



GCSE

Business Studies

413002 Growing as a Business
Mark scheme

4130
June 2016

Version 1.0: Final Mark Scheme

Mark schemes are prepared by the Lead Assessment Writer and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation events which all associates participate in and is the scheme which was used by them in this examination. The standardisation process ensures that the mark scheme covers the students' responses to questions and that every associate understands and applies it in the same correct way. As preparation for standardisation each associate analyses a number of students' scripts. Alternative answers not already covered by the mark scheme are discussed and legislated for. If, after the standardisation process, associates encounter unusual answers which have not been raised they are required to refer these to the Lead Assessment Writer.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of students' reactions to a particular paper. Assumptions about future mark schemes on the basis of one year's document should be avoided; whilst the guiding principles of assessment remain constant, details will change, depending on the content of a particular examination paper.

Further copies of this mark scheme are available from aqa.org.uk.

Marking Guidance for 9 Mark Questions

In order to help clarify the marking of these questions for new and existing examiners please note the following points:

1. Changes to the marking grid

In each of the grids for the 9 mark questions you will find additional detail/clarification for the evaluation Level 2 (E2) descriptors as follows:

*“one **very well** explained reason in context or two or more reasons with at least one **well** explained – 5 marks*

*one reason **well** explained in context or two valid reasons explained in context – 4 marks (default)*

one valid reason for the judgement explained in context – 3 marks”

2. Treatment of Quality of Written Communication (QWC).

This can be seen as a “nudge” mark and the level criteria are defined below.

E1: Ideas communicated in simple way/limited use of business terms. There are noticeable errors in accepted conventions of written communication.

E2: Ideas are communicated with structure/correct use of business terms. There are occasional errors in accepted conventions of written communication

If the QWC is considerably weaker than would be expected at the appropriate evaluation level then the mark should be reduced to 1(E1) or 3 or 4 (E2). Please note that the level of response should not be determined by QWC nor should it be seen as a “bonus” mark as the expected QWC level is embedded into the default mark.

3. Annotation

It is essential that the Levels are indicated in the body of the answer both for Knowledge / Application and Analysis (L1/L2/L3) and for evaluation (E1/E2). There are available as pre-set annotations and must be used. Failure to do so could, and has resulted in marks not being allowed to continue marking as it is unclear why they have allocated the marks that they have awarded.

4. Styles of response and where to find the judgement

Not all students make their judgement at the end of a 9 mark question. Often what might appear to be a brief judgement may only be a summary statement of an answer that has been evaluative throughout following the initial judgement. Having reached the end of marking a 9 mark question it is essential to go back to the beginning to make an accurate judgement on the evaluation mark. Equally some candidates may start with a supported judgement that they contradict in looking at alternative options. This is unlikely to reach beyond the bottom of the E2 mark range unless a further well developed evaluation is provided at the end of the answer. Students who have made clear efforts to support their judgements must be awarded E1 marks.

1 (a) *What is meant by organic growth of a business?*

[2 marks]

Possible answers:

1 mark for indicating that a business is expanding internally/naturally/within the business

1 mark for additional point, eg funded by profits, not takeover/merger, not franchising.

1 (b) *Explain **one** advantage and **one** disadvantage to VeggieLands Ltd of introducing assistant managers into the management structure.*

[4 marks]

Possible advantage:

- able to provide breaks/support for managers
- provides a better career structure for crew members
- improves customer satisfaction/better managed.

Possible disadvantage:

- cost of wages
- lengthens chain of communication
- too many managers for size of each restaurant?
- Discourages franchisees with additional staffing costs

One mark for identifying a suitable advantage/disadvantage, plus **one mark** for offering valid explanation/development.

Apply twice.

NB Assume development is contextual and reward with second mark, unless the candidate writes about another organisation or hierarchical structure.

1	(c)	Explain one way in which VeggieLands Ltd benefits from operating as an ethical business.	[4 marks]
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Possible answers:

- attracts customers impressed by this approach
- personal satisfaction in creating ethical business
- marketing ploy – reassures public
- helps establish brand

Level	Descriptor	Marks	Assessment Objective
3	Explains benefit of ethical business in context.	4–3	AO2
2	Explains benefit of ethical business without context	2	
1	Identifies possible benefit(s) of ethical business	1	AO1
0	No valid response.	0	

NB If candidate includes more than one benefit, only reward the strongest one. Don't 'accumulate' marks for several poorly explained benefits.

Context could include: London, restaurant, food, ingredients, locally sources, higher wages, assistant manager, friends, crew members.

Examples

VeggieLands Ltd would attract not only vegetarians but meat-eaters who liked the idea of an ethical business (L1). These people wouldn't go to other fast food places because they believe these restaurants have a reputation exploiting staff or not paying their taxes so there are a lot of people in this position not being catered for. (L3 – 3 marks).

Clear context (3 Marks)

It is important to have a business with a USP and being ethical makes you stand out from other businesses. (L1) Being ethical is a good way to get noticed and attract customers (L2 no context) Another benefit is people will respect you more because you are treating staff well so you are less likely to be criticised in the media.

No context throughout so L2 Final mark 2

Last sentence is separate benefit and no better than the first, so mark remains at 2.

If VeggieLands Ltd is run as an ethical business it will help motivate the staff. (L1) This is because they will be paid more than at other restaurants so they will feel valued (L3 – 3 marks). If the staff are motivated they will be less likely to take time off and not want to let other crew members down. (L3 – 4 marks)

Context present

Chain of explanation high L3 response Final mark 4

1 (d)	<p><i>The owners of VeggieLands Ltd want to expand their business. They are considering two ways of doing this:</i></p> <ul style="list-style-type: none"> • <i>continuing to open up new restaurants themselves</i> • <i>franchising the VeggieLands' brand and name.</i> <p><i>Which of these two methods of expansion do you believe would be better for VeggieLands Ltd? Support your answer by referring to Item A.</i></p> <p style="text-align: right;">[9 marks]</p>
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Areas of possible analysis:

- would franchisees uphold the ethos of the business?
- risk of brands image being tarnished
- Might be more financially rewarding to continue to expand organically
- loss of control – franchisees might behave unethically
- owners might not want their role to be changed from overseeing their own restaurants to administrators
- Time taken – franchising would be more rapid way to expand
- Greater awareness of the brand from franchising would promote trade in existing VeggieLands

Level	Descriptor	Marks	Assessment Objective
3	Analyses issues relating to options in context.	4–3	AO3
2	Describes issues relating to options in context.	2	AO2
1	States relevant points.	1	AO1
0	No valid response.	0	

Notes: AO3 also assesses students' quality of written communication. When deciding on the AO3 level to be awarded, consider the degree to which the student orders and communicates his/her ideas.

In addition, and separately, award marks for evaluation using the grid below.

Students are evaluating which business expansion method would be better for VeggieLands' owners. The chosen method must be clearly supported to access E2 and not simply be a reiteration of previously made arguments. An alternative method may be offered or a combination of the two stated methods, but again this must be justified in clear terms to be awarded E2 marks

Level	Descriptor	Marks	Assessment Objective
2	Offers judgement with clear justification for chosen expansion method. Alternatively, the clear justification might consist of supporting why the method rejected is unsuitable. Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	5–3	AO3 and Quality of Written Communication
1	Offers judgement plus limited justification. Ideas are communicated with some structure evident with occasional use of technical terms. There are noticeable errors in accepted conventions of written communication.	2–1	

2 (a) Explain what is meant by division of labour.

[2 marks]

1 mark for demonstrating some understanding of the term, eg states specialism: splitting the work/tasks up, splitting employees into different functions

1 mark for developing this eg by linking division of labour to flow production; outlining the benefits/disadvantages; providing more detail of how it works; giving an example to illustrate

Examples

This is when a business has employees working on one small part of production (1). OC would use this if they moved to flow production. (1)

Division of labour means specialisation (1) Each worker concentrates on doing one small part of the production (1)

2 (b) Explain **one** advantage and **one** disadvantage to Orbital Cycles of using off-the-job training for its employees.

[4 marks]

Possible advantages may include:

- less likely to pick up bad practices
- better training facilities/qualified staff to do training
- may not be anyone suitable to do training at business.

Possible disadvantages may include:

- expense of training
- off work so not productive
- lose some control on content of training.

NB Do not reward ad/dis of on the job training

1 mark for giving suitable advantage/disadvantage

1 mark for development/explanation of the point

Max **1 mark** for using training in general

Do not credit responses that are on-the-job training

Apply twice

2	(c)	<i>Explain two advantages to Orbital Cycles of using wholesalers to distribute the bikes.</i>	[6 marks]
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Possible advantages may include:

- allows greater quantities to be shipped at once – suits current batch production
- saves having to find individual retailers to sell to
- could sell larger quantities each time, more efficient
- wholesalers could undertake some of the promotion for this new company.

Apply grid below twice.

Level	Descriptor	Marks	Assessment Objective
2	Explains advantage in context of Orbital Cycles.	3–2	AO2
1	Identifies possible benefit(s) of using wholesalers	1	AO1
0	No valid response.	0	

Allow context for both advantages even if only one advantage directly relates to Orbital Cycles.

Context could include: bikes, faults, training, 20 employees batches of 2 or 3, sales manager.

2 (d) *Orbital Cycles was set up two years ago as a manufacturer of electric bikes. There are **two** views on how Orbital Cycles' efficiency could be improved:*

- *start to make the bikes using flow production*
- *keep batch production, but increase the amount of training that employees receive.*

*Which of these two options do you believe would be better for Orbital Cycles? Support your answer by referring to **Item B**.*

[9 marks]

Areas of possible analysis:

- effect of either/both production methods on employee motivation
- how would either method reduce the number of faults
- whose opinion matters more – production managers or other managers?
- the suitability of using either method to produce the product.

Level	Descriptor	Marks	Assessment Objective
3	Analyses either or both production methods in context.	4–3	AO3
2	Describes issues to do with either/both production methods in context.	2	AO2
1	States relevant point(s).	1	AO1
0	No valid response.	0	

Notes: AO3 also assesses students' quality of written communication. When deciding on the AO3 level to be awarded, consider the degree to which the student orders and communicates his/her ideas.

In addition, and separately, award marks for evaluation using the grid below.

Students are evaluating which production method would be better at improving Orbital Cycles' efficiency. The chosen method must be clearly supported to access E2 and not simply be a reiteration of previously made arguments. An alternative solution may be offered, eg a combination of the two methods, but again this must be justified in clear terms to be awarded E2 marks.

Level	Descriptor	Marks	Assessment Objective
2	<p>Offers judgement with clear justification for chosen production method.. Alternatively, the clear justification might consist of supporting why the method rejected is unsuitable.</p> <p>Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.</p>	5–3	AO3 and Quality of Written Communication
1	<p>Offers judgement plus limited justification.</p> <p>Ideas are communicated with some structure evident with occasional use of technical terms. There are noticeable errors in accepted conventions of written communication.</p>	2–1	

3 (a) The term 'Expenses' appears in **Figure 2**. Give **two** examples of Expenses that Tyro Dairy is likely to have. **[2 marks]**

Possible answers:

- clerical/administration employees
- marketing costs
- office expenses.

Do not allow capital expenditure (e.g. machines, vehicles, buildings)

Do not allow any expenditure on making the final product

Allow ambiguous items e.g. fuel, wages

3 (b) (i) Calculate Tyro Dairy's Gross profit margin for 2015. **[2 marks]**

Correct answer of 27.5% given regardless of working

2 marks

Allow alternative (non-fraction) versions of 27.5% , (e.g. 0.275, 27.50%) – see below

Gives 27.5 (without %)	1
mark	
Rounds to 28%	2
marks	
Rounds to 27%	1
mark	
28 (without %)	
1 mark	
27 (without %)	
0 marks	

Answer incorrect but shows 55/200 in working (or equivalent fraction eg 11/40)

1 mark

NB do not reward NPM ie 12%

3 (b) (ii) Explain **one** reason why Tyro Dairy's shareholders might be worried about the income statement for the year ending 31 December 2015 in **Figure 2**.

[3 marks]

Possible responses:

- expenses sharply increased
- net profit has fallen.

Do not allow:

- cost of sales increased – revenue has gone up by more proportionately
- unidentified 'costs' have increased.

1 mark for identifying that profit (or net profit, but not gross profit) has fallen or expenses have gone up

1 mark for saying why this is an issue

1 mark for developing/explaining this point

Allow the effect on Tyro Dairy if it implies shareholders

Examples

They would be worried because profits have gone down (1) (Total 1 mark)

Net profit has fallen so this would worry them (1) This means they might not get as much in dividends (1) so their shares may go down in value (1) (Total 3marks)

Expenses have gone up by a lot in 2016 (1) So there is less money to put back into the business (1) so it can't expand as much as it would like. (1) (Total 3 marks - allow implied concern to shareholders)

Net profit has gone down (1) so the business won't be able to pay for things like milk to make the cheese. (Total 1 mark - misunderstood)

Gross Profit has fallen (0 marks)

3 (c) Explain **two** reasons why Tyro Dairy produces an income statement each year. **[4 marks]**

Possible Answers:

- legal requirement for tax purposes
- for potential shareholders' benefit
- to determine how much profit the business has made.

Do not allow answer when information would come from a source other than the income statement, eg to see what the business is worth.

1 mark for identifying reason for an income statement.

1 mark for development/ explaining this reason.

Apply twice.

Examples

TD has to produce an income statement to see how well it is doing (0) too vague

To find out how profitable Tyro Dairy is (1)

It has to by law (1) so the government knows how much tax to charge Tyro Dairy (1)

To find out how much profit it has made (1) so it knows how much it can give to shareholders (1)

As they are a plc they must publish the income statement (1) to help potential investors (1)

3	(d)	<p><i>The demand for Tyro Dairy's smoked cheddar cheese has fallen. Recommend the best extension strategy for the business to increase the demand for this cheese. Support your answer by referring to Item C, giving reasons for your choice.</i></p>	[9 marks]
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Possible strategies:

- Exploit the EU market more – at the moment there is little trade to EU countries
- Pricing strategy – TD uses premium pricing so there is scope for price reduction
- Change product in some way – eg additional ingredient /less or more strong
- TD has an established brand which could be exploited
- Television advertising is used to promote the brand so this could be used to increase demand in this cheese
- Develop a new market eg children's lunchbox novelty cheese

Students could argue a case for their choice of strategy possibly comparing with an alternative

Level	Descriptor	Marks	Assessment Objective
3	Analyses extension strategy in context.	4–3	AO3
2	Explains extension strategy in context.	2	AO2
1	Identifies suitable extension strategy	1	AO1
0	No valid response.	0	

Notes: AO3 also assesses students' quality of written communication. When deciding on the AO3 level to be awarded, consider the degree to which the student orders and communicates his/her ideas.

In addition, and separately, award marks for evaluation using the grid below.

Students are evaluating which extension strategy they would recommend to improve the demand for Tyro Dairy's Smoked Cheddar cheese. The chosen strategy must be clearly supported to access E2 and not simply be a reiteration of previously made arguments. An alternative solution may be offered, eg a combination of two strategies, but again this must be justified in clear terms to be awarded E2 marks.

Level	Descriptor	Marks	Assessment Objective
2	Offers judgement with clear justification for chosen extension strategy. Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	5–3	AO3 and Quality of Written Communication
1	Offers judgement with limited justification. Ideas are communicated with some structure evident with occasional use of technical terms. There are noticeable errors in accepted conventions of written communication.	2–1	