

# GCSE 2004

## *June Series*



# Mark Scheme

## Business Studies Specification A *(Subject Code 3132/F)*

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Mark schemes are prepared by the Principal Examiner and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation meeting attended by all examiners and is the scheme which was used by them in this examination. The standardisation meeting ensures that the mark scheme covers the candidates' responses to questions and that every examiner understands and applies it in the same correct way. As preparation for the standardisation meeting each examiner analyses a number of candidates' scripts: alternative answers not already covered by the mark scheme are discussed at the meeting and legislated for. If, after this meeting, examiners encounter unusual answers which have not been discussed at the meeting they are required to refer these to the Principal Examiner.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of candidates' 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.

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## Foundation Tier

### General Marking Guidance

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 makes, 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 mark scheme, but examiners should feel able to withhold access to a level should the spirit of the mark scheme appear to have been breached.

Responses suggested in this scheme are not exhaustive. The mark 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 can be drawn from the Case Study or from any other source.

- |     |                  |           |
|-----|------------------|-----------|
| (a) | Employee         | (3 marks) |
| (b) | Profit           | (3 marks) |
| (c) | Public sector    | (3 marks) |
| (d) | Flexible working | (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 demonstrated (1 mark)	Appropriate example used (1 mark)
Level 0	Very weak or inappropriate response (0 marks)	Inappropriate answer or no response (0 marks)

- |     |                  |  |
|-----|------------------|--|
| (a) | Employee         | People who work for a business/employer for wages/salaries.  |
|     | Example          | Co-op Bank employees. <i>Do not allow employer.</i>  |
| (b) | Profit           | The money remaining from revenue after all costs have been met.  |
|     | Example          | The profit made by the Co-operative Bank.  |
| (c) | Public sector    | Commercial activities carried out by local and central government. Allow any public sector organisation / industry – even if it has a private element, e.g. education, health. |
|     | Example          | NHS, schools, fire service   |
| (d) | Flexible working | Employment practices that change to suit changes in demand or employees' circumstances. Allow interpretation of multi skilled workers.   |
|     | Example          | Term-time working, compressed hours, flexihours.   |

2

**Total for this question: 6 marks**

(a)	What is a stakeholder?	<i>(2 marks)</i>
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Person or organisation that has a direct interest in the behaviour of a business. Usually a stakeholder benefits if the business is successful. E.g. employees, local community. Allow valid example as part of definition, e.g. employees.

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

(b)	Briefly explain <b>two</b> reasons why the Co-operative Bank might give money to charity.	<i>(4 marks)</i>
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Reasons could include:

- to reach ethical targets;
- the charity is a long standing customer;
- as a marketing ploy;
- it is a worthy cause / humanitarianism.

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

3

Total for this question: 6 marks

(a)	What is on-the-job training?	(2 marks)
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Gaining skills by actually undertaking the work. Trained at the workplace. The trainee can be supervised by an experienced colleague or watches and copies another.

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

(b)	Briefly explain <b>two</b> reasons why a business might prefer this method when training its employees.	(4 marks)
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Reasons could include:

- it is cheaper than the employee being trained outside the organisation;
- the business has more control over what is taught;
- the trainee is adding to the production process;
- easier to monitor progress / quality of provision.

	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 reason identified (0 marks)	No application demonstrated (0 marks)

4

Total for this question: 6 marks

(a)	What is a product life-cycle?	(2 marks)
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The different levels of consumer demand that a product experiences over time. Candidates might name all or some of the phases.

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

(b)	Briefly describe <b>two</b> actions a business could take if its product were in the decline phase of its product life-cycle.	(4 marks)
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Responses could include:

- relaunch product in some way, e.g. new wrapper, image;
- promote the product;
- prices can be lowered;
- market research to find out what needs to be changed.

	AO1 ( <i>max 2 marks</i> )	AO2 ( <i>max 2 marks</i> )
Level 2	Two valid ways identified (2 marks)	Both ways adequately explained or one well explained (2 marks)
Level 1	One valid way identified (1 mark)	One way adequately outlined (1 mark)
Level 0	No valid way identified (0 marks)	No application demonstrated (0 marks)

## Section B

Assessment objectives A02 and A03 – to access L2 on these, the candidate needs to provide a clear link / context to the case study. Providing context, but with weak application / analysis does not automatically take the candidate to L2, however. To get to L2, there needs to be a good standard of application / analysis.

Similarly, A04 needs to have a balanced argument to reach L2 – but looking at both sides of the argument does not guarantee L2 if the arguments are weak.

**5**

**Total for this question: 14 marks**

Like all businesses, the Co-operative Bank needs to market its products. Details of the Bank's marketing can be found on pages 5 to 6 in the Case Study.

- (a) Describe **two** ways the Co-operative Bank could encourage more people to use the website, [www.smile.co.uk](http://www.smile.co.uk). (4 marks)

Ways could include:

- hyperlinks from other sites;
- promote the service in some way, e.g. advertise;
- give easier access, e.g. computer terminals at Co-op Banks.

*Candidates might use two aspects of promotion, etc. This is acceptable as long as the methods are distinctive enough.*

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



- (b) Briefly explain **two** suitable methods the Co-operative Bank might use to increase the number of customers it has in Wales and Scotland. (4 marks)

Possible methods include:

- advertising the bank using regional media;
- sending direct mailings to addressees in these areas;
- opening up more branches in these areas.

*NB The methods should be specific to Scotland and Wales and not just be general marketing.*

	AO2 (max 2 marks)	AO3 (max 2 marks)
Level 2	Two or more valid methods applied (2 marks)	Both methods briefly analysed/ commented upon or one method well analysed (2 marks)
Level 1	One suitable method applied (1 mark)	One method briefly analysed/ commented upon (1 mark)
Level 0	No suitable method applied (0 marks)	No analysis/comment used (0 marks)

- (c) Discuss whether the Co-operative Bank should offer cheaper loans to young people wanting to set up in business. (6 marks)

Possible areas for discussion would include:

- would fit in with ethical policy;
- might become successful and long-term customers;
- money might be needed by established business;
- young people represent a greater risk, so rewards should be higher, not lower.

*To secure AO4 Level 2, both sides of the argument need to be expressed clearly and judgements need to be supported by the analysis undertaken.*

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

6

**Total for this question: 14 marks**

The Case Study states that the Co-operative Bank “values its workforce” (see page 7). The Bank recognises the benefits that ICT can bring to the business.

- (a) Briefly describe **two** methods the Co-operative Bank uses to motivate its employees. (4 marks)

Possible methods include:

- wages;
- fringe benefits;
- feedback questionnaires;
- cheap mortgages.

	AO1 ( <i>max 2 marks</i> )	AO2 ( <i>max 2 marks</i> )
Level 2	Two valid methods identified (2 marks)	Both methods adequately applied to Case Study or one method well applied (2 marks)
Level 1	One valid method identified (1 mark)	One method adequately applied to Case Study (1 mark)
Level 0	No valid method identified (0 marks)	No application demonstrated (0 marks)

- (b) The Co-operative Bank conducts surveys of its employees' views. Explain **two** ways the Bank could be helped by this. (4 marks)

Possible reasons include:

- motivates employees by making them feel important;
- provides insights into what is not working well;
- reinforces the Bank's caring image.

	AO2 ( <i>max 2 marks</i> )	AO3 ( <i>max 2 marks</i> )
Level 2	Two or more valid methods identified (2 marks)	Both methods briefly analysed/commented upon or one method well analysed (2 marks)
Level 1	One suitable method applied (1 mark)	One method briefly analysed/commented upon (1 mark)
Level 0	No suitable method applied (0 marks)	No analysis/comment used (0 marks)

- (c) Discuss whether it is a good idea for the Co-operative Bank to introduce more ICT equipment. (6 marks)

Possible areas for discussion include:

- could make the Bank more efficient;
- needs to keep up with its competitors;
- helps attract able staff;
- expense involved in buying the equipment;
- training costs/inconvenience.

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

*To secure AO4 Level 2, both sides of the argument need to be expressed clearly and judgements need to be supported by the analysis undertaken.*

7

**Total for this question: 14 marks**

Details of the Co-operative Bank's finances can be found in Table 2 on page 8 of the Case Study.

(a) Calculate the increase in Retained Profit between:

(i) 2000 and 2001;

(ii) 2001 and 2002.

Show your working.

*(4 marks)*

2000/2001                      68.5 -- 59.2 = £9.3 million

2001/2002                      78.2 -- 68.5 = £9.7 million

Award 1 mark for each answer (9.3 and 9.7)

Award 1 mark for 'million' appearing at least once

Award 1 mark for signs appearing atleast once.

Maximum 2 marks for using any other profit providing calculations are correct.

All marks are AO2

(b) Explain what the Co-operative Bank might do with its Retained Profit.

*(4 marks)*

Possible methods for discussion include:

- purchase machinery/equipment;
- hold onto money for emergencies;
- train employees;
- take over another business;
- donations to worthy causes.

*Do not allow: give the profit to shareholders*

	AO2 ( <i>max 2 marks</i> )	AO3 ( <i>max 2 marks</i> )
Level 2	Two or more valid methods applied <i>(2 marks)</i>	Both methods briefly analysed/ commented upon or one method well analysed <i>(2 marks)</i>
Level 1	One suitable method applied <i>(1 mark)</i>	One method briefly analysed/ commented upon <i>(1 mark)</i>
Level 0	No suitable method applied <i>(0 marks)</i>	No analysis/comment used <i>(0 marks)</i>

- (c) Discuss whether the Co-operative Bank would increase its profits if it were to raise the interest rate it charges customers who borrow money. (6 marks)

Possible areas for discussion include:

- there will probably be a cut in how much people want to borrow;
- depends if other banks increase their interest rates;
- if businesses wanted desperately to borrow, profits might increase;
- profits depend on other costs;
- mortgages will be more expensive so people will be less inclined to borrow.

*To secure AO4 Level 2, both sides of the argument need to be expressed clearly and judgements need to be supported by the analysis undertaken.*

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

**8****Total for this question: 14 marks**

The Co-operative Bank believes that it is different from most other banks. It feels that it has a responsibility towards all its stakeholders.

- (a) Describe **two** ways in which the Co-operative Bank is different from most other banks. (4 marks)

Possible ways include:

- bank has a strong ethical stance;
- surveys of stakeholders' views;
- keen to innovate;
- regional base.

	AO1 ( <i>max 2 marks</i> )	AO2 ( <i>max 2 marks</i> )
Level 2	Two valid methods identified (2 marks)	Both methods adequately applied to Case Study or one method well applied (2 marks)
Level 1	One valid method identified (1 mark)	One method adequately applied to Case Study (1 mark)
Level 0	No valid method identified (0 marks)	No application demonstrated (0 marks)

- (b) Briefly explain **two** reasons why the Co-operative Bank might encourage its employees to join the banking trade union, Unifi. (4 marks)

Possible reasons include:

- to be seen as caring;
- to avoid industrial conflict;
- to make negotiations easier;
- to avoid having several unions represented.

	AO2 ( <i>max 2 marks</i> )	AO3 ( <i>max 2 marks</i> )
Level 2	Two or more valid reasons applied (2 marks)	Both reasons briefly analysed/ commented upon or one reason well analysed (2 marks)
Level 1	One suitable reason applied (1 mark)	One reason briefly analysed/commented upon (1 mark)
Level 0	No suitable reason applied (0 marks)	No analysis/comment used (0 marks)

- (c) Discuss whether the Co-operative Bank should close some of its branches in remote parts of the country. (6 marks)

Possible areas for discussion include:

- ethical policy would dictate against it;
- could be seen as uncaring business, bad publicity;
- business should use its resources effectively if it is to compete;
- there is a shift in business away from branch banking;
- increase in profits could be directed to worthy causes.

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



9

**Total for this question: 14 marks**

The Co-operative Bank loses a lot of money each year because some of its customers (both people and businesses) do not pay back all of the money they borrow. Details of this can be found in Table 2 on page 8 of the Case Study.

Imagine you have been asked by the Bank to comment on the amount of bad debt it has. Write a report to the Managing Director to express your views.

In your report you should:

- use a suitable report format;
- explain **two** or **three** methods by which the Bank could reduce its bad debts;
- discuss each of these methods;
- make a clear recommendation, based on what you have written, whether the Bank should try to reduce its bad debts.

Possible methods for reducing bad debts and implications include:

- take more care checking whom is lent money - this would stifle entrepreneurs, who could be long-term customers;
- monitor the performance of debtors' businesses - this costs time and money but could be seen as taking an interest;
- sell debt to a debt collection business, or be more aggressive in chasing up debt - debt collectors can have a bad reputation, might spoil the Bank's caring image;
- ask for collateral - many small businesses do not have any.

Other discussions might be on:

- whether there is really a problem, only small percentage of loans turn bad;
- whether bad debt is a natural state for an ethical business;
- which of the options would be most appropriate.

*To score well on AO3, candidates will need to analyse their chosen strategies. AO3 marks are given for analysing the implications. AO4 assesses the candidate's evaluation of each chosen method, questioning whether bad debts are actually a problem and the way in which a final judgement is made.*

*Add interpretation of bad debt as a result of computer fraud. A01 marks can be awarded for identifying methods of reducing bad debt (if these marks have not already been given for RF).*

	AO1 ( <i>max 2 marks</i> )	AO3 ( <i>max 4 marks</i> )	AO4 ( <i>max 8 marks</i> )
Level 3			Strong evaluation of strategies, clear supported preference made ( <i>7-8 marks</i> )
Level 2	Two or more valid report features present ( <i>2 marks</i> )	Good explanation of how strategies would work ( <i>3-4 marks</i> )	Support is justified but can be incomplete or not entirely based on discussion ( <i>4-6 marks</i> )
Level 1	One valid report feature present ( <i>1 mark</i> )	Limited attempt to explain strategies ( <i>1-2 marks</i> )	Limited attempt to support strategies ( <i>1-3 marks</i> )
Level 0	No report feature present ( <i>0 marks</i> )	No attempt to explain how strategies would work ( <i>0 marks</i> )	No, or inappropriate, support offered ( <i>0 marks</i> )

**Marking Criteria for Quality of Written Communication**

<b>High Performance</b>	Candidates spell, punctuate and use the rules of grammar with almost faultless accuracy, deploying a range of grammatical constructions; they use a wide range of specialist terms adeptly and with precision.	<b>5 – 4 marks</b>
<b>Intermediate Performance</b>	Candidates spell, punctuate and use the rules of grammar with considerable accuracy; they use a good range of specialist terms with facility.	<b>3 – 2 marks</b>
<b>Threshold Performance</b>	Candidates spell, punctuate and use the rules of grammar with reasonable accuracy; they use a limited range of specialist terms appropriately.	<b>1 mark</b>
<b>Below Threshold</b>	Candidates do not meet the threshold performance criteria.	<b>0 marks</b>

**EXAMINERS**

Having marked the candidate's script for subject content, recording the question totals for each question, you must review the script as a whole and according to the bands of marks defined above, decide on the mark to be awarded to the candidate for spelling, punctuation and grammar. This mark should be written in the next available mark box on the front of the answer book and SpaG written next to it in the corresponding question number box. Then you should total the marks awarded for each question together and add the SpaG mark to give the grand total and enter this in the box for the total mark. The grand total for the whole paper (including SpaG) is the mark you should write and encode on the Examiner's Mark Sheet.

**PAPER TOTAL = 105 MARKS**