



Rewarding Learning

**General Certificate of Secondary Education
2013**

Business Studies

Unit 2

Business Development

[GBS21]

FRIDAY 24 MAY, MORNING

**MARK
SCHEME**

General Marking Instructions

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 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 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.

UNIT 2 MARK SCHEME

- 1 (a) One advantage of external recruitment from the following:
- the range of applicants is wider
 - new skills and ideas are brought into the veterinary practice
 - manager does not have to choose between members of present staff
 - does not cause any further vacancies in the staffing. [2]

One disadvantage of external recruitment from the following:

- external appointee is not familiar with this veterinary practice
 - promotion opportunities are not created in the veterinary practice
 - junior nurses may be de-motivated
 - external recruitment may be expensive
 - external recruitment is usually slower than internal recruitment. [2]
- ([2] + [2]) [4]

- (b) Explanation of Curriculum Vitae:

A Curriculum Vitae (CV) is a list of all the applicant's education, qualifications, achievements and experience. [2]

One reason why employers use CVs from the following:

- it shows all details of the applicant's education, qualifications and experience
 - it shows the applicant's presentation of work – organisation and display
 - it shows suitability of the candidate
 - it helps with short listing candidates. [2]
- ([2] + [2]) [4]

- (c) Outline of one legal control regarding disability in recruitment from the following:

- disabled people must be given the same opportunities as other people in recruitment
- adjustments to property must be made to facilitate disabled people
- job advertisements must not exclude disabled people. [2]

Outline of one legal control regarding gender in recruitment from the following:

- male and female applicants must be given equal opportunities in recruitment
 - women cannot be discriminated against because of pregnancy
 - equal pay
 - job advert must not specify male or female. [2]
- ([2] + [2]) [4]

- (d) Type of training:
The type of training is off-the-job training. [1]

One positive and one negative point evaluating off-the-job training from the following:

Positive Point:

- training is provided by specialists
- vets will be able to exchange ideas with vets from other practices
- vets may experience new equipment
- training takes place without the pressures/distractions of their own workplace. [2]

Negative Point:

- is more expensive than on-the-job training
- may not be directed specifically at the needs of the Poorly Pets practice
- absent vet's work has to be covered by colleagues. [2]

Judgement of the use of external training in Poorly Pets:

Final judgement on its application to Poorly Pets. [1]

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

[6]

Level 1 ([1]–[2])

Candidate demonstrates little knowledge and understanding of off-the-job training. Method is correctly identified and limited evaluation is attempted of either one positive or one negative point. No judgement of its application to Poorly Pets is included.

Level 2 ([3]–[4])

Candidate demonstrates adequate knowledge and understanding of off-the-job training. Method is correctly identified and one positive and one negative point are satisfactorily evaluated. Judgement of its application to Poorly Pets may be included.

Level 3 ([5]–[6])

Candidate demonstrates good knowledge and understanding of off-the-job training. Method is correctly identified and one positive and one negative point are fully evaluated. Judgement of its application to Poorly Pets is included.

- (e) Explanation of Observation:

Observation is where a person in authority watches employees at their work in order to see how well they do their work, if they could be promoted or if training is required. [2]

Two advantages of observation from the following:

- can take place over a longer period of time
- test conditions are avoided/comfortable in own surroundings
- employers get a true impression of the employees
- work is not interrupted. 2 × [2]

([2] + [4])

[6]

Level 1 ([1]–[2])

Candidate demonstrates little knowledge and understanding of observation. Some attempt is made to either explain “observation” or one of its advantages. Candidate displays limited accuracy in the use of spelling, punctuation and grammar.

Level 2 ([3]–[4])

Candidate demonstrates adequate knowledge and understanding of observation. Candidate explains “observation” and one of its advantages. Candidate displays satisfactory accuracy in the use of spelling, punctuation and grammar.

Level 3 ([5]–[6])

Candidate demonstrates good knowledge and understanding of observation. Two advantages of observation are fully explained. Candidate displays excellent accuracy in the use of spelling, punctuation and grammar.

- (f) Identification of two types of motivation:
- financial motivation
 - non-financial motivation. [2]

One point describing financial motivation from the following:
Is the encouragement of employees to achieve their full potential by providing an additional financial reward. [2]
Allow description of bonus [2]

One point evaluating non-financial motivation from the following:
Is the encouragement of employees to achieve their full potential by providing an additional reward which is not in the form of money. [2]
Allow description of team working [2]
([2] + [2] + [2]) [6]

Level 1 ([1]–[2])

Candidate demonstrates little knowledge and understanding of motivation. Either two types of motivation are correctly identified, or financial motivation is fully described or non-financial motivation is fully described.

Level 2 ([3]–[4])

Candidate demonstrates adequate knowledge and understanding of motivation. Two types of motivation are correctly identified, and one type is fully described.

Level 3 ([5]–[6])

Candidate demonstrates good knowledge and understanding of motivation. Two types of motivation are correctly identified, and both financial and non-financial motivation are fully described.

- 2 (a)** Explanation of “economies of scale”:
Economies of scale is the saving in unit/average cost of production which is achieved by increased levels of production. [2]

Explanation of one way in which Environmental Plastic plc may achieve economies of scale:

- Environmental Plastic plc could afford more machinery and therefore could produce and sell more bags and containers, in which case the cost per unit would decrease
- Environmental Plastic plc could afford to buy in bulk thus reducing costs
- costs such as advertising would be spread over a larger output
- better rates from banks/better credit facilities. [2]

([2] + [2])

[4]

- (b)** Two other analysed benefits of growth from the following:

- profits would be increased in the company. This would allow the business to grow even further
- the company would be able to lower its prices and thus improve sales
- the company would gain a better reputation and become better known
- the company would become more powerful. [2]

(2 × [2])

[4]

- (c)** Two negatives of growth from the following:

- possibility of poorer communication because the business becomes larger
- possibility of lack of motivation because workers and management do not know each other
- increased difficulties of co-ordination between the various branches of the organisation
- employees may become de-motivated
- cost of additional capital expenditure
- time consuming
- increased competition.

(2 × [2])

[4]

(d) Two benefits of international trade from the following:

- increased market
- higher levels of production
- increased profits
- economies of scale
- enhanced reputation
- diversification.

Two drawbacks of international trade from the following:

- increased competition in a wider market
- higher levels of production may require additional capital investment and additional employees so costs may be increased
- distribution difficulties and extra costs
- more detailed documentation
- must be equipped to cope with foreign languages/differing currencies/differing cultures.

(2 × [4])

[8]

Level 1 ([1]–[2])

Candidate demonstrates little knowledge and understanding of the benefits and drawbacks of international trade. Details of either one benefit or one drawback are given.

Level 2 ([3]–[6])

Candidate demonstrates adequate knowledge and understanding of the benefits and drawbacks of international trade. Details of either two benefits and one drawback or one benefit and two drawbacks are given.

Level 3 ([7]–[8])

Candidate demonstrates good knowledge and understanding of the benefits and drawbacks of international trade. Details of two benefits and two drawbacks are given.

(e) Discussion of two to three roles of the EU in international business:

- to provide social and economic progress for its members
- to provide better trading opportunities for businesses in the member states
- to provide a free market between member states without quotas or tariffs
- to open up a wider market of customers and suppliers
- to provide full employment in the member states
- to improve the standard of living and economic development in the member states
- to allow people to move freely for work in each state
- sets safety standards
- standardised documentation/administration.

NB: Maximum of [3] to be awarded if roles are identified but not discussed.

(2 × [3] or 3 × [2])

[6]

Level 1 ([1]–[2])

Candidate demonstrates little knowledge and understanding of the role of the EU. Only one role is discussed. Candidate displays limited accuracy in the use of spelling, punctuation and grammar.

Level 2 ([3]–[4])

Candidate demonstrates adequate knowledge and understanding of the role of the EU. Two to three roles are discussed. Candidate displays satisfactory accuracy in the use of spelling, punctuation and grammar.

Level 3 ([5]–[6])

Candidate demonstrates good knowledge and understanding of the role of the EU. Detailed discussion of two to three roles is given. Candidate displays excellent accuracy in the use of spelling, punctuation and grammar.

- (f) Analysis of one positive social and moral implication from the following:
- as a business grows, it is able to provide more employment
 - customers have a greater variety of goods
 - products should be cheaper for consumers because of economies of scale.

Analysis of one negative social and moral implication from the following:

- smaller businesses may be forced to close because of the competition
- could cause traffic congestion
- possible increased noise or environmental pollution.

([2] + [2])

[4]

30

- 3 (a) Explanation of profit:
- profit is the total income less the total expenses of a business
 - it is the surplus money left at the end of a trading period. [2]

- (b) Three reasons to prepare a Cash Flow Forecast from the following:
- it enables the business to plan expenditure for the forthcoming year
 - it shows the amount and timing of cash which will be required
 - it shows when loans might be repaid
 - it acts as a check on spending
 - it supports the firm's business plan
 - it sets targets for the business
 - it supports loan applications.
- (3 × [2]) [6]

Level 1 ([1]–[2])

Candidate demonstrates little knowledge and understanding of a cash flow forecast and explains only one reason why it should be prepared.

Level 2 ([3]–[4])

Candidate demonstrates adequate knowledge and understanding of a cash flow forecast and explains two reasons why it should be prepared.

Level 3 ([5]–[6])

Candidate demonstrates good knowledge and understanding of a cash flow forecast and explains three reasons why it should be prepared.

- (c) Three consequences of incorrect forecasting from the following:
- it would cause a shortage of working capital/not able to pay wages or suppliers
 - it might cause capital to be unused
 - some of the firm's assets may have to be sold
 - purchases may be made at a time when payment is difficult
 - trading opportunities may be lost
 - business may have to close
 - bank may not lend money **or**
 - if bank loan is secured high interest will be charged
 - stock levels may be inaccurate.
- (3 × [2]) [6]

Level 1 ([1]–[2])

Candidate demonstrates little knowledge and understanding of incorrect forecasting and analyses only one consequence.

Level 2 ([3]–[4])

Candidate demonstrates adequate knowledge and understanding of incorrect forecasting and analyses two consequences.

Level 3 ([5]–[6])

Candidate demonstrates good knowledge and understanding of incorrect forecasting and analyses three consequences.

(d) Explanation of Debtors (Trade Receivables):

This is the amount of money due to be paid to the business by, for example, people who have bought goods/services as a credit transaction. [2]

Explanation of a Bank Overdraft:

A bank overdraft is the amount of money a current account holder is allowed to overspend on the account. The period of time and the amount must be agreed beforehand with the bank. Interest is charged. [2]

(2 × [2])

[4]

(e) Calculation of Lisa’s Return on Capital Employed:

$$\text{Return on Capital Employed} = \frac{\text{Net Profit}}{\text{Capital Employed}} \times 100$$

$$\text{Return on Capital Employed} = \frac{15\,000}{200\,000} \times 100 \quad [1]$$

$$\text{Return on Capital Employed} = 7.5\% \quad [1]$$

[2]

(f) Explanation of “Return on Capital Employed”:

Return on Capital Employed is the percentage profit which the owner/provider of the capital receives on his/her investment in the business as a result of the year’s trading. [2]

(g) Analysis of two pieces of information on business performance:

- this result tells Lisa that she will receive a return of 7.5% on the money which she invested in the business
- when compared with the rate of interest which the investment would have earned in the bank or in shares, this is a good result
- this return is slightly lower than that received in 2011.

(2 × [2])

[4]

Advice on Action to Take:

- Lisa needs to monitor the slightly downward trend to prevent future serious difficulties
- Lisa/Jake should investigate the cause of the lower return
- Lisa/Jake should try to reduce expenditure
- Lisa/Jake should try to increase sales (not lower prices)
- they should promote the business using suitable methods/4P’s
- extend their range/improve quality.

(2 × [2])

[4]

Level 1 ([1]–[2])

Demonstration of minimum knowledge and understanding of performance ratios. Candidate gives a good analysis of one point about the result of the calculation but offers no advice. Candidate displays limited accuracy in the use of spelling, punctuation and grammar.

Level 2 ([3]–[6])

Demonstration of adequate knowledge and understanding of performance ratios. Candidate gives good analysis of one or two points about the result of the calculation and offers one or two points of advice. Candidate displays satisfactory accuracy in the use of spelling, punctuation and grammar.

Level 3 ([7]–[8])

Demonstration of good knowledge and understanding of performance ratios. Candidate gives a good analysis of at least two points about the result of the calculation and offers sound advice. Candidate displays excellent accuracy in the use of spelling, punctuation and grammar.

Total

AVAILABLE
MARKS

30

90