



ASSESSMENT and
QUALIFICATIONS
ALLIANCE

Mark scheme

June 2003

GCSE

Business A

3132

Foundation

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Business Studies**Foundation Tier****3132/1F****INTRODUCTION**

Whilst every effort is made to give clear guidance, the mark scheme will always require the exercise of judgement in interpreting marginal points, not just occasionally, but continuously throughout the scripts. It should be seen as a set of guidelines, not rigid performance criteria.

One key area of judgement relates to the level of access to levels. In principle, candidates can ‘come in’ at any level, according to the quality of their response, with Level 1 commonly by-passed. However, problems can arise when, on a higher mark question, the candidate make, or hints at, one high level point in an otherwise Level 1 (or zero mark) response. Usually the situation is anticipated by the structure of the marking scheme, but examiners should feel able to withhold access to a level should the spirit of the marking scheme appear to have been breached.

Responses suggested in this scheme are not exhaustive. The marking scheme cannot anticipate all possible responses. **Any valid response should be given full credit**, with reference being made to your team leader when serious doubt arises.

SECTION A

1.

Total for this question: (12 marks)

Explain briefly the meaning of the following Business Studies terms and give an example of each. Your examples may be drawn from the Case Study or from any other source.

- | | |
|----------------------------|-----------|
| (a) Advertising | (3 marks) |
| (b) Competitor | (3 marks) |
| (c) Public limited company | (3 marks) |
| (d) Brand name | (3 marks) |

For each sub-question a) to d) the following should be adopted.

	AO1 (max 2 marks)	AO2 (max 1 mark)
Level 2	Clear understanding demonstrated (2 marks)	
Level 1	Some understanding shown (1 mark)	Appropriate example used (1 mark)
Level 0	Very weak or inappropriate response (0 marks)	Inappropriate example or none offered (0 marks)

- | | |
|-----------------|---|
| (a) Advertising | Form of promotion using media, designed to increase consumers' awareness of the product or encourage them to buy. Examples include Cadbury Schweppes television commercials (general responses such as 'adverts on the telly' are allowed as examples). Do not reward sponsorship or other promotional devices. |
| (b) Competitor | Businesses in the same market area that attempt to gain customers or market share at the expense of others. For instance, Nestle is a competitor of Cadbury Schweppes. |
| (c) PLC | A company whose shareholders are not responsible for the debts of the business beyond the amount they invested. A plc is allowed to raise funds on the stock exchange. Cadbury Schweppes and Barclays Bank are plcs. |
| (d) Brand name | A well-known product or service, the name figuring highly when selling the product. Examples include: Nike, Cadbury's Dairy Milk. |

Level 1 is gained in AO1 as soon it becomes clear the candidate has some understanding of the term. For instance, a candidate who confuses a plc with a private limited company should be given 1 mark, but no marks for AO2.

Candidates should be rewarded for an unambiguous suitable example, even if Level 0 was achieved in AO1.

2.

Total for this question: (6 marks)(a) Give **two** ways industry might harm the environment.*(2 marks)*

Candidates should select two from:

- Pollution (eg air, noise);
- Depleted natural resources;
- Waste disposal.

Candidates need only to identify the concern, both responses can be drawn from the same category (eg two distinct types of pollution can be given). View environment in its widest sense, including working environment. (see Case Study pg8)

	AO1 (max 2 marks)
Level 2	Two suitable responses given (2 marks)
Level 1	One way only given (1 mark)
Level 0	Incorrect or very weak understanding (0 marks)

(b) Briefly explain **two** reasons why businesses often try to reduce the harm they do to the environment. *(4 marks)*

Reasons include:

- Genuine concern about the harm, business takes an ethical stance;
- As a marketing ploy, promote the business by drawing attention to its eco-friendly position;
- To appeal to a niche market;
- Concerned about possible legislation if things are allowed to get worse.

	AO1 (max 2 marks)	AO2 (max 2 marks)
Level 2	Two valid reasons identified (2 marks)	Both reasons adequately explained or one reason well explained (2 marks)
Level 1	One valid reason identified (1 mark)	One reason adequately explained (1 mark)
Level 0	No valid reasons identified (0 marks)	No explanation offered (0 marks)

3.

Total for this question: (6 marks)

- (a) Cadbury Schweppes needs to decide who should answer its market research questionnaires. Describe **one** way this might be done. *(2 marks)*

Candidates need to describe a sampling method. This could be random, quota, convenience or any other recognised method. There is no need to name the method to access max marks.

	AO1 (max 2 marks)
Level 2	Clear understanding demonstrated (2 marks)
Level 1	Some understanding demonstrated (1 mark)
Level 0	Incorrect or very weak response (0 marks)

- (b) Briefly explain **two** ways market research can help a business like Cadbury Schweppes. *(4 marks)*

Reasons include:

- It gives information about customers and potential customers so these can be targeted in advertising, etc;
- It gives the business feedback on how the product needs to change, such as changes in fashions;
- It allows the business to set a suitable price.

Candidates might choose two points from a single bullet point above, but responses should be sufficiently distinct. For instance: discovering the geographic location of customers and most suitable advertising media for them, is regarded as two separate points.

	AO1 (max 2 marks)	AO2 (max 2 marks)
Level 2	Two valid reasons identified (2 marks)	Both reasons adequately applied or one reason well applied (2 marks)
Level 1	One valid reason identified (1 mark)	One reason adequately applied (1 mark)
Level 0	No valid reasons identified (0 marks)	No application demonstrated (0 marks)

4.

Total for this question: (6 marks)

(a) Describe **one** problem a business might have if it buys its raw materials from abroad. *(2 marks)*

Possible problems include:

- Long lead times, so orders have to be placed early;
- Exchange rate fluctuations, which can mean prices change;
- Payment difficulties;
- Difficult to check quality other than at delivery, harder to return.

	AO1 (max 2 marks)
Level 2	Clear understanding demonstrated (2 marks)
Level 1	Some understanding demonstrated (1 mark)
Level 0	Incorrect or very weak (0 marks)

(b) Briefly explain **two** reasons why Cadbury Schweppes might have decided to manufacture its products in other countries. *(4 marks)*

Reasons could include:

- To be closer to markets;
- Because costs are cheaper (eg labour/raw materials);
- Less demanding laws in other countries, including taxes;
- Raw materials easier to obtain;
- Spread risk, if one market declines others can be exploited;
- To be seen to be providing employment opportunities;
- Want to become established in a country before it develops;
- Possible government handouts to businesses willing to operate in that country.

As before, as long as they are sufficiently distinct, two separate points can be drawn from the same bullet point.

	AO1 (max 2 marks)	AO2 (max 2 marks)
Level 2	Two valid reasons identified (2 marks)	Both reasons adequately applied or one reason well applied (2 marks)
Level 1	One valid reasons identified (1 mark)	One reason adequately applied (1 mark)
Level 0	No valid reason identified (0 marks)	No application demonstrated (0 marks)

SECTION B

5.

Total for this question: (14 marks)

On page 7 of the Case Study we are told Cadbury Schweppes believes that it is important to have well-trained employees. The company recognises how valuable employees are to the success of the business. Employees are encouraged to learn new skills, even if these skills are not needed to do their jobs.

- (a) Explain **two** ways Cadbury Schweppes might benefit from having its employees well trained. (4 marks)

Possible benefits include:

- Workers are better motivated so more efficient;
- Increases workers' loyalty so labour turnover is reduced;
- Makes workers more flexible so they can tackle a wider range of jobs.

Benefits must be to the company, as asked, and not to the workers.

	AO1 (max 2 marks)	AO2 (max 2 marks)
Level 2	Two valid benefits identified (2 marks)	Both benefits adequately applied to Case Study or one reason well applied (2 marks)
Level 1	One valid benefit identified (1 mark)	One reason adequately applied to Case Study (1 mark)
Level 0	No valid benefits identified (0 marks)	No application demonstrated (0 marks)

- (b) Besides paying good wages, explain **one** other way Cadbury Schweppes can encourage its employees not to leave. (4 marks)

Possible areas for development include:

- Give more responsibility so workers find their jobs more interesting and rewarding;
- Offer perks, fringe benefits so workers feel valued;
- Improve working conditions, eg better holidays, shorter hours, pleasanter working environment, which compare favourably with competitors;
- Provide training, allows workers to increase their skills and to feel they are important.

Illegal suggestions such as making workers sign an agreement never to leave, giving them an inappropriate bad reference: maximum level 1.

	AO3 (max 4 marks)
Level 2	Suitable way well explained (3-4 marks)
Level 1	Method poorly explained (1-2 marks)
Level 0	Unsuitable or no method chosen (0 marks)

- (c) Discuss whether you believe Cadbury Schweppes should encourage its employees to gain new skills, such as learning a foreign language, even if these skills may not be needed to do their jobs. *(6 marks)*

Discussion could include:

Arguments against

- The cost of training
- Workers resentment in being pressured to undertake ‘unnecessary’ training

Arguments for

- As a way of motivating staff
- To encourage greater flexibility within workers
- The skill may be needed in the future

A candidate can reach Level 2 (AO3) if he/she has explored at least two areas (whether on one or both sides of the argument).

To access Level 2 (AO4), both sides of the argument must be considered. The candidate should have attempted to use the analysis to form a judgement. If the candidate has formed a judgement based on discussing one side of the argument only, Level 1 (AO4) marks should be given.

	AO3 (max 2 marks)	AO4 (max 4 marks)
Level 2	Good analysis demonstrated (2 marks)	Good judgement offered based on balanced analysis (3-4 marks)
Level 1	Simple analysis demonstrated (1 mark)	Some judgement offered based on analysis (1-2 marks)
Level 0	No analysis (0 marks)	Judgement not based on analysis, or none offered (0 marks)

6.

Total for this question: (14 marks)

Cadbury Schweppes uses batch production methods to make its products, (see page 11 of the Case Study). Page 11 also tells us that it is important the products are of high quality.

(a) Describe the differences between batch and flow production. (4 marks)

Description could include:

- Flow tends to be used for large-scale production;
- Greater division of labour tends to be used with flow production;
- Flow production is less flexible than batch.

Descriptions that merely describe the two processes without indicating differences are Level 1 only.

	AO1 (max 2 marks)	AO2 (max 2 marks)
Level 2	Two simple comparisons made or one point well described (2 marks)	Comparison drawn between the two methods (2 marks)
Level 1	One point adequately described (1 mark)	Differences treated separately (1 mark)
Level 0	Incorrect or very weak description (0 marks)	No application demonstrated (0 marks)

Brief outlines of Batch and Flow production – 1 mark(AO1 – no AO2 mark)

(b) Explain **two** reasons why Cadbury Schweppes uses batch production when making chocolate bars. (4 marks)

Possible reasons include:

- Quality control can be easier; batch can be identified;
- Runs can be produced to meet demand;
- Greater control of ingredients;
- Flow production may be impractical for foodstuff.

Candidates need to explain their point by relating the advantages of batch to the Case Study.

	AO2 (max 2 marks)	AO3 (max 2 marks)
Level 2	Good application of knowledge (2 marks)	Adequate level of analysis in context of Case Study (2 marks)
Level 1	Some application of knowledge (1 mark)	Low level analysis/explanation (1 mark)
Level 0	No application (0 marks)	No analysis demonstrated (0 marks)

(c) Discuss which of the following **two** quality control methods would be better for Cadbury Schweppes:

- checking samples of the products after they have been made;
- making workers responsible for the quality of their own work during production.

(6 marks)

Arguments for (i) include

- Probably undertaken by a specialist checker
- Impartial checking so could be more accurate
- More thorough checking can be made

Arguments for (ii) include

- Encourages workers to be more involved, can motivate
- Workers more likely to notice poor quality
- All items probably checked and not just samples

Candidates need to not only consider the alternatives but to decide which method is most suitable for the Case Study. Aspects such as the need to maintain a good reputation might be considered when making a judgement.

A candidate can reach Level 2 (AO3) if he/she has explored at least two areas (whether on one or both alternatives).

To access Level 2 (AO4), both alternatives must be considered. The candidate should have attempted to use the analysis to form a judgement. If the candidate has formed a judgement based on discussing one side of the argument only, Level 1 (AO4) marks should be given.

	AO3 (max 2 marks)	AO4 (max 4 marks)
Level 2	Good analysis demonstrated (2 marks)	Good judgement offered based on balanced analysis (3-4 marks)
Level 1	Simple analysis demonstrated (1 mark)	Some judgement offered based on analysis (1-2 marks)
Level 0	No analysis demonstrated (0 marks)	Judgement not based on analysis, or none offered (0 marks)

7.

Total for this question: (14 marks)

Information on marketing Cadbury Schweppes' products can be found on pages 9 to 10 of the Case Study.

- (a) Describe **two** reasons why it might be difficult for Cadbury Schweppes to increase the price of its drinks. (4 marks)

Possible reasons include:

- Level of competition;
- Demand would fall greatly;
- Euro pricing have made price comparisons easier.

	AO1 (max 2 marks)	AO2 (max 2 marks)
Level 2	Two reasons identified (2 marks)	Good application to the Case Study (2 marks)
Level 1	One reason identified (1 mark)	Some application to the Case Study (1 mark)
Level 0	No valid reason given (0 marks)	No application demonstrated (0 marks)

- (b) Explain **two** ways the Company could sell more Cadbury's Roses during times of the year when sales are low. (4 marks)

Possible methods include:

- Lower prices when demand is low;
- Advertise more;
- Special packaging eg Mother's Day designs.

	AO2 (max 2 marks)	AO3 (max 2 marks)
Level 2	Two suitable methods used (2 marks)	Good analysis demonstrated (2 marks)
Level 1	One suitable method used (1 mark)	Simple analysis demonstrated (1 mark)
Level 0	Inappropriate method (0 marks)	No analysis demonstrated (0 marks)

- (c) Discuss whether you think Cadbury Schweppes should increase the use of vending machines to sell its products. *(6 marks)*

Arguments for

- Cheaper to operate: needs little labour
- Improvements in vending machine technology make machines more reliable
- Misses out the wholesaler, so reduces distribution costs
- More convenient for customers, so more products bought

Arguments against

- Less control over quality, products may be out of date
- Chances of vandalism
- Existing suppliers might be resentful
- Possibly seen as down market retailing

A candidate can reach Level 2 (AO3) if he/she has explored at least two areas (whether on one or both alternatives).

To access Level 2 (AO4), both alternatives must be considered. The candidate should have attempted to use the analysis to form a judgement. If the candidate has formed a judgement based on discussing one side of the argument only, Level 1 (AO4) marks should be given.

	AO3 (max 2 marks)	AO4 (max 4 marks)
Level 2	Good analysis demonstrated (2 marks)	Good judgement offered based on balanced analysis (3-4 marks)
Level 1	Simple analysis demonstrated (1 mark)	Some judgement offered based on analysis (1-2 marks)
Level 0	No analysis (0 marks)	Judgement not based on analysis, or none offered (0 marks)

8.

Total for this question: (14 marks)

Details of Cadbury Schweppes' finances can be found in Table 1, on page 6 of the Case Study.

- (a) Calculate how much extra trading profit Cadbury Schweppes made in 2001, compared to 1999. (3 marks)

$$£930m - £685m = £245m$$

	AO2 (max 3 marks)
3 Marks	Correct answer with '£' and 'm' with or without working
2 Marks	Correct answer but '£' or 'm' missing
1 Mark	Correct answer without '£' and 'm' <u>or</u> incorrect answer but correct working
0 Mark	Incorrect answer with incorrect working

- (b) Explain why Cadbury Schweppes needs to make a profit. (5 marks)

Possible reasons include:

- To reinvest back into the business, eg to invest abroad;
- To pay shareholders;
- To attract future investment.

Do not allow to pay wages or other production costs

	AO2 (max 2 marks)	AO3 (max 3 marks)
Level 2	Good application of one or more reason (2 marks)	Reason (s) developed/analysed well (3 marks)
Level 1	One reason applied (1 mark)	Some development/analysis of ideas (1-2 marks)
Level 0	No suitable reasons (0 marks)	No suitable development (0 marks)

(c) Discuss whether Cadbury Schweppes should spend less money on marketing. (6 marks)

Possible areas for discussion include:

Arguments for

- Profits seem to be related to expenditure on marketing
- Market is very competitive, so helps differentiate the products
- Advertising could be most appropriate marketing strategy. Eg better than lowering prices

Arguments against

- A lot spent on marketing already, further spending might be wasteful
- Helps maintain Cadbury Schweppes' market share
- Advertising can attract adverse comments (eg text messages and Anthea Turner wedding)

Allow market research interpretation of marketing, but limit AO3 +AO4 to level 1.
A candidate can reach Level 2 (AO3) if he/she has explored at least two areas (whether on one or both alternatives).

To access Level 2 (AO4), both alternatives must be considered. The candidate should have attempted to use the analysis to form a judgement. If the candidate has formed a judgement based on discussing one side of the argument only, Level 1 (AO4) marks should be given.

	AO3 (max 2 marks)	AO4 (max 4 marks)
Level 2	2 or more areas analysed (2 marks)	Good judgement offered based on balanced analysis (3-4 marks)
Level 1	1 area only analysed (1 mark)	Some judgement offered based on analysis (1-2 marks)
Level 0	No valid areas analysed (0 marks)	Judgement not based on analysis, or none offered (0 marks)

9.

Total for this question: (14 marks)

Cadbury Schweppes' main objective is to increase shareholder value. If Cadbury Schweppes decided to try to earn the highest profit it could for its shareholders, this may affect other stakeholders. (A list of Cadbury Schweppes' stakeholders can be found on page 6 of the Case study.)

You are required to write a report to the Company's Board of Directors.

Your report should:

- be written in a suitable format;
 - analyse two or three effects the decision to increase profits might have on other stakeholders;
 - make a clear recommendation whether you feel this decision would be good for Cadbury Schweppes.
- (14 marks)*

Possible effects on stakeholders include:

- Employees: Company less concerned about personal development; wages might be reduced and working conditions worsen. These could lower motivation and lower work standards. Labour costs could rise as a result.
- Local Community: Fewer funds would be available to local projects. Company could lose its caring reputation, which would be bad publicity.
- Consumers/customers: Quality of products could deteriorate as cheaper ingredients are used. This could backfire as people buy less and consume competitors' products instead.
- Suppliers: Conditions in Ghana could get worse without Cadbury Schweppes' financial involvement, possibly leading to human rights issues; the Company might be slower in paying debts causing difficulties for creditors.

The recommendation should be clearly based on the analysis that precedes it. Either final interpretation is acceptable as long as it is supported with discussion and analysis.

Report format: one mark for each report feature (eg, FAO, headings, numbered paragraphs, originator's name, date). Letter format (salutation and/or complimentary close to get no marks). Allow memo style headings, for 1 mark.

	AO1 (max 2 marks)	AO3 (max 4 marks)	AO4 (max 8 marks)
Level 3			Strong evaluation that develops well from analysis (7-8 marks)
Level 2	Two report features present (2 marks)	Clear analysis used (3-4 marks)	Some attempts made to support the recommendation (4-6 marks)
Level 1	One report feature present (1 mark)	Attempts made to analyse issues (1-2 marks)	Recommendation is loosely related to discussion (1-3 marks)
Level 0	Inappropriate report format (0 marks)		No application (0 marks)

GCSE BUSINESS STUDIES 2003**Assessment Grid Foundation 3132/1**

Assessment Objectives	1	2	3	4	Total
1a	2	1			3
1b	2	1			3
1c	2	1			3
1d	2	1			3
2a	2				2
2b	2	2			4
3a	2				2
3b	2	2			4
4a	2				2
4b	2	2			4
5a	2	2			4
5b		2	2		4
5c		2	4		6
6a	2	2			4
6b		2	2		4
6c			2	4	6
7a	2	2			4
7b		2	2		4
7c			2	4	6
8a		3			3
8b	2		3		5
8c			2	4	6
9	2		4	8	14
Total	30	25	21	24	100
QWC					4
Percentage	21.3	17.75	14.91	17.04	75