easy to see if they are qualified (1) to do the job.</i></p> <p>Letter of application Indicative content:</p> <ul style="list-style-type: none"> • <i>why they want the job</i> • <i>future aspirations</i> • <i>skills/qualities they have</i> • <i>experience they have</i> • <i>ability to communicate</i> • <i>testing literacy.</i> <p>Not allow 'see what type of person they are'</p> <p><u>Example</u> <i>This will explain why the candidate wants the job (1) and what skill/qualities/experience which (1) they will bring to the business.</i></p>	4	<p>Up to two marks for each of two explanations.</p> <p>Allow 1x2, 2x1 for both parts.</p> <p>If an aspect appears in both CV and letter of application (eg qualities, experience, communication) allow both marks if it is appropriate to both.</p>

Question	Answer	Marks	Guidance
	<p>(iv) Reasons why James should/should not shortlist Chris:</p> <ul style="list-style-type: none"> • yes he should shortlist him as otherwise Viva will be breaking the law if his disability is the only reason for not short listing • no he should not shortlist him if there are better qualified candidates • it depends on Chris's disability and whether it will mean he can/cannot do the job, he may be involved with plumbing for example. <p><u>Example</u> If Chris has the right skills/qualifications/physical capability for the job then he should be shortlisted (1). <i>If he does not have the right skills/qualifications then he should not be shortlisted regardless of his disability (1) as this would be breaking the law (1). It also depends on what his disability is and if it would stop him being able to do the job (1). However, where possible the business should make suitable arrangements (1).</i></p>	4	<p><u>Allocation of marks</u></p> <ul style="list-style-type: none"> • <i>A correct reasoned judgement (1 mark)</i> • <i>If Chris is one of best candidates in skills/qualifications/physical capability he must be shortlisted. Cannot discriminate on the basis of disability (2 marks)</i> • <i>Reference to legislation / taken to court / fined (1 mark).</i> <p>Candidates may refer to the Disability Discrimination Act / Equality Act but simple reference to legislation / the law is sufficient.</p> <p>Allow 'should see what his disability is' (1).</p>

Question	Answer	Marks	Guidance
(e)	<p>Indicative content:</p> <p>Job enrichment Job enrichment is the process of "improving work processes and environments so they are more satisfying for employees". Many jobs are monotonous and unrewarding. Workers can feel dissatisfied in their position due to a lack of a challenge, repetitive procedures, or an over-controlled authority structure. Job enrichment tries to eliminate these problems, and bring increased motivation within the workforce.</p> <p>Ways of providing job enrichment</p> <ul style="list-style-type: none"> • more responsibility for worker • training • improved status. <p><u>Example – 3 mark</u> <i>Job enrichment involves trying to improve/challenge/give more autonomy to the worker through increased training (1) thus allowing more responsibility (1). This then allows an increase in status and worker interest (1).</i></p> <p><u>Example – 3 mark</u> <i>Give more responsibility (1) by expanding their role within the business (1) eg more of a role with customers which improves the employees self belief/status (1).</i></p> <p><u>Example – 2 mark</u> <i>Giving more responsibility (1) therefore worker feels more valued (1).</i></p>	3	<p>Up to three marks.</p> <p>3x1 stated points one of which should include way in which job enrichment maybe given.</p> <p><i>Note – question is centred on how job enrichment improves motivation NOT the advantages of job enrichment.</i></p> <p><i>Do not reward answers which refer to examples of job enlargement or job rotation rather than job enrichment.</i></p>

OCR (Oxford Cambridge and RSA Examinations)
1 Hills Road
Cambridge
CB1 2EU

OCR Customer Contact Centre

Education and Learning

Telephone: 01223 553998

Facsimile: 01223 552627

Email: general.qualifications@ocr.org.uk

www.ocr.org.uk

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