



General Certificate of Secondary Education

Business Studies 3132

Specification A

3132/F

Mark Scheme

2006 examination – June series

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.

Business Studies

Foundation Tier

3132/F

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 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 meanings 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) | Competitor | (3 marks) |
| (c) | Entrepreneur | (3 marks) |
| (d) | Planning permission | (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)

- | | | |
|-----|---------------------|---|
| (a) | Employee | Somebody who works for a business in return for a wage/salary, eg Center Parcs employees. Do not allow job title that might be owner, eg accountant – unless qualified. Allow clearly subordinate roles, eg shop assistant. |
| (b) | Competitor | Rival business producing the same product, trying to take customers, eg can be competitor of Center Parcs, or identified rival to another business. If a competitor of CP is given, there is no need to mention CP. |
| (c) | Entrepreneur | Person who starts a business, comes up with a commercial idea, takes the risk, eg any named entrepreneur (such as Richard Branson, Alan Sugar, Piet Derkson). |
| (d) | Planning permission | Local government consent to operate a business in an area, possible reason for permission included, eg Center Parcs needs planning permission to open its new village. |

2

Total for this question: 6 marks

(a) What is meant by recruitment? *(2 marks)*

Process of finding suitable people to work in an organisation. Allow description that suggests selection, ie interview etc.

	AO1 (max 2 marks)
Level 2	Clear understanding demonstrated (2 marks)
Level 1	Some understanding demonstrated (1 mark)

(b) Describe **two** ways in which Center Parcs might recruit the best staff to work at a holiday village. *(4 marks)*

Any suitable recruiting/selection method is acceptable, eg advertising in local paper, word of mouth, job centre. Allow CV, interviews, headhunted, etc.

Allow interpretation – best way for CP to get the staff it wants, eg recruit local people, part timers, experienced staff, etc.

	AO1 (max 2 marks)	AO2 (max 2 marks)
Level 2	2 valid ways of recruitment identified (2 marks)	Both ways adequately applied or one way well applied (2 marks)
Level 1	1 valid way of recruitment identified (1 mark)	1 way adequately applied (1 mark)

3

Total for this question: 6 marks

(a) What is meant by quality control?

(2 marks)

Method of ensuring standards are maintained, eg checked.

Do not reward ‘to control the quality’, without further development.

	AO1 (max 2 marks)
Level 2	Clear understanding demonstrated (2 marks)
Level 1	Some understanding demonstrated (1 mark)

(b) Describe **two** reasons why a business needs to be concerned about the quality of its product.

(4 marks)

Reasons could include:

- poor quality could cause customers to go elsewhere;
- the business might get a bad reputation/get a good reputation if products are good;
- products may need to be recalled, which is expensive;
- consumers may sue the business if injury is caused by faulty products;
- certain consumer laws on the quality of the product.

	AO1 (max 2 marks)	AO2 (max 2 marks)
Level 2	2 valid reasons identified (2 marks)	Both reasons adequately explained or one reason well explained (2 marks)
Level 1	1 valid reason identified (1 mark)	1 reason adequately explained (1 mark)

4

Total for this question: 6 marks(a) Give **two** reasons why a business might want to expand.*(2 marks)*

Possible reasons include:

- to make more profit;
- to have a bigger market share;
- to reduce average costs;
- to diversify into new markets.

	AO1 (max 2 marks)
Level 2	Two valid reasons given (2 marks)
Level 1	One valid reason given (1 mark)

(b) Describe **two** difficulties that a business might have when it tries to expand. *(4 marks)*

Difficulties could include:

- finding suitable staff/other resources;
- financing the growth;
- having a suitably large market for the product.

	AO1 (max 2 marks)	AO2 (max 2 marks)
Level 2	2 valid difficulties identified (2 marks)	Both difficulties adequately explained or one difficulty well explained (2 marks)
Level 1	1 valid difficulty identified (1 mark)	1 difficulty adequately explained (1 mark)

SECTION B

In Section B, Level 2 AO2 and AO3 marks are not available for responses that fail to link firmly with Center Parcs. Answers that could apply to any business are limited to Level 1 with these AOs. The lack of meaningful analysis with such responses will probably restrict assess to Level 1 in AO4.

5

Total for this question: 14 marks

Page 6 of the Case Study tells us that Center Parcs is keen to attract customers, particularly at quiet times of the year. To find out what customers want, Center Parcs uses information from questionnaires filled in by guests (see **page 8**).

- (a) Describe **two** suitable ways in which Center Parcs might promote its holiday villages to **business** customers. *(4 marks)*

Methods could include:

- advertise in trade/specialist magazines;
- mail shots/telesales to companies;
- sponsoring business event;
- stall at trade fair;
- salesperson visiting company.

NB: Methods should be promotion (not one of the other Ps). Also, methods must be suitable for purpose to access AO2 marks.

	AO1 (max 2 marks)	AO2 (max 2 marks)
Level 2	2 valid methods identified (2 marks)	Both methods adequately applied to Case Study or one method well applied (2 marks)
Level 1	1 valid method identified (1 mark)	Method(s) adequately applied, but not to Case Study (1 mark)

(b) Apart from advertising, explain **two** ways in which Center Parcs could get more guests to visit during quieter times of the year. *(4 marks)*

Possible ways include:

- money off vouchers for future visits;
- target those without children;
- special offers, eg free sporting activities;
- lower prices.

	AO2 (max 2 marks)	AO3 (max 2 marks)
Level 2	2 or more valid methods applied (2 marks)	Both methods briefly analysed/commented upon or one difficulty well analysed (2 marks)
Level 1	One suitable method applied (1 mark)	One method briefly analysed/commented upon (1 marks)

(c) Discuss whether using guest questionnaires is the best way for Center Parcs to find out how to improve its service. *(6 marks)*

Possible areas for discussion include:

- method is a cheap and easy way of reaching a large number of people quickly;
- deal with people who know what is offered at Center Parcs;

but

- sample is self selecting;
- people may not be totally honest;
- usually short answer questions that lack helpful detail.

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

	AO3 (max 2 marks)	AO4 (max 4 marks)
Level 2	Analysis in context of Case Study (2 marks)	Good judgement offered based on balanced analysis (3-4 marks)
Level 1	Some analysis/no context (1 mark)	Some judgement based on analysis (1-2 marks)

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

Center Parcs believes that good communication systems are needed to keep staff up to date (see **page 9**). Center Parcs also sees training as an important way of motivating staff.

- (a) Describe **two** ways in which senior managers at Center Parcs might communicate with their staff members. *(4 marks)*

Possible methods include:

- company newspaper;
- defined human channels of communication;
- notice boards;
- staff meetings;
- emails, etc.

	AO1 (max 2 marks)	AO2 (max 2 marks)
Level 2	2 valid methods identified (2 marks)	Both methods adequately applied to Case Study or one method well applied (2 marks)
Level 1	1 valid method identified (1 mark)	Method(s) adequately applied (1 mark)

(b) Explain **two** areas of training that Center Parcs staff might give to new staff. *(4 marks)*

Possible types include:

- health and safety: fire exits;
- basic training on what job involves;
- tour of village;
- talk about the company;
- meet supervisors;
- talk about mission statement etc
- dealing with customers.

	AO2 (max 2 marks)	AO3 (max 2 marks)
Level 2	2 valid types applied (2 marks)	Both types briefly analysed/commented upon or one type well analysed (2 marks)
Level 1	One suitable type applied (1 mark)	One type briefly analysed/commented upon (1 marks)

(c) Discuss whether paying higher wages is the best way for Center Parcs to motivate its employees. *(6 marks)*

Possible areas for discussion include:

- many employees will respond to higher wages, but a number will be motivated by other factors;
- wages/salaries are a clear indication of worth, so increasing them will raise the employees' profile;
- there is a cost involved, which wouldn't be as great if other motivation methods were used;
- candidates might include analyses of other methods, and refer to motivation theory, eg Maslow.

	AO3 (max 2 marks)	AO4 (max 4 marks)
Level 2	Analysis in context (2 marks)	Good judgement offered based on balanced analysis (3-4 marks)
Level 1	Some analysis/no context (1 mark)	Some judgement based on analysis (1-2 marks)

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

7

Total for this question: 14 marks

Details of Center Parcs' finances can be found in **Figure 7** on **page 10**. Center Parcs needs money to pay for the new village it has planned (see **page 4**).

- (a) These two terms appear in Center Parcs' finances in **Figure 7**. Describe what each term means.
- (i) Turnover
- (ii) Liabilities *(4 marks)*

Turnover: money received from guests to villages.

Liability: money Center Parcs owes to other people/organisations.

	AO1 (max 2 marks)	AO2 (max 2 marks)
Level 2	2 terms understood (2 marks)	Both terms adequately applied to Case Study or one term well applied (2 marks)
Level 1	1 term understood (1 mark)	Term(s) adequately applied, but not to Case Study (1 mark)

- (b) Calculate Center Parcs' total assets in 2005. *(4 marks)*

$$335 + 27 = \text{£}362 \text{ Million}$$

1 mark for selecting correct values to be added.

1 mark for performing correct calculation.

1 mark for million (m or 000,000).

1 mark for £ sign.

All marks are **AO2** (max 4 marks)

- (c) Center Parcs could either sell more shares or obtain a bank loan to raise the money for the new holiday village. Discuss each option and say which one you believe is better for Center Parcs. (6 marks)

Possible areas for discussion include:

Sell shares

- Center Parcs loses control of business with more shareholders;
- selling depends upon the other shares doing well;
- no interest payments needed.

Bank Loan

- less trouble/quicker to organise;
- guaranteed amount raised.

To secure ao4 level 2, both sides of the argument needs to be expressed clearly and judgments need to be supported by the analysis undertaken.

	AO3 (max 2 marks)	AO4 (max 4 marks)
Level 2	Analysis in context (2 marks)	Good judgement offered based on balanced analysis (3-4 marks)
Level 1	Some analysis/no context (1 mark)	Some judgement based on analysis (1-2 marks)

8

Total for this question: 14 marks

Center Parcs is the main employer in the areas in which it operates (see **page 9**). The company feels that it needs to help these local communities. Some environmental groups do not like to see businesses like Center Parcs operate in the countryside. We are told on **page 6** that the number of guests that Center Parcs has depends on the strength of the economy.

- (a) Describe **two** ways in which Center Parcs helps the local communities where its villages are based. *(4 marks)*

Possible responses include:

- sponsor/donate money to local causes;
- employ local people;
- specific help, eg school mentoring;
- local suppliers get more trade;
- local multiplier effect.

	A01 (max 2 marks)	A02 (max 2 marks)
Level 2	2 ways given (2 marks)	Both ways adequately applied to case study or 1 way well applied (2 marks)
Level 1	1 way given (1mark)	Way(s) adequately applied, but not to the case study (1 mark)

- (b) Explain **two** reasons why environmental pressure groups might object to a new Center Parcs holiday village. *(4 marks)*

Possible reasons include:

- taking up countryside/destroys natural resource;
- effects on animals/natural habitats;
- pollution effects, eg more vehicles in the area.

Each possibility needs to be explained, eg why would Center Parcs need more vehicles?

	AO2 (max 2 marks)	AO3 (max 2 marks)
Level 2	2 or more valid reasons applied to the Case Study (2 marks)	Both reasons briefly analysed/commented upon in context or one reason well analysed (2 marks)
Level 1	One suitable reason applied (1 mark)	One reason briefly analysed/commented upon (1 mark)

(c) Discuss whether an increase in UK unemployment would affect Center Parcs' profits.
(6 marks)

Possible areas for discussion include:

- people have less money to spend, so there could be a fall in Center Parcs visitors;
- whether people will take UK holidays rather than go abroad when money is tight;
- are Center Parcs visitors likely to be affected by unemployment?
- improved ability of Center Parcs to recruit new staff.

	AO3 (max 2 marks)	AO4 (max 4 marks)
Level 2	Analysis in context (2 marks)	Good judgement offered based on balanced analysis (3-4 marks)
Level 1	Some analysis/no context (1 mark)	Some judgement based on analysis (1-2 marks)

9

Total for this question: 14 marks

Imagine that Center Parcs discovered that another holiday company had announced plans to open a holiday village aimed at ‘premium customers’. Center Parcs comes up with three plans with which it might deal with this new threat.

These plans are:

- to open more holiday villages
- to increase customer loyalty to the Center Parcs brand
- to change the prices which it charges its guests.

(a) Describe what is meant by ‘premium customers’.

(2 marks)

Possible responses include:

- customers in socio-economic groups ABC1;
- better off people;
- those prepared to spend freely at Center Parcs village.

Allow 1 mark maximum for direct transcription from the Case Study without further development.

	AO1 (max 2 marks)
Level 2	Good understanding (2 marks)
Level 1	Some understanding of term shown (1 mark)

- (b) Center Parcs has come up with three plans with which it might tackle the threat of a new competitor. Choose **two** of these plans and explain how each might help Center Parcs to keep its share of the holiday market. *(6 marks)*

Candidates need to explain how each of two strategies would help Center Parcs increase the number of guests it receives.

Possible areas of discussion include:

Open more holiday villages

- Would give better geographic coverage, most customers travel less than 3 hours
- More centres for public to choose from
- Opening would raise the profile of Center Parcs

Increase customer loyalty to the Center Parcs brand

- Make it more attractive for customers to choose Center Parcs over competitors
- May even allow it to increase prices

Change the prices it charges its guests

- Lowering prices might attract more customers, some who have never been before
- Guests might return more frequently
- Increasing prices might raise its status (prestige pricing).

NB If three strategies are considered, reward the best two. Ignore other strategies attempted but not included in the list within the question.

AO3 (max 6 marks)	
Level 2	Both strategies are well analysed (4-6 marks)
Level 1	Some analysis on both strategies, or one strategy well analysed (1-3 marks)

- (c) Discuss which of the ways that you have raised in (b) would be the more likely to help Center Parcs. *(6 marks)*

To access the A04 marks, candidates need to weigh up arguments for and against each of two strategies raised in (b).

Evaluation could take the form of:

- considering the limiting factors of each strategy;
- making a supported judgement on which strategy is better.

	A04 (max 6 marks)
Level 3	Argument is balanced and supported, clear preference made (5-6 marks)
Level 2	Argument is clear and supported but one sided, or perfunctory attempt at balance (3-4 marks)
Level 1	Limited attempt to support argument (1-2 marks)

Marking Criteria for Quality of Written Communication

High Performance	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.	5 – 4 marks
Intermediate Performance	Candidates spell, punctuate and use the rules of grammar with considerable accuracy; they use a good range of specialist terms with facility.	3 – 2 marks
Threshold Performance	Candidates spell, punctuate and use the rules of grammar with reasonable accuracy; they use a limited range of specialist terms appropriately.	1 mark