

Business Studies

General Certificate of Secondary Education J253

Mark Schemes for the Units

January 2010

J253/MS/R/10J

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Mark schemes should be read in conjunction with the published question papers and the Report on the Examination.

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A292 Business and people

Question			Spec Ref	Expected Answer	Mark	Additional Guidance
1	(a)	(i)	3.2.1.10	<p>Target: To demonstrate knowledge of Private Limited companies.</p> <p>(i) 'To Family and Friends' 1 'Do not have to sell' 1 'Private Sector' 1</p>	[3]	One mark for each correct answer
1	(a)	(ii)	3.2.1.1	<p>Target: To analyse why businesses exist.</p> <p>Many possible answers</p> <ul style="list-style-type: none"> • Provision of goods/services • To make a profit • Allow 'employment opportunities' and 'serving the community'. • Allow reference to survive if in appropriate way i.e., providing food for public to survive <p><u>Example</u> CF Ltd exist as they provide goods (1) for which they make money (1)</p> <p>CF Ltd exist as the owners make a living (1) and provide for their family (1)</p> <p>CF Ltd exist to provide business with things to survive (1)</p> <p>Allow if reference 'as to why Ltd's exist'</p>	[2]	<p>CF Ltd is <u>NOT</u> a convenience store. It MAKES a range of ready meals.</p> <p>Reason 1 Explanation 1 Not allow 2 stated</p>

Question			Spec Ref	Expected Answer	Mark	Additional Guidance
1	(b)	(i)	3.2.1.13	<p>Target: To apply knowledge of integration/growth to stated company.</p> <p>(i) Where a firm takes over or merges with another firm at the same stage of production.</p>	[1]	
1	(b)	(ii)	3.2.1.13	<p>Target To apply knowledge of integration/growth to stated company.</p> <p>many possible answers</p> <ul style="list-style-type: none"> • Elimination of competition • Economies of scale • Diversify • More money / more profit • Expand / being larger • Allow 'avoid closure' <p><u>Example</u> By joining together the CF Ltd can now enjoy economies of scale (1) which means they can buy supplies in bulk thus getting cheaper per unit supplies (1) which means they can set more competitive prices which may result in higher demand/profits (1)</p>	[3]	<p>Allow 3 marks Grow (1) as businesses becoming well known (1) thus more profit (1)</p> <p>Expand (1) thus larger share of market (1) thus more profit (1)</p> <p>Allow 2 marks Expand (1) as business gets bigger thus bigger client base (1)</p> <p>Profit (1) as one of the businesses may be better at certain things say advertising /production of products than another (1)</p>

Question		Spec Ref	Expected Answer	Mark	Additional Guidance
1	(c)	3.2.1.7	<p>Target: Demonstrate knowledge and understanding of secondary and tertiary sectors; analyse the relative importance of the tertiary sector</p> <p>many possible answers</p> <p>Secondary sector Cheaper imports Use of machinery</p> <p>Allow 3 marks for 'secondary decreased (1) due to increased use of machinery (1) thus replacing jobs which were carried out by workers (1)</p> <p>Tertiary sector Increase leisure time Rising population Increased wealth of people People living longer More shops opening</p> <p>Example</p> <p><u>Trend</u> Secondary sector declining (1)</p> <p><u>Reason</u> Cheaper imports (1) are too competitive because other countries can produce at a lower cost (1)</p> <p>As more manufacturing companies use computers/robotics (1) therefore fewer employees required (1).</p>		<p>Increased tertiary (1) more shops opening (1) as people more wealthy hence demanding more products hence higher number of shops and thus employees in the tertiary (1)</p> <p>Allow 'increased tertiary (1) as more shops opening (1) thus more employees needed (1)'</p>

Question		Spec Ref	Expected Answer	Mark	Additional Guidance
1	(c)		<p>Example</p> <p><u>Trend</u> Tertiary sector increasing (1)</p> <p><u>Reason</u> Due to an increase in population (1) which means more demand for teachers/nurses (1) ...</p> <p>People have more leisure time (1) therefore they are demand services (1) such as entertainment/sports centres to occupy themselves (1).</p> <p>People are living longer (1) therefore they demand services (1) such as home helps (1).</p>	[6]	<p>NOTE Do not award marks which relate to the supply of labour – eg, ‘people do not like working in factories</p> <p>2x3</p>
1	(d)	3.2.1.9	<p>Target: To demonstrate knowledge of the concept business interdependence.</p> <p>Many possible answers</p> <ul style="list-style-type: none"> • <i>Require transport</i> • <i>Require supplies</i> • <i>Require place to put its money</i> <p>May require supplies (1) in order to make its ready meals (1) May use the local bank (1) to keep its savings (1) Allow ‘one of the businesses maybe a supermarket (1) hence it creates demand for CF Ltd hence increasing profits’ (1)</p>	[2]	<p>The important word in the question references ‘DEPENDENT’ on other businesses</p> <p>Students DO NOT have to reference LOCAL to achieve full mark allocation</p> <p>Stated point 1 Explanation 1</p>

Question			Spec Ref	Expected Answer	Mark	Additional Guidance
1	(e)	(i)	3.2.2.4	<p>Target: To calculate changes in employee remuneration.</p> <p>Answer can be <u>EITHER</u> Daniel or James</p> <p>Daniel (1) would gain the most as he is getting a bigger percentage rise and a larger actual rise per hour (1)</p> <p>Daniel (1) as his increase goes from £171.90 to £240 (1)</p> <p>James (1) – age will go up by 2011 thus his wage per hour will go up the most £3.23 (1) as opposed to Daniel's £2.27</p> <p>If candidates have calculated the changes award both marks –</p> <p>Daniel benefits the most (1) (when noting 30 hours) by £68.10 (1) as opposed to James £6.90 and Natasha £2.10</p> <p>Allow 'Daniel benefits the most (1). My calculations in the table make this clear (1) – award 2 assuming candidates calculations are correct.</p>	[2]	<p>Only award one for 'Daniel as he gains the most' – see below</p> <p>Only award one for 'Daniel as he is the oldest' – see below</p> <p>If candidate gives two names – Daniel and James – award no marks unless correct reasoning</p> <p>Judgement 1</p> <p>Correct reference to data – either the biggest percentage rise OR the larger actual wage/hourly rise 1</p>

Question			Spec Ref	Expected Answer	Mark	Additional Guidance
1	(e)	(ii)	3.2.2.4	<p>Target: To calculate changes in employee remuneration.</p> <p>Many possible lines of argument;</p> <ul style="list-style-type: none"> • Difficult to say as we do not know as we do not know the ages of the 50 workers who get the NMW therefore we can not work out the increase in costs. If they have a lot of 22 and over then total costs maybe significantly affected as they have been given the sharpest rise • Minimal impact because those affected ie, NMW employees are the lowest earners • Not know enough information eg, their actual sales/profits • May have increased prices to cover the increase in wages • increased wage costs which increases overheads which may lead to a decrease the level of profits/lead to a loss • less working capital thus possibility of liquidation • as wage costs increase they may have to 'let workers go' • as workers now earn more feel more 'part of company' they may improve their work thus quality of service improves (22 and over). 		<p>Must be reference to the company</p> <p>Level 2 (3-5) – Analysis and evaluation</p> <p>Full analysis of one side OR Reference to both sides</p> <p>Level 1 (1-2) – Application</p> <p>Basic reference/statements to business – implicit or explicit</p>

Question			Spec Ref	Expected Answer	Mark	Additional Guidance
1	(e)	(ii)		<p><u>Level 2 answer</u></p> <p>Difficult to say as we do not know the ages of the 50 workers who get the NMW therefore we can not work out the increase in costs. If they have a lot of 22 and over, then total costs maybe significantly affected as they have been given the sharpest rise. However, if the business is very profitable, giving pay rises to the lowest groups of workers will be of small significance – after all, it is only an extra 2.57 per hour. CF Ltd may have to change its recruitment policy and do not employ workers who fall within the NMW catchment.</p> <p><u>Level 1 answer</u></p> <p>‘Costs go up thus costs more to run CF Ltd’ – 2 marks</p> <p>‘They would lose money as they pay staff higher wages’ -2 marks</p>	[5]	<p><u>NOTE</u></p> <p>Candidate should have noted that 50 workers out of 150 are affected by the NMW</p> <p><u>NOTE</u></p> <p>Level 2 <i>Higher costs and decreased profits but staff more motivated</i></p> <p>Level 1 <i>Higher costs lead to lower profits</i></p>
1	(f)	(i)	3.2.2.8	<p>Target: To analyse data thus making judgement regarding ‘span of control’.</p> <p>5</p>	[1]	<p><u>NOTE</u></p> <p>Candidates may list the 5 managers. Award the mark albeit if they list 6 or 4 do not allow.</p>

Question			Spec Ref	Expected Answer	Mark	Additional Guidance
1	(f)	(ii)	3.2.2.8	<p>Target: To apply knowledge of the phrase ‘Chain of Command’.</p> <p>The link in the levels of authority from those at the top with the most authority to those at the bottom with the least (1) – eg, Finance Manager are in charge of Finance Assistants (1)</p> <p>Allow ‘people know who is in charge of them (1) e.g., production worker is controlled by production supervisor (1)</p> <p>Allow one mark for phrase ‘in control of’</p>	[2]	<p><u>NOTE if candidate references ‘hierarchy’ allow one mark. Reference required to fig.3., for the 2nd mark</u></p>
1	(f)	(iii)	3.2.2.9	<p>Target To apply knowledge of department functions to stated business.</p> <p>Many possible answers</p> <ul style="list-style-type: none"> • <i>Monitor income</i> • <i>Monitor expenditure – wages, suppliers being paid etc</i> • <i>Change in profit</i> • <i>To see if money left for investment/expansion</i> <p><u>Allow</u> reference to size ‘large’ business (1) means many receipts/invoices etc (1)</p> <p>This allows specialisation (1) improves efficiency (1) as workers know what they are doing eg, finance department are able to monitor the money coming into, and out of the CF Ltd (1).</p>	[3]	<p><u>Allow 3 marks</u> ‘Monitor income (1) and expenditure (1) therefore they know when to reduce spending (1)</p> <p>3x1 or 1x3</p>

Question			Spec Ref	Expected Answer	Mark	Additional Guidance
2	(a)	(i)	3.2.1.10	<p>Target: To demonstrate understanding of plc as a type of business ownership: To demonstrate knowledge and understanding of the term stakeholders.</p> <p>Many possible answers</p> <p><u>Advantages</u></p> <ul style="list-style-type: none"> • Due to shares being floated on the SM (1) Brit Air plc will be able to raise large funds for investment hence it may become more competitive (1) • Shareholders have limited liability (1) allow 'company has limited liability (1) • Banks more willing to lend to plc's (1) ie, financial economies thus easier to obtain capital for expansion (1) <p><u>Disadvantages</u></p> <ul style="list-style-type: none"> • Can be a target for a takeover • Increased public accountability • Loss of control (1) as Brit Air plc are answerable to its shareholders (1) <p>Allow '£50 000 to set up' Allow 'anyone' can buy shares (1) thus open to hostile takeover (1) Allow 'lots of paper work', 'very complex' Allow 'have to publish accounts (1) therefore competitors can see them (1) Allow 'big company thus difficult to control'</p>	[4]	2x2

Question			Spec Ref	Expected Answer	Mark	Additional Guidance
2	(a)	(ii)		<p>Target: To demonstrate knowledge and understanding of the term stakeholders.</p> <p>Many possible answers</p> <ul style="list-style-type: none"> • <i>Employees may have shares in the business (1)</i> • <i>Employees as they work for a business to be paid (1)</i> • <i>Public may have shares in the business (1)</i> • <i>Public receive products (1)</i> • <i>Public may be environmentally friendly (1)</i> • <i>Public creation of jobs/noise pollution/provide flights for them (1)</i> 	[2]	

Question		Spec Ref	Expected Answer	Mark	Additional Guidance
2	(b)	3.2.2.13	<p>Target: To discuss the impact of ICT developments on business communication namely email</p> <p>Many possible answers</p> <p><u>Advantage</u> e-mail is quick and easy to send (1) which may mean which saves time and money (1)</p> <p>Free (1) thus able to use money for other things e.g., higher wages (1)</p> <p>Reliable (1) as not affected by postal strike (1)</p> <p><u>Disadvantage</u></p> <ul style="list-style-type: none"> • You need e-mail addresses (1) and not everyone has an e-mail address therefore breaking communication (1) • Not everyone knows how to use e-mail (1) which means messages do not get through (1) • Not everyone checks there e-mail regularly (1) which means communication is slow (1) • Information has the potential of being read by someone else/hackers (1) which may lead to loss of privacy (1) <p>Allow 'Virus', 'breakdown', 'power cuts', e-mail less personal, 'not sure if e-mail received'</p>	[4]	2x2

Question		Spec Ref	Expected Answer	Mark	Additional Guidance
2	(c)	3.2.2.7	<p>Target: To analyse and discuss the Trade Unions and its effects on a stated business.</p> <p>Many lines of argument</p> <p><u>Positives</u></p> <ul style="list-style-type: none"> • Working hours • Race and sex discrimination – all workers treated equal • Health and safety – minimises accidents and thus compensation • Increased efficiency • Improving industrial relations • Trade unions create a ‘safe’ environment which leads to increased staff motivation <p><u>Negatives</u></p> <ul style="list-style-type: none"> • Industrial action • Maternity leave, holiday entitlement • Level of pay tends to be higher within unionised industries • Health and safety costs tend to be high • May get a bad reputation <p><u>Level 2</u> <i>Having a trade union may improve relations between management and the company’s workers as there will be constant meetings between the two. This could mean there is good communication between both parties and helps them both to understand each other. However, if the union is militant /aggressive they may call industrial action which means that Air Britannia plc would have to shut down for the odd day which will harm profits. Overall it is difficult to say as some unions are more aggressive than others.</i></p> <p><i>Allow Level 2 for ‘a TU will raise a number issues which business needs to address because if employees are unhappy. The business will fail as they are the main priority for any business’ – 4 marks</i></p> <p><u>Level 1</u> Allow ‘business not happy because there may be strikes, ban on over time’ – allow 2 – ‘thus harming production’ – 3 marks</p> <p>Unions will make costs go up.</p>	[6]	<p>Level 2 (4-6) – Analysis and evaluation Judgement supported by appropriate analysis – eg, why does advantages outweigh disadvantages</p> <p>At least one advantage AND one disadvantage explained and developed</p> <p>Level 1 (1-3) – Application Advantage or disadvantage linked to stated company</p>

Question			Spec Ref	Expected Answer	Mark	Additional Guidance
2	(d)	(i)	3.2.2.1	<p>Target: To demonstrate knowledge of the terms ‘job description’ and ‘person specification’.</p> <p><u>Job description</u> Air Britannia plc should use this as it outlines the duties and responsibilities that the worker must perform (1) therefore it should save time as only candidates truly interested will apply (1).</p> <p><i>Allow ‘candidate knows what they are letting themselves in for i.e., the right skills and what the job entails (1) therefore they don’t bother to apply if they do not want to do the job ’.</i></p> <p><i>Allow ‘summary of the job (1)’</i></p> <p><u>Person specification</u> Air Britannia plc should use this as it outlines the knowledge, qualifications and experience and the personal qualities and skills the worker will be able to do the job (1) therefore it should save time (1) as only candidates who have the qualifications etc should apply.</p> <p><i>Allow ‘There is no point in applying (1) if they do not have the right skills and qualifications (1)’</i></p>	[4]	<p>NOTE If candidate describes accurately both the job description and a person specification’ award 2 marks.</p> <p>NOTE For the second mark reference must be made to ‘why do the business/candidate have/use a job description and a person specification’</p> <p>NOTE Question relates to BRITTAIR plc albeit we are allowing benefits to the company or candidate</p> <p>2x2</p>

Question			Spec Ref	Expected Answer	Mark	Additional Guidance
2	(d)	*(ii)		<p>Target To analyse and discuss the recruitment and selection process.</p> <p><u>Good points</u> Shortlist 5 applicants Ask each applicant the same questions.</p> <p><u>Bad points</u> Spread interviews over 20 days Have 10 members employees on the interview panel Ask each female applicant the following two questions 1. who will look after their child after school? 2. if applicants have not got a child 'are they planning to have children in the future?'. Send out acceptance and rejection letters two weeks after the final interview</p> <p><u>Level 2</u> 'I think the recruitment process is a bit silly. Whilst some parts are good such as asking the 'same questions' and 'short-listing 5 applicants' thus you can easily compare and remember the candidates, sending acceptance letters out 2 weeks later is far too long. The successful candidate may have found another job and then you may have to do re-go through the whole process again which costs money/time. Also, having so many members of the finance department on the interview panel may cause differing opinions and some arguments especially if 'your' chosen person is not selected. Also, who would be doing any work when the interviews are taking place, combined with the fact that the position is only a junior one. Therefore, in weighing up the 4 negatives against the 2 positives it can not be a good recruitment procedure in terms of time and money.</p> <p><u>Level 1</u> 'I think the recruitment process is poor – sending acceptance letters out 2 weeks later is far too long. The successful candidate may have found another job.</p> <p>Max level 1 if no reference to fig 4</p>		<p><u>NOTE</u> Candidate must reference TWO good points as well as two bad. Many candidates do not appear to be explaining both the good points.</p> <p>Level 2 (4-6) – Analysis and evaluation</p> <p>Judgement supported by appropriate analysis that is the recruitment procedure is not good.</p> <p>At least two good points and two bad points regarding the recruitment process is provided</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> <p>Level 1 (1-3) – Application Advantage OR disadvantage linked to stated company</p> <p><i>Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer.</i></p> <p><i>Candidate fails to reach the threshold standard in all respects, but these do not obscure the meaning of the answer.</i></p> <p><i>Candidate fails to reach the threshold standard in all respects.</i></p>

Question			Spec Ref	Expected Answer	Mark	Additional Guidance
2	(d)	(iii)	3.2.2.3/ 3.2.2.5	<p>Target: To analyse and discuss monetary and non monetary methods of motivation.</p> <p>(i) many possible answers</p> <p><u>Money related method of motivation</u></p> <ul style="list-style-type: none"> • Wage increase, overtime, bonus, profit share – share of company profits, fringe benefits – luncheon vouchers <p><u>Non-pay methods of motivation</u></p> <ul style="list-style-type: none"> • accelerated promotion • job enrichment – giving more responsibility • job rotation • award scheme – employee of the month • allow ‘promotion’ • allow ‘perks and fringe benefits’ • allow extra days off, ‘fear’, praise, good environment, day out of work with staff, golf days, free insurance (BUPA etc..) <p><i>not allow answers such as ‘free gym’ as this may incur tax thus should be a monetary method</i></p> <p>Example – Money related method of motivation The workers are new therefore they might not get a high wage thus giving them an opportunity to earn overtime (1) may give them an incentive as they would be able to earn more money (1)</p> <p>Bonuses (1) thus more motivated to get more bonuses (1)</p> <p>Increase wages (1) thus more motivated to get more money(1)</p> <p>Example – Non-money related method of motivation If doing the same job ‘day-in’ workers may get bored therefore rotating their job (1) doing different duties will help keep interest (1)</p>		<p>‘Money related method of motivation – Anything which is of monetary value which is open to tax’</p>
					[4]	<p>Method of motivation 1</p> <p>Explanation 1</p>

Grade Thresholds

General Certificate of Secondary Education
Business Studies (Specification Code J253)
January 2010 Examination Series

Unit Threshold Marks

Unit		Maximum Mark	A*	A	B	C	D	E	F	G	U
A292	Raw	60	54	48	42	36	30	24	18	12	0
	UMS	60	54	48	42	36	30	24	18	12	0

The total entry for the examination was:

A292 = 1551 candidates

For a description of how UMS marks are calculated see:
<http://www.ocr.org.uk/learners/ums/index.html>

Statistics are correct at the time of publication.

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