

GCSE

Business Studies

Summer 2009

Mark Schemes

Issued: October 2009

**NORTHERN IRELAND GENERAL CERTIFICATE OF SECONDARY EDUCATION (GCSE)
AND NORTHERN IRELAND GENERAL CERTIFICATE OF EDUCATION (GCE)**

MARK SCHEMES (2009)

Foreword

Introduction

Mark Schemes are published to assist teachers and students in their preparation for examinations. Through the mark schemes teachers and students will be able to see what examiners are looking for in response to questions and exactly where the marks have been awarded. The publishing of the mark schemes may help to show that examiners are not concerned about finding out what a student does not know but rather with rewarding students for what they do know.

The Purpose of Mark Schemes

Examination papers are set and revised by teams of examiners and revisers appointed by the Council. The teams of examiners and revisers include experienced teachers who are familiar with the level and standards expected of 16- and 18-year-old students in schools and colleges. The job of the examiners is to set the questions and the mark schemes; and the job of the revisers is to review the questions and mark schemes commenting on a large range of issues about which they must be satisfied before the question papers and mark schemes are finalised.

The questions and the mark schemes are developed in association with each other so that the issues of differentiation and positive achievement can be addressed right from the start. Mark schemes therefore are regarded as a part of an integral process which begins with the setting of questions and ends with the marking of the examination.

The main purpose of the mark scheme is to provide a uniform basis for the marking process so that all the markers are following exactly the same instructions and making the same judgements in so far as this is possible. Before marking begins a standardising meeting is held where all the markers are briefed using the mark scheme and samples of the students' work in the form of scripts. Consideration is also given at this stage to any comments on the operational papers received from teachers and their organisations. During this meeting, and up to and including the end of the marking, there is provision for amendments to be made to the mark scheme. What is published represents this final form of the mark scheme.

It is important to recognise that in some cases there may well be other correct responses which are equally acceptable to those published: the mark scheme can only cover those responses which emerged in the examination. There may also be instances where certain judgements may have to be left to the experience of the examiner, for example, where there is no absolute correct response – all teachers will be familiar with making such judgements.

The Council hopes that the mark schemes will be viewed and used in a constructive way as a further support to the teaching and learning processes.

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Rewarding Learning

General Certificate of Secondary Education

2009

Business Studies

Paper 1
Foundation Tier

[G1201]

TUESDAY 26 MAY, AFTERNOON

**MARK
SCHEME**

General Marking Instructions

Quality of candidate's responses

In marking the examination papers, examiners will be looking for a quality of response reflecting the level of maturity which may reasonably be expected of a 16-year-old which is the age at which the majority of candidates sit their GCSE examinations.

Unanticipated responses

The mark schemes which accompany the specimen examination papers are not intended to be totally prescriptive. For many questions, there may be a number of equally legitimate responses and different methods by which candidates may achieve good marks. No mark scheme can cover all the answers which candidates may produce. In the event of unanticipated answers in operational examinations, examiners are expected to use their professional judgement to assess the validity of answers. If an answer is particularly problematic, then examiners would seek the guidance of the Supervising Examiner for the paper concerned.

Positive marking

Examiners are encouraged to be positive in their marking, giving appropriate credit for valid responses rather than penalising candidates for errors or omissions. Examiners should make use of the whole of the available mark range for any particular question and be prepared to award full marks for a response which is as good as might reasonably be expected of a 16-year-old GCSE candidate. Conversely, marks should only be awarded for valid responses and not given for an attempt which is completely incorrect or inappropriate.

Marking calculations

In marking answers involving calculations, examiners should apply the "own figure rule" so that candidates are not penalised more than once for a computational error.

Assessment objectives

The mark schemes for each paper show how marks are allocated to each of the Assessment Objectives set out on pages 2 and 3 of the CCEA GCSE Business Studies Specification, namely:

AO1: demonstrate knowledge and understanding of the specified subject content;

AO2: apply knowledge and understanding using appropriate terms, concepts, theories and methods effectively to address problems and issues;

AO3: select, organise, interpret and use information from various sources to analyse problems and issues;

AO4: evaluate evidence, make reasoned judgements and present conclusions accurately and appropriately.

The approximate weighting for each of the Assessment Objectives in each of the papers is shown on page 6 of the Specification.

Quality of written communication

Paper 1 (F) and Paper 1 (H)

Within these papers up to 4 marks are allocated for candidates' quality of written communication. Examiners should, when deciding the allocation, consider the candidates' competence in quality of written communication across all answers. The criteria to be used are set out below.

4 marks

The candidate's presentation of the information is legible and in a style and format appropriate for the questions. Spelling, punctuation and grammar are very accurate.

3 marks

The candidate's presentation of the information is, in most instances, legible and in a style, structure and format which are appropriate to the questions. There are very few errors in spelling, punctuation and grammar.

2 marks

The candidate's presentation of information is usually legible and normally in a style, structure and format which are appropriate to the question. There are noticeable errors in spelling, punctuation and grammar.

1 mark

In general, writing is difficult to read. The presentation of information is in an inappropriate style, structure and format. There is evidence of obvious weakness in spelling, punctuation and grammar.

- 1 (a) **Profit**
- The money left after all costs and expenses have been taken out of total revenue [2]
- Market segments**
- The groups of people with similar tastes who would be most interested in a particular product [2]
- On the job training**
- Training which is given at the employee's normal place of work [2]
- Job description**
- A document used in the recruitment process to define the duties and responsibilities of the job being offered [2]
- (b) **Two features of a mixed economy from the following:**
- This economy has a public and private sector
 - Businesses are privately owned and controlled by the government through legislation
 - The government provide essential services such as health, defence and education
- (2 × [2]) [4]
- (c) (i) Hastings Hotel Group is in the **private** sector. [1]
- (ii) **One reason why the private sector is important to Northern Ireland:**
- It encourages entrepreneurship
 - It creates wealth through private business
 - It provides the customer with a range of products and services
 - It creates wealth for the economy.
- (1 × [2]) [2]
- (d) (i) **Hastings Hotel Group is a:**
- Private limited company [1]
- (ii) **Three other types of business organisation from the following:**
- Sole trader
 - Partnership
 - Public limited company
 - Franchise
 - Co-operative
- (3 × [1]) [3]

(e) (i) Two different pricing policies from the following:

- Market led
- Competition based
- Penetration
- Skimming
- Cost based

(2 × [1])

[2]

(ii) Two reasons why Hastings Hotels Group charge different rates:

- They are appealing to different market segments and have to price the hotels accordingly
- The hotels have different facilities, e.g., the Slieve Donard has a Spa and can charge more, the Stormont is further outside Belfast compared to the Europa
- The Culloden is the 5 star flagship hotel and therefore can charge higher prices

(2 × [2])

[4]

AVAILABLE
MARKS

25

2 (a) (i) **Chain of Command between the Executive Head Chef and the Breakfast Chef:**

- Communication is through the Sous Chef and the Chef de Partie [2]

(ii) **Span of Control of the General Manager:**

- Controls all the managers – Events and Revenue Manager, Restaurant Manager, Bars Manager, Executive Head Chef, Head Housekeeper

- Has ultimate control of the entire hotel staff

[1] for identification and [2] for explanation

([1]+[2])

[3]

(iii) **Ways in which the Hotel might use team working:**

- The staff in the cleaning department all have to work together to have all the bedrooms cleaned when one customer leaves and before the next is due – they need to clean, change bedding and any organised gifts for the room

- The staff in the restaurant would need to work together to ensure the customer receives all the correct food at the correct time and to ensure any additional requirements are met

(1 × [3])

[3]

(b) **Two factors influencing choice of recruitment methods:**

- Type of job – more senior jobs are advertised in the Belfast Telegraph and in trade magazines to attract a wider audience
- Speed – where the job is advertised will depend on how quickly they need to fill the vacancy – they might use a job agency to fill part time vacancies
- Cost – this might influence how long the job is advertised for – newspaper advertising can be expensive

(2 × [2])

[4]

(c)

JOB	SKILLED	SEMI-SKILLED	MULTI-SKILLED
General Manager			×
Cleaner		×	
Sous Chef	×		

[3]

(d) Two aims from the following:

- **Growth** [1]
The business is successful and has bought over a number of hotels throughout the years. They may wish to buy more hotels or continue to expand to achieve the aim of growth [2]
 - **Profit improvement** [1]
The business is in the private sector and most businesses aim to make a profit and improve on the profits from previous years [2]
 - **Corporate image** [1]
For many businesses the need to have a good corporate image is very important. This means the business wants to be well thought of by its customers [2]
 - **Environmental concern** [1]
Many businesses seek to be environmentally friendly. This helps to improve corporate image and gain profits [2]
- (2 × [3]) [6]

(ii) How the aims suggested might affect business activity in the hotels:

- **Growth** might lead the Group to takeover other hotels. Growth has also led to the redevelopment of the Slieve Donard and the new extension at the Culloden
 - **Profit improvement** might lead the hotel to think of new ways to increase sales and reduce costs
 - **Corporate image** has led the hotels to re-brand and develop new brand logos for each hotel. Logos appear on all stationery, flyers and advertising
 - **Environmental concern** might lead the hotel to use recycled paper or stationery and think about how many towels they wash. They may think of ways to get their customers to think more about the environment
- (2 × [2]) [4]

- 3 (a) (i) **Three methods the Hastings Hotel Group uses to advertise:**
- Flyers
 - Stationery
 - Brochures
 - Newspapers
 - Website
 - Magazines
 - Public relations
- (3 × [1]) [3]
- (ii) **One advantage Hastings Hotel Group gains by advertising:**
- It reminds the public about the hotels and boosts sales
 - It can be used to target a new market
 - It can be used to inform the public of recent changes and improvements
 - it can be used to promote up and coming events in the hotels
- (1 × [2]) [2]
- (iii) **Two ways Hastings Hotel Group seeks to project good corporate image:**
- **Branding** – all hotels are branded under a different logo helping to show to customers the different services and facilities they have on offer
 - **Afternoon tea** – they have afternoon tea at the Culloden – a percentage of the cost of tea goes to support charity – this shows the concern for the public
 - **Standard of the facilities** – all hotels are 4 and 5 star immediately representing quality and good corporate image
 - **Uniforms** – all staff wear uniforms to represent a brand identity
- (2 × [2]) [4]

(b)

(i)	Company A wants to hold a meeting. They require a U-shaped set up that can seat 30 people. Identify the most suitable room.	River Room
(ii)	Company B wants to hold a meeting. They require a classroom set up for 18 people. Identify the most suitable room.	1625 Room
(iii)	Which set up style for meetings would suit 160 people?	Theatre Style
(iv)	A couple plan to hold their wedding in the hotel. They will have 145 guests. Identify the most suitable room.	River Room
(v)	Which table set up best suits the above wedding?	Long Table
(vi)	A dinner is planned for 30 people and wheelchair access is needed. Identify the most suitable room.	Dungeon Room

[6]

(c) **One suitable method of market research from the following:**

Primary–Field

- The business can design the research in the best way to discover the particular information it needs
- The information is up to date
- Secondary data collected is unlikely to have been collected for exactly the same purpose as the business requires
- Secondary research information is also available to competitors

OR

Secondary–Desk

- The information is already gathered and cheap to obtain
- There is a wide range of source available that can be accessed quickly
- Designing and gathering Primary information can be slow
- If they employ specialist researchers Primary research can be expensive

[1] for method (2 × [2]) for justification [5]

AVAILABLE
MARKS

(d) One advantage of having a website:

- Access to a global market makes the business better known
- Bookings can be made on line leading to increased sales
- Helps to reduce advertising costs
- Increased sales helps to business to take advantage of economies of scale
- The business is always open so increased opportunity for sales at all times
- Source of information for customers [2]

One disadvantage of having a website:

- Being part of the global market means increased competition
- Designing and updating the website is expensive, additional staff need to be employed
- Not everyone may have access to a computer thus reducing the potential market [2]

Judgement if the website is worthwhile [1]

([2] + [2]+[1])

[5]

QWC

Total

AVAILABLE
MARKS

25

4

79



Rewarding Learning

General Certificate of Secondary Education

2009

Business Studies

Paper 2
Foundation Tier

[G1202]

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**MARK
SCHEME**

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5 marks

The candidate's presentation of the information is very legible and in a form, structure, style and format which are appropriate for the answer. Errors in spelling, punctuation and grammar are rare.

4 marks

The candidate's presentation of information is normally legible and usually in a form, structure, style and format which are appropriate for the answer. There are very few errors in spelling, punctuation and grammar.

3 marks

The candidate has demonstrated reasonable competence in literacy. The writing, style and format are just adequate and the spelling, punctuation and grammar need some attention.

2 marks

The candidate's presentation of information is difficult to read in some parts of the answers. On a few occasions, the form, structure, style and format are inappropriate and there are a few errors in the spelling, punctuation and grammar.

1 mark

The candidate has demonstrated only a basic competence in literacy. The writing, style and format are poor and the spelling, punctuation and grammar need to be improved significantly.

1 (a) **Explanation of multi-skilling:**

- Multi-skilling means being flexible and able to undertake different jobs in the business

(1 × [2]) [2]

(b) **One reason why multi-skilling is helpful in a restaurant from the following:**

- All employees are able to help out in all areas of the restaurant
- Increased opportunities for teamwork
- May require fewer employees in the organisation overall

(1 × [2]) [2]

(c) **One benefit of homeworking from the following:**

- Uses local expertise to obtain good-quality produce
- Requires fewer full-time staff
- May reduce overhead costs, e.g. power
- Enhances community spirit

(1 × [2]) [2]

(d) **Extra income:**

Fringe Benefits	✓
-----------------	---

[1]

(e) **Three methods of appraisal:**

- Observation
- Interview
- Self Appraisal
- Questionnaire

(3 × [1]) [3]

(f) **Two benefits of appraisal for employers:**

- Assists in the planning and development of human resource provision
- Shows staff strengths and weaknesses
- Helps to plan training provision
- Increases staff competence/motivation and overall productivity which improves overall profitability of the business
- identifies employees for promotion

(2 × [2]) [4]

(g) **One suitable method of selection from the following:**

- Letter of Application – shows the applicant’s communication skills
- Application Form – supplies the information which the employer wants
- Curriculum Vitae – shows the chef’s qualifications, previous experience and personal details
- Testing – shows the chef’s practical ability/presentation
- Interview – allows the employer to meet the chef and see how suitable s/he would be

[1] for method and [2] for reason

([1]+[2]) [3]

- (h) Two responsibilities in the selection process from the following:**
- Honesty – both employer and employee are expected to be totally honest in their questions and answers
 - Objectivity – both employer and employee are expected to be totally without prejudice
 - Fairness – both employer and employee are expected to be totally fair with one another
 - Confidentiality – both employer and employee are expected to treat as confidential all information which one party gives to the other
- (2 × [2]) [4]

- (i) Two points of importance of training from owner's point of view from the following:**
- Employees are kept up-to-date with new methods and technology
 - Fully trained staff improves the quality of the final product
 - Sales levels would be improved thereby increasing profits
 - Business gains a good reputation and becomes more competitive
 - Should reduce accidents in the workplace
 - Increased efficiency/speed of production
- (2 × [2]) or (1 × [4]) [4]

AVAILABLE
MARKS

25

- 2 (a) A person who buys a franchise is a franchisee [1]
- (b) A person who sells a franchise is a franchiser [1]
- (c) **Two advantages of a franchise from the following:**
- Increased opportunities for expansion
 - Further benefits from economies of scale
 - Percentage profit from sales in the sales outlet
 - An extra retail outlet is established and managed for the company
 - Another retail outlet is run without any capital investment from the company
- (2 × [2]) [4]
- (d) **Two drawbacks of marketing abroad from the following:**
- There is increased competition
 - Increased production will be required
 - Extra capital investment may be required
 - Distribution is more difficult
 - International documentation is more involved
 - Language may be different
 - Currency may be different
 - There may be cultural differences
 - Increased promotional activity is necessary
 - Goods may not be popular abroad
 - Requires costly market research
- (2 × [2]) [4]
- (e) **Two roles of a Trade Union from the following:**
- To give advice and information
 - To defend employees' rights
 - To resolve conflict
 - To negotiate with employers on behalf of employees
- (2 × [2]) [4]
- (f) **Two (explained) ways in which job satisfaction may be improved from the following:**
- Improved wages/benefits
 - Extra responsibility
 - Fulfilment
 - Enjoyment
 - Good working conditions
 - Praise
 - Training
- (2 × [2]) [4]
- (g) **Three methods of organic growth:**
- Ploughing back profits
 - Development of new markets
 - Development of new products
 - Expansion of premises
 - Purchase of additional machinery
 - Employment of more staff
 - Increasing sales in existing markets
- (3 × [1]) [3]

AVAILABLE
MARKS

(h) Disadvantage of internal/organic growth:

- Growth is achieved very slowly [1]
- Additional capital may not be available [1]

Another (explained) way to achieve growth from the following:

- Takeover another organisation
- Merger with another organisation
- Integration

[1] for identification of method

[2] for explanation

([1]+[3])

[4]

AVAILABLE
MARKS

25

- 3 (a)

Crafty Things is in secondary production	✓
--	---

 [1]
- (b) **One point describing trend in Northern Ireland from the following:**
- Fewer people working in primary and secondary production
 - Increasing number of employees in tertiary production
 - Service sector is fastest growing area of production
- (1 × [2]) [2]
- (c) **One point describing Just-In-Time method from the following:**
- Products are manufactured just in time for them to be sold [1]
 - Therefore the firm does not have to store large quantities of finished goods [1]
 - Materials to manufacture the goods are brought in just in time for the goods to be manufactured. [1] Therefore the firm does not have to store large quantities of raw materials. [1]
- (1 × [2]) [2]
- (d) **Two advantages of Just-In-Time production from the following:**
- Capital is used more effectively
 - Large warehousing facilities are not needed
 - If faulty goods are supplied, the business does not have large stocks of them
 - No excess stocks are held so no wastage
 - As a result, the finished goods should be cheaper
- (2 × [2]) [4]
- (e) **One way in which specialisation could be applied to this company:**
 One group of employees could specialise in the manufacture of wooden items and another group could specialise in the manufacture of wrought iron goods
 (1 × [2]) [2]
- (f) **One advantage of specialisation from the following:**
- Employees can work at jobs which suit their special skills and so become experts therefore finished goods should be better quality/quantity
 - Resources can be used more effectively
- (1 × [2]) [2]
- One disadvantage of specialisation:**
- Specialised employees are not multi-skilled and therefore cannot help in other areas of work in the business
 - Absence of one worker can slow production overall
 - Can result in a demotivated workforce through boredom
- (1 × [2]) [2]
- (g) **Explanation of economies of scale:**
- Is the advantage gained when an increase in production causes a decrease in production costs
- (1 × [2]) [2]

AVAILABLE
MARKS

(h) One way in which Crafty Things can benefit from economies of scale from:

- It may spread the costs of advertising, distribution etc
- It can cut its costs of production by using specialist equipment/ machinery
- It can obtain finance more easily and by cheaper methods

(1 × [2])

[2]

(i) Three responsibilities of employees for health and safety from the following:

- To take reasonable care for their own health and safety as well as that of others
- To co-operate in meeting the firm's health and safety rules
- To use all equipment carefully
- To wear the protective clothing and equipment provided
- To undergo health and safety training
- To report all faults and dangers

(3 × [2])

Level 1 ([1]–[2])

Little knowledge and understanding of responsibilities of employees for health and safety. Only one responsibility described.

Level 2 ([3]–[4])

Adequate knowledge and understanding of responsibilities of employees for health and safety. Two responsibilities fully described.

Level 3 ([5]–[6])

Good knowledge and understanding of responsibilities of employees for health and safety. Three responsibilities fully described.

[6]

25

- 4 (a) **One advantage from the following:**
- No interest has to be paid
 - Amount does not have to be repaid
 - Business affairs are kept private [2]
- One disadvantage from the following:**
- Amount available is likely to be more limited
 - Leaves Catriona with little resources for other uses [2]
- (2 × [2]) [4]
- (b) **One other source of internal capital from the following:**
- Retained profits
 - Sale of assets
 - Sale of stock
 - Debt collection
- [1] for name of source and [2] for details [3]
- (c) **Two main purposes of a Cash Flow Forecast from the following:**
- To help to plan the business's expenditure
 - To show when the business needs to borrow money
 - To show when loans could be repaid
 - To show whether the business's financial plans are being maintained
 - To set targets for the business
- (2 × [2]) [4]
- (d) **Sources of help with preparation of a Cash Flow Forecast:**
- Bank
 - Accountant
 - Invest NI
 - Internet [1]
- (e) **Two consequences of incorrect forecasting from the following:**
- Could cause a shortage of working capital so wages may not be paid
 - May cause employees to leave
 - May mean that assets may have to be sold which may affect production
- (2 × [2]) [4]
- (f) **Calculation of Net Profit Percentage:**
- Net Profit Percentage
- $$= \frac{\text{Net Profit}}{\text{Sales}} \times 100 [1]$$
- $$= \frac{7,500}{37,500} \times 100 [1]$$
- $$= 20\% [1] [3]$$
- (g) **Two ways to improve profit from the following:**
- Increase sales (with detailed explanation)
 - Decrease expenses (with detailed explanation)
 - Increase advertising or promotional activities (with detailed explanation)
- (2 × [2]) [4]

(h) One point of information from the Current Working Capital Ratio from the following:

- Shows the relationship between a business’s current assets and current liabilities
- Shows the business’s ability to pay its current debts

(1 × [2])

[2]

QWC

Total

AVAILABLE MARKS	
	25
	5
	105

The assessment of quality of written communication.

Marks are to be allocated to QWC in accordance with the following criteria.

Performance Level	Criteria	Marks
Threshold	Candidates spell, punctuate and use the rules of grammar with reasonable accuracy; they use a limited range of specialist terms appropriately.	0, 1
Intermediate	Candidates spell, punctuate and use the rules of grammar with considerable accuracy; they use a good range of specialist terms with facility.	2, 3
High	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



Rewarding Learning

General Certificate of Secondary Education

2009

Business Studies

Paper 1
Higher Tier

[G1203]

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SCHEME**

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The candidate's presentation of information is usually legible and normally in a style, structure and format which are appropriate to the question. There are noticeable errors in spelling, punctuation and grammar.

1 mark

In general, writing is difficult to read. The presentation of information is in an inappropriate style, structure and format. There is evidence of obvious weakness in spelling, punctuation and grammar.

1 (a) (i) **Mixed** economy [1]

(ii) **Two features of mixed economy from the following:**

- This economy has a public and private sector
- Businesses are privately owned and controlled by the government through legislation
- The government provide essential services such as health, defence and education

(2 × [2]) [4]

(b) (i) **One suitable aim and how it might affect business activity in the hotels:**

- **Growth** [1]
This might lead the Group to take over other hotels. Growth has also led to the redevelopment of the Slieve Donard and the new extension at the Culloden [3]
- **Profit improvement** [1]
Might lead the hotel to think of new ways to increase sales and reduce costs [3]
- **Corporate image** [1]
Has led the hotels to re-brand and develop new brand logos for each hotel. Logos appear on all stationery, flyers and advertising [3]
- **Environmental concern** [1]
Might lead the hotel to use recycled paper or stationery and think about how many towels they wash. They may think of ways to get their customers to think more about the environment [3]
- Survival

[1] for aim and [3] for effect

(1 × [1]) + (1 × [3]) [4]

(ii) **Impact of ethical and moral issues from the following:**

For example:

Hastings will want to deal fairly and honestly with their customers, employees and suppliers. Therefore Hastings will try to ensure:

- They pay their employees fair wages
- They do not buy goods from countries which exploit their workers
- They may not use products that are tested on animals
- They ensure they pay their suppliers on time
- They treat their customers with respect
- Must observe anti-discrimination laws

They might want to care for the environment and therefore:

- They will landscape their gardens and plant trees
- They will provide litter bins and encourage people to use them
- Charity donations

(2 × [2]) or (1 × [4]) [4]

AVAILABLE
MARKS

**(c) Explanation of duties and responsibilities in Functional Areas:
Human Resources**

- Recruitment and selection of new staff – advertising vacancies
short listing
arranging interviews
- Drawing up policies for management in all hotels
- Keeping all staff records
- Looking after the welfare of the staff

Marketing and Sales:

- Carrying out market research
- Promotion and advertising of the hotels – flyers, stationery, uniforms etc
- Helping to establish the new brand logos for the hotels
- PR work when celebrities visit to ensure wide coverage

Finance:

- Keeping all financial records
- Pay wages and salaries
- Deal with tax and completion of the business accounts

 $(1 \times [3])$

[3]

(d) (i) Two influences on growth of Hastings Hotel Group:

- **Business aims**
The aims of the hotel might be directly related to growth and therefore they try to extend the portfolio
- **Increase in Tourism**
There was a gap in the market – Northern Ireland did not have enough hotel bedrooms
- **Money available**
A series of good business deals gave the Hastings Hotel Group the money to put into expansion
- **Drive and ambition of the owners**
Dr Hastings had the ambition and enterprise to succeed
- **Demand – Sales**

 $(2 \times [2])$

[4]

(ii) Type of integration that has taken place at Hastings Hotel Group:

Horizontal integration [1]

Explanation of horizontal integration:

This type of integration takes place when businesses at the same stage of production and in the same type of business are merged or taken over [2]

Examples from the case study:

- All the hotels were bought over by the Hastings Hotel Group
- Two bottling companies were merged [2]

 $([1] + [2] + [2])$

[5]

25

- 2 (a) **Use of two factors of production from the following:**
- Land
The land and grounds that the hotels are built on
 - Labour
The hotels employ 610 full time staff and 300 part time staff
 - Capital
Money was needed to buy the hotels, pay bills and refurbish (£15m)
 - Enterprise
Dr Hastings, through his business decisions and takeovers, has made a success of the business
- (2 × [2]) [4]
- (b) **Impact of ICT on communication for Hastings Hotel Group:**
- Software packages have helped to create brochures and flyers at a faster rate leading to better use of resources
 - Material can be altered, improved and updated
 - Emails can speed up both internal and external communication – improved circulation
 - The website can be used to advertise services and events at the hotel and improve communications with customers
 - On-line booking makes it easier for the hotel to accept bookings
- (2 × [2]) or (1 × [4]) [4]
- (c) (i) **One other document involved in the recruiting process:**
- Job Analysis [1]
This document identifies the skills, requirements and knowledge needed to do a particular job [2]
 - or
 - Person Specification/Job [1]
This document identifies the qualities that an ideal candidate would have for the job [2]
- [3]
- (ii) **Two factors to influence the choice of recruitment methods from the following:**
- The size of the business
Bigger firms have more money and can afford to advertise more widely
 - The type of work being offered
Specialist staff needed to be recruited from Poland and more senior positions are advertised in different papers
 - How quickly the new employee is needed/time
If they need to recruit quickly they might use temping agency
 - Cost
- (2 × [2]) [4]

(d) One suitable method of selection from the following:

AVAILABLE
MARKS

- APPLICATION FORM [1]

Points for this method	Points against this method
All candidates complete a standard form so information can be compared Enables firm to adhere to Fair Employment legislation Information given is exactly the information the hotel needs [2]	Does not allow for individual creativity May not allow candidates to sell themselves properly [2]

- APPLICATION LETTER [1]

Points for this method	Points against this method
Shows level of applicant's communication skills Allows for creativity [2]	Is difficult to compare standard of applicants Information supplied may not be relevant [2]

- CURRICULUM VITAE [1]

Points for this method	Points against this method
Shows all the applicant's details Shows how well applicant can organise and display information [2]	Is difficult to compare standard of applicants Information supplied may not be relevant [2]

- TESTING [1]

Points for this method	Points against this method
Shows applicant's ability to perform tasks and display skills required in the job [2]	Can be expensive and time consuming to set up for all the applicants [2]

- PRESENTATIONS

[5]

(e) Two points showing the importance of training from the following:

- The employee will be flexible and able to carry out different tasks within the hotel, reducing boredom
- The employee will gain the satisfaction of learning new skills and keeping up to date with technology
- Highly trained staff will have better opportunities for promotion
- It will reduce the chance of accidents at work

[1] for assessment of its importance (2 × [2]) [4]

([4]+[1])

[5]

AVAILABLE
MARKS

25

- 3 (a) (i) **Financial economies of scale:**
- These are gained in situations where the business can borrow money or otherwise gain finance by cheaper methods [2]
- (ii) **Benefits from financial economies of scale:**
- Hastings Hotels spent £15m renovating the Slieve Donard. Due to the size of the business, banks would have been more willing to lend them money as the banks would not see Hastings as a risk
 - The money raised would have been lent by the banks at cheaper, more competitive rates than small firms would have been able to obtain
- (2 × [2]) or (1 × [4]) [4]
- (b) (i) **Hastings Hotels Group might use market-led pricing:**
- As there is strong competition from other hotels they might monitor their competitors and set their prices either slightly higher to denote quality or slightly lower to gain more customers
 - They might also watch the special offers that competitors set and follow the lead in order to remain competitive
- (2 × [2]) or (1 × [4]) [4]
- (ii) **One other pricing strategy from the following:**
- Skimming [1]
They may use this to set higher prices for the 5-star flagship hotel in order to denote quality – special offers can then be offered in order to reduce the price [2]
 - Penetration [1]
They might use this when the renovations are first completed in order to set a low price to entice customers and encourage repeat buying – then the prices can be raised [2]
 - Cost-based
- ([2] + [1]) [3]
- (c) **Three ways in which Hastings Hotels Group has segmented its market:**
- Families – offering leisure breaks activities throughout the year
 - Females – spa treatments and afternoon tea in the Culloden
 - Business executives – offering meeting and conference facilities in all the hotels
 - Golfers – the Slieve Donard is located beside a top class golf course
 - Weddings – all the hotels cater for large functions and formal events with seating available for over 200 in some hotels
 - Diners – all hotels have a top class restaurant that targets couples, families and business diners
- (3 × [2]) [6]

(d) How the Trade Descriptions Act affects business activity at the hotels:

- The Act prohibits the giving of false information or supplying goods or services with false descriptions – descriptions can be written, pictorial or oral
- The hotels must ensure the accuracy of all printed information on the hotel brochures as failure to do so could lead to bad publicity and large fines
- The hotels must ensure descriptions of all services and food offered for sale are accurate
- They must ensure that staff describing the facilities are accurate in their descriptions – training would be important

(2 × [3] or 3 × [2])

[6]

QWC

Total

**AVAILABLE
MARKS**

25

4

79



Rewarding Learning

General Certificate of Secondary Education

2009

Business Studies

Paper 2
Higher Tier

[G1204]

FRIDAY 29 MAY, MORNING

**MARK
SCHEME**

General Marking Instructions

Quality of candidate's responses

In marking the examination papers, examiners will be looking for a quality of response reflecting the level of maturity which may reasonably be expected of a 16-year-old which is the age at which the majority of candidates sit their GCSE examinations.

Unanticipated responses

The mark schemes which accompany the specimen examination papers are not intended to be totally prescriptive. For many questions, there may be a number of equally legitimate responses and different methods by which candidates may achieve good marks. No mark scheme can cover all the answers which candidates may produce. In the event of unanticipated answers in operational examinations, examiners are expected to use their professional judgement to assess the validity of answers. If an answer is particularly problematic, then examiners would seek the guidance of the Supervising Examiner for the paper concerned.

Positive marking

Examiners are encouraged to be positive in their marking, giving appropriate credit for valid responses rather than penalising candidates for errors or omissions. Examiners should make use of the whole of the available mark range for any particular question and be prepared to award full marks for a response which is as good as might reasonably be expected of a 16-year-old GCSE candidate. Conversely, marks should only be awarded for valid responses and not given for an attempt which is completely incorrect or inappropriate.

Marking calculations

In marking answers involving calculations, examiners should apply the "own figure rule" so that candidates are not penalised more than once for a computational error.

Assessment objectives

The mark schemes for each paper show how marks are allocated to each of the Assessment Objectives set out on pages 2 and 3 of the CCEA GCSE Business Studies Specification, namely:

AO1: demonstrate knowledge and understanding of the specified subject content;

AO2: apply knowledge and understanding using appropriate terms, concepts, theories and methods effectively to address problems and issues;

AO3: select, organise, interpret and use information from various sources to analyse problems and issues;

AO4: evaluate evidence, make reasoned judgements and present conclusions accurately and appropriately.

The approximate weighting for each of the Assessment Objectives in each of the papers is shown on page 6 of the Specification.

Quality of written communication

Paper 2 (F) and Paper 2 (H)

Within these papers up to 5 marks are allocated for candidates' quality of written communication. Examiners should, when deciding the allocation, consider the candidates' competence in quality of written communication across all answers. The criteria to be used are set out below.

5 marks

The candidate's presentation of the information is very legible and in a form, structure, style and format which are appropriate for the answer. Errors in spelling, punctuation and grammar are rare.

4 marks

The candidate's presentation of information is normally legible and usually in a form, structure, style and format which are appropriate for the answer. There are very few errors in spelling, punctuation and grammar.

3 marks

The candidate has demonstrated reasonable competence in literacy. The writing, style and format are just adequate and the spelling, punctuation and grammar need some attention.

2 marks

The candidate's presentation of information is difficult to read in some parts of the answers. On a few occasions, the form, structure, style and format are inappropriate and there are a few errors in the spelling, punctuation and grammar.

1 mark

The candidate has demonstrated only a basic competence in literacy. The writing, style and format are poor and the spelling, punctuation and grammar need to be improved significantly.

- 1 (a) **Two reasons for importance of motivation from the following:**
- Encourages employees to work harder
 - Likely to encourage employees to produce a higher quality of work
 - Employees are less likely to take time off work/lower labour turnover
 - Better customer service
- (2× [1]) [2]
- (b) **One financial method of motivation from the following:**
- Bonus
 - Profit Sharing [1]
- One non-financial method of motivation from the following:**
- Job Rotation
 - Job Sharing
 - Team Working
 - Status
 - Consultation
 - Quality Circle
 - Fringe Benefits
 - Training [1]
- ([1]+[1]) [2]
- (c) **Definition of SME:**
A business which has fewer than 250 employees [2]
- One point showing importance of SMEs in Northern Ireland:**
- Almost half of all employees in Northern Ireland work in SMEs
 - Most businesses in Northern Ireland fall into this category
 - Small businesses is the fastest growing type in Northern Ireland
 - Government encourages the development of this size of business in Northern Ireland
 - SMEs promote an enterprise culture in Northern Ireland
 - SMEs create competition [2]
- (2× [2]) [4]
- (d) **Two reasons why Business Plan is necessary from the following:**
- Needed to show bank manager if restaurant needs to borrow money
 - Could be used to encourage other investors in the restaurant
 - Encourages detailed planning by owner
 - May be used to monitor progress against the plan
 - Set targets for the business
 - Shows aims and objectives
- (2× [2]) [4]
- (e) **Points of information in Financial Plan from the following:**
- Breakeven Analysis – shows the point at which profit can be expected
 - Cash Flow Forecast – predicts amount and likely timing of income and payments
 - Statement of Capital Invested – shows funding by owners
 - Loans and Mortgages Statement – shows details of outstanding debts
 - Projected Profit and Loss Account and Balance Sheet
- (2× [2]) or (4× [1]) [4]

(f) Primary Research is more appropriate [1]

One advantage of primary research from the following:

- Information is specifically designed for the restaurant
- Information is up-to-date
- Information is based in the area where the restaurant is situated [2]

One advantage of secondary research from the following:

- Information is cheap to obtain
- Information is available immediately
- Information will have been well researched
- Data available covers a wide range of sources [2]

([1]+[2]+[2])

[5]

(g) **Two cultural issues from the following:**

- Religious differences in use of foods, e.g. Jewish people do not eat pork
- Use of different languages
- Timing, e.g. Spanish people tend to eat very late
- Cultural differences reflected in menu
- Cultural difference in clothes, e.g. turban

(2 × [2])

[4]

25

AVAILABLE
MARKS

- 2 (a) **Two explained benefits of marketing abroad from the following:**
- Extends the market and increases sales
 - Allows the firm to make economies of scale
 - Should result in greater profits for the business
 - Enhances the reputation of the firm/creates good international relations
- (2 × [2]) [4]
- (b) **Two implications for Northern Ireland from the following:**
- Trading opportunities are improved
 - Increased trading results in increased profits which would help the overall economy of Northern Ireland
 - An improved economy would result in improved employment levels
 - The standard of living in Northern Ireland would be improved
 - Businesses in Northern Ireland must learn to think internationally
 - Businesses in Northern Ireland will have increased competition
- (2 × [2]) [4]
- (c) **Two strategies to extend the Product Life Cycle from the following:**
- Improve the product perhaps by making minor modifications
 - Reduce the price
 - Introduce the product into new markets
 - Launch new advertising campaigns
 - It can re-package the product
- (2 × [2]) [4]
- (d) **Two Acts**
- Sale and Supply of Goods and Services Act, 1994 [1]
 - Consumer Protection Act, 1987 [1]
 - Trades Descriptions Act [1]
- ([1]+[1]) [2]
- (e) **Type of Business Organisation:**
- Public Limited Company [1]
- Method of raising capital:**
- Shares are issued and traded on the Stock Exchange [2]
- ([1]+[2]) [3]
- (f) **Two roles of a Trade Union from the following:**
- To give advice and information
 - To defend employees' rights
 - To resolve conflict
 - To negotiate with employers on behalf of employees
- (2 × [2]) [4]
- (g) **Explanation of arbitration:**
- Is when the LRA provides an independent person/arbitrator to act as a mediator. Both parties must agree on the selection of this person
 - The arbitrator listens to both sides and suggests a solution to the problem
 - The parties cannot be forced to accept this solution
 - If agreement is not reached the process ends and the LRA plays no further part
- (2 × [2]) [4]

3 (a) Two other sectors:

Primary [1]

Tertiary [1]

- Primary sector contributes by felling the trees and supplying the wood to make the goods [2]
- Tertiary sector contributes by selling the finished goods
- Tertiary sector also contributes by providing services such as banking [2]

[6]

Level 1 ([1]–[2])

Little knowledge and understanding of sectors of production. One or two sectors named with no description of their contribution.

Level 2 ([3]–[4])

Adequate knowledge and understanding of sectors of production. Two sectors named with either adequate description of the contribution of one sector or weak description of the contribution of two sectors.

Level 3 ([5]–[6])

Good knowledge and understanding of sectors of production. Two sectors named with good description of the contribution of two sectors.

(b) Description of present trend:

The majority of businesses in Northern Ireland are small scale.

[2]

(c) One point describing Just-In-Time method from the following:

- Products are manufactured just in time for them to be sold [1]
- The firm does not have to store large quantities of finished goods [1]
- Materials to manufacture the goods are brought in just in time for the goods to be manufactured
- Large quantities of raw materials do not have to be stored

(1 × [2])

[2]

(d) One reason why Flow Production would not be suitable from the following:

- It does not suit the production of individual items such as Crafty Goods manufactures
- Crafty Things is making too small numbers of goods – flow production suits large output
- It suits a factory which has larger numbers of workers on an assembly line
- It requires machinery which a small business could not afford

[2]

(e) One way in which specialisation could be applied to this company:

One group of employees could specialise in the manufacture of wooden items and another group could specialise in the manufacture of wrought iron goods [2]

One advantage of specialisation from the following:

- Employees can work at jobs which suit their special skills and so become experts
- Finished goods should be better quality
- Resources can be used more effectively [2]

One disadvantage of specialisation:

- Employees are skilled in one area so it may be difficult for Crafty Things to recruit
 - The workforce becomes less flexible so cannot cover for absentees [2]
 - Training is required
 - Workers may become demotivated so firm's quality of product is reduced
- (3 × [2]) [6]

Level 1 ([1]–[2])

Little knowledge and understanding of specialisation. No valid recommendation offered. Some basic explanation of either an advantage or a disadvantage.

Level 2 ([3]–[4])

Adequate knowledge and understanding of specialisation. Satisfactory recommendation offered. Good explanation of either an advantage or a disadvantage or else weak explanation of both an advantage and a disadvantage.

Level 3 ([5]–[6])

Sound knowledge and understanding of specialisation. Valid recommendation offered. Good explanation of both an advantage and a disadvantage.

(f) Legislation which ensures that the work environment is safe:

- The Health and Safety (Northern Ireland) Order, 1978 [1]

(g) Three responsibilities of employees for health and safety from the following:

- To take reasonable care for their own health and safety as well as that of others
- To co-operate in meeting the firm's health and safety rules
- To use all equipment carefully
- To wear the protective clothing and equipment provided
- To undergo health and safety training
- To report all faults and dangers

(3 × [2]) [6]

Level 1 ([1]–[2])

Little knowledge and understanding of responsibilities of employees for health and safety. Only one responsibility described.

Level 2 ([3]–[4])

Adequate knowledge and understanding of responsibilities of employees for health and safety. Two responsibilities fully described.

Level 3 ([5]–[6])

Good knowledge and understanding of responsibilities of employees for health and safety. Three responsibilities fully described.

4 (a) **Four sources of internal capital from the following:**

- Owner's own capital
 - Retained profits
 - Sale of fixed assets
 - Sale of stock
 - Debt collection
- [4]

(b) **One advantage of trade credit from the following:**

- Goods do not have to be paid for immediately
 - It allows her to sell goods and raise money before paying the wholesaler
 - Improves her working capital/cash flow
- [2]

(c) **Calculation of Net Profit Percentage:**

$$\text{Net Profit Percentage} = \frac{\text{Net Profit}}{\text{Sales}} \times 100 \quad [1]$$

$$= \frac{7,500}{37,500} \times 100 \quad [1]$$

$$= 20\% \quad [1]$$

(deduct [1] for missing % sign)

(3 × [1]) [3]

(d) **Calculation of the Stock Turnover Rate:**

$$\text{Stock Turnover Rate} = \frac{\text{Cost of Goods Sold}}{\text{Average Stock}} \quad [1]$$

$$= \frac{18,000}{(11,750 + 6,250)/2}$$

$$= \frac{18,000}{9,000} \quad [1]$$

$$= 2 \text{ times} \quad [1]$$

(deduct [1] for missing word "times")

(1 × [3]) [3]

(e) **Comment on Stock Turnover Calculation:**

- This is slightly low for items such as shoes [2]

Information given by the Stock Turnover Calculation:

- Result means that the shop is selling out its total stock twice per year [2]

(2 × [2]) [4]

(f) Calculation of the breakeven point by formula:

$$\begin{aligned} \text{Breakeven} &= \frac{\text{Total Fixed Costs}}{\text{Selling Price per Unit} - \text{Variable Cost per Unit}} && [1] \\ &= \frac{4,500}{50-5} && [1] \\ &= 100 \text{ units} && [1] \\ &\quad (\text{deduct [1] if word "unit" is missing}) \\ (3 \times [1]) &&& [3] \end{aligned}$$

(g) Meaning of the breakeven point:

Is the minimum point at which the business can survive
At this point the business is making neither a profit or a loss (1 × [2])

Significance of the breakeven point:

- Shows the amount of goods which need to be sold in order to make a profit
 - Shows the level of costs which the business can bear
 - Shows the price which needs to be charged
 - Shows how price changes would affect profit (2 × [2])
- ([2] + [4]) [6]

Level 1 ([1]–[2])

Little knowledge and understanding of breakeven. Very basic definition given with little understanding of the significance of breakeven.

Level 2 ([3]–[4])

Adequate knowledge and understanding of breakeven. Good definition given with reasonable understanding of the significance of breakeven.

Level 3 ([5]–[6])

Good knowledge and understanding of breakeven. Accurate definition given with clear understanding of the significance of breakeven.

QWC

Total

AVAILABLE
MARKS

25

5

105