



## **General Certificate of Secondary Education**

# **Business Studies 3132**

## *Specification A*

**Foundation Tier**

# **Mark Scheme**

*2007 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.

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## Foundation Tier (3132/F)

### 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 bypassed. 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) Logo          | (3 marks) |
| (b) Headquarters  | (3 marks) |
| (c) Core business | (3 marks) |
| (d) Merger        | (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) Logo          | A recognisable image to identify a business, usually this will be trade marked, eg Nike tick, Boots logo, candidates might draw or describe one. Allow reference to Boots in Case Study. |
| (b) Headquarters  | The main offices of a business, the place where its administration is located, eg Boots at Beeston. Do not allow Boots elsewhere.                                                        |
| (c) Core business | The main part of a business's activities, the thing it is best known for, eg Boots's core business is healthcare, Tesco's is groceries.                                                  |
| (d) Merger        | Joining of two businesses, each may keep separate identity, often done to reduce competition or get economies of scale, eg Boots/Alliance UniChem, Cadbury Schweppes. NOT a takeover.    |

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

(a) What is meant by a partnership?

*(2 marks)*

Two or more people forming a business. Unlimited liability status. May give an example to support definition, eg Mary and Jesse Boot.

	<b>AO1 (max 2 marks)</b>
Level 2	Clear understanding demonstrated (2 marks)
Level 1	Some understanding demonstrated (1 mark)

(b) Describe **two** advantages that a partnership might have over a sole trader. *(4 marks)*

Advantages could include:

- greater input of capital;
- more skills so wider range of jobs undertaken;
- morale and practical support to each other.

NB, advantages should be compared with smaller business, not larger organisations such as private limited company, eg don't have to publish accounts, better communications/relationships.

	<b>AO1 (max 2 marks)</b>	<b>AO2 (max 2 marks)</b>
Level 2	2 advantages identified (2 marks)	Both advantages adequately applied or one advantage well applied (2 marks)
Level 1	1 advantage identified (1 mark)	1 advantage applied (1 mark)

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

(a) What is meant by batch production?

*(2 marks)*

Production process where several items are made simultaneously, often one part of the process is completed on each before the next part of the process is started.

	<b>AO1 (max 2 marks)</b>
Level 2	Clear understanding demonstrated (2 marks)
Level 1	Some understanding demonstrated (1 mark)

(b) Describe **two** benefits to a business of using batch production.*(4 marks)*

NB Benefits can be those compared with job or flow or any other production method, but it must be clear which method is being compared.

Benefits could include:

- greater flexibility – can swap quite easily from one product to another in response to demand;
- less dedicated capital needed;
- greater control over ingredients and where products go, especially medicines (see case study);
- more interesting work for employees than flow method.

	<b>AO1 (max 2 marks)</b>	<b>AO2 (max 2 marks)</b>
Level 2	2 valid benefits identified (2 marks)	Both benefits adequately applied or one benefit well applied (2 marks)
Level 1	1 valid benefit identified (1 mark)	1 benefit adequately applied (1 mark)

4

**Total for this question: 6 marks**

(a) What is meant by discrimination?

*(2 marks)*

Inappropriate treatment of someone because of his/her race, age, religion, disability etc. This could include not recruiting, not promoting, failing to offer training.

<b>AO1 (max 2 marks)</b>	
Level 2	Clear understanding demonstrated (2 marks)
Level 1	Some understanding demonstrated (1 mark)

(b) Describe **two** ways in which a business might stop discrimination in the workplace.*(4 marks)*

Methods could include:

- having a quota of groups of people to employ;
- giving priority to these people – affirmative action;
- monitoring through interviews etc;
- direct action, eg reprimanding/dismissing employees who discriminate.

	<b>AO1 (max 2 marks)</b>	<b>AO2 (max 2 marks)</b>
Level 2	2 valid methods identified (2 marks)	Both methods adequately applied or one method well applied (2 marks)
Level 1	1 valid method identified (1 mark)	1 method adequately applied (1 mark)

## Section B

In Section B, Level 2 AO2 and AO3 marks are not available for responses that fail to link firmly with Boots. 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 access to Level 1 in AO4.

**5**

**Total for this question: 14 marks**

We are told in the Case Study that:

- many customers have a Boots Advantage Card (page 6)
- people are starting to buy Boots products on-line (page 6)
- Boots has recently tried to become involved in other areas of business (page 5).

(a) Describe **two** ways in which the Advantage Card scheme might help Boots. (4 marks)

Ways could include:

- give Boots personal details for marketing purposes;
- can track customers' spending patterns, so can target special offers etc;
- acts as a loyalty card, encourages customers to return;
- draw attention to the business.

Must be clear that Boots receives the benefits.

	<b>AO1 (max 2 marks)</b>	<b>AO2 (max 2 marks)</b>
Level 2	2 valid ways identified (2 marks)	Both ways adequately applied to Case Study or one way well applied (2 marks)
Level 1	1 valid way identified (1 mark)	One way adequately applied to Case Study (1 mark)



(b) Explain **two** reasons why Boots might want to get even more people to buy its products on-line. (4 marks)

Answers must relate to on-line.

Possible reasons include:

- cheaper to run – fewer overheads;
- allows retailing 24/7, no shop closures losing business;
- it if offered by competitors, want to keep up with them;
- might broaden customer base, eg men;
- accept – make money on delivery charges.

	<b>AO2 (max 2 marks)</b>	<b>AO3 (max 2 marks)</b>
Level 2	2 or more valid reason applied (2 marks)	Both reasons briefly analysed/commented upon or one difficulty well analysed (2 marks)
Level 1	One suitable reason applied (1 mark)	One reason briefly analysed/commented upon (1 mark)

(c) Discuss whether Boots should move into other areas of business or concentrate on its chemist stores. (6 marks)

Possible areas for discussion include:

For moving

- a way of spreading risks;
- develop complementary side of business, eg opticians, dentists;
- compensate for increased competition in pharmacies.

Against moving

- experience has been bad, eg Halfords;
- core business is what it knows best;
- more high risk investment than core.

*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.*

	<b>AO3 (max 2 marks)</b>	<b>AO4 (max 4 marks)</b>
Level 2	2 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)

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

On page 10 of the Case Study it says that Boots needs to keep its employees motivated if it is to do well. Boots has taken the unusual step of paying its employees to study in their own time.

(a) Describe **two** methods that Boots might use to motivate its employees. (4 marks)

Possible methods include:

- wages and salaries;
- offering training;
- better working conditions;
- social opportunities;
- promotion.

	<b>AO1 (max 2 marks)</b>	<b>AO2 (max 2 marks)</b>
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)	One method adequately applied to Case Study (1 mark)

(b) Explain **two** advantages to Boots of having a well-motivated workforce. (4 marks)

Possible advantages include:

- less absenteeism;
- more likely to be flexible, eg shifts;
- less likely to leave business;
- find it easier to recruit staff;
- benefits must be clearly Boots'.

	<b>AO2 (max 2 marks)</b>	<b>AO3 (max 2 marks)</b>
Level 2	2 valid advantages applied (2 marks)	Both advantages briefly analysed/commented upon or one advantages well analysed (2 marks)
Level 1	One suitable advantage applied (1 mark)	One advantage briefly analysed/commented upon (1 mark)

(c) Discuss whether you believe that Boots should pay its employees to study. (6 marks)

Possible areas for discussion include:

- it acts as a motivator;
- it shows co-operation with trade unions;
- enhances its caring, ethical image.

But

- the cost would be high – wages and lost production;
- alienates those who do not want to study;
- might worry shareholders at time of falling profits.

	<b>AO3 (max 2 marks)</b>	<b>AO4 (max 4 marks)</b>
Level 2	2 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)

7

**Total for this question: 14 marks**

It says on page 7 of the Case Study that Boots is using ICT to help it to become more efficient. This means that Boots is able to make more profit. As a result, Boots is able to give some of this money to charity – see page 11 of the Case Study.

(a) Describe **two** ways in which Boots may use ICT to save money. (4 marks)

Possible ways include:

- office procedures, eg emails, other communications;
- stock control – JIT;
- distribution costs lower with Epos;
- feedback from stores sales allows HQ to identify issues.

For AO2, the methods must be clear that Boots can save money.

	<b>AO1 (max 2 marks)</b>	<b>AO2 (max 2 marks)</b>
Level 2	2 ways understood (2 marks)	Both ways adequately applied to Case Study or one way well applied (2 marks)
Level 1	1 way understood (1 mark)	1 way adequately applied to Case Study (1 mark)

(b) Explain **two** ways in which **its customers** could benefit from Boots' use of ICT. (4 marks)

Possible ways include:

- Boots less likely to run out of a particular product;
- internet shopping;
- cheaper costs might be passed on as cheaper prices;
- features like bootslearningstore.com.

Answers must refer to benefits to customers, not to Boots.

	<b>AO2 (max 2 marks)</b>	<b>AO3 (max 2 marks)</b>
Level 2	2 valid ways applied (2 marks)	Both ways briefly analysed/commented upon or one way well analysed (2 marks)
Level 1	One suitable way applied (1 mark)	One way briefly analysed/commented upon (1 mark)

(c) Discuss whether it is a good idea for Boots to give large amounts of money to charity. (6 marks)

Possible areas for discussion include:

Good points

- enhances its ethical stance;
- can be offset against tax;
- is a promotional/marketing device;
- many charities are health-related, could bring future business.

Bad points

- may not be good in times of falling profits;
- shareholders might sell shares prompting a takeover.

*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.*

	<b>AO3 (max 2 marks)</b>	<b>AO4 (max 4 marks)</b>
Level 2	2 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)

8

**Total for this question: 14 marks**

Details of Boots' finances can be found in Table 1 on page 9 of the Case Study.

(a) Using the information for 2004 and 2005, calculate the change in:

(i) turnover;

(ii) retained profit.

*(4 marks)*

(i)  $5459 - 5325 = \text{£}134\text{m}$

(ii)  $86 - 185 = -\text{£}99\text{m}$

1 mark each for 134 and 99.

1 mark for negative value for RP.

1 mark for £m appearing at least once.

All marks are AO2

(b) Explain **two** actions which its **competitors** could take that might cause Boots' profits to change. *(4 marks)*

Possible actions include:

- lower their prices;
- promotion campaign;
- open new stores;
- offer new products.

	<b>AO2 (max 2 marks)</b>	<b>AO3 (max 2 marks)</b>
Level 2	2 or more valid actions applied (2 marks)	Both actions briefly analysed/commented upon or one action well analysed (2 marks)
Level 1	One suitable action applied (1 mark)	One action briefly analysed/commented upon (1 mark)

- (c) Discuss whether the best way for Boots to increase its profits is to charge more for its goods. (6 marks)

Possible areas for discussion include:

- higher prices could bring in more revenue, but fall in demand could more than compensate for this – so overall effect is difficult to predict;
- lowering prices might be a better method;
- other methods might be considered, eg advertising more, trying to attract rivals' customers.

*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.*

	<b>AO3 (max 2 marks)</b>	<b>AO4 (max 4 marks)</b>
Level 2	2 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)

9

**Total for this question: 14 marks**

Boots recognises that most of its customers are women (see pages 6 and 12 of the Case Study). Imagine Boots is thinking about increasing the number of male customers.

- (a) List **two** suitable methods that Boots might use to encourage more men to buy its products. *(2 marks)*

Methods might include:

- advertise in men's magazines, during TV programmes likely to attract male viewers, eg football matches;
- get suitable celebrity endorsement, eg David Beckham.

Allow basic list, ie any mention to marketing etc.

<b>AO1 (max 2 marks)</b>
1 mark for each suitable method (max 2)

- (b) Explain how both of these methods could increase the number of its male customers. *(4 marks)*

Good analysis would consider the method in the context of the case study. The rationale will be clear and the link between the method and its impact on increasing the number of male customers is stated.

Weak analysis will consist of muddled or unclear thinking. The reason why the chosen method would attract more male customers is fragmented or vague. Much is left to the reader to work out the logic for the choice.

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



(c) Discuss whether you believe that Boots should worry about trying to attract more men when it has so many female customers. (8 marks)

Evaluation might be based on:

- whether you would be able to persuade men to buy more products from Boots than they currently do;
- what impact having more male customers might have on the existing customers;
- whether the cost of attracting more men might outweigh any increase in revenue;
- the benefits of having a broader customer base;
- what other retail outlets are doing with similar problems.

<b>AO4 (max 8 marks)</b>	
Level 3	Good judgement offered based on balanced analysis (7-8 marks)
Level 2	Good evaluation on one strategy and some on another (4-6 marks)
Level 1	Some judgement on one or two strategies (1-3 marks)

**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.	4-5 marks
<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.	2-3 marks
<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.	1 mark