



*Rewarding Learning*

**General Certificate of Secondary Education  
2015**

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**Business Studies**

Unit 2

Business Development

**[GBS21]**

**FRIDAY 5 JUNE, MORNING**

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**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 advertising (external recruitment) from the following:
- The range of applicants is wider
  - New skills and ideas are brought into the firm
  - Choices do not have to be made between members of existing staff
  - Does not cause further vacancies in the staffing [2]
- One disadvantage of advertising (external recruitment) from the following:
- New appointee is not familiar with the firm
  - Does not create promotion opportunities in the firm
  - May cause de-motivation for existing staff
  - Is more expensive than internal recruitment
  - Is slower than internal recruitment [2]
- ([2] + [2]) [4]
- (b) One advantage for employee of a Job Description from the following:
- Defines the main duties and responsibilities of the job
  - Acts as a reference document in event of later disputes
  - Shows how closely he matches the requirements of the job [2]
- Two details on a Job Description from the following:
- Title of the job
  - Location of the job
  - List of main duties and responsibilities
  - Person to whom the job holder reports
  - Names of employees who report to the job holder
  - Date of issue [2]
- ([2] + [2]) [4]
- (c) Two purposes of Person Specification from the following:
- To show the skills and qualifications required by the applicant
  - To show the personal qualities desirable in the applicant
  - To show the desirable level of previous experience
  - To help with selection of the most suitable candidate
  - To help with design of other recruitment documents
- ([2] × 2) [4]
- (d) Two reasons for using a Presentation from the following:
- Shows the personality of the applicant
  - Shows the level of the applicant’s spoken communication skills
  - Indicates the applicant’s level of preparation and organisation of work
  - Shows what ideas the applicant may have about the job
  - Helps with shortlisting applicants
  - Shows ICT skills
  - Shows how the applicant works under pressure [2]
- ([2] × 2) [4]

(e) Three reasons why motivation of employees is important from the following:

- There will be a lower staff turnover
- Quality of work and staff efficiency will be improved
- There will be fewer accidents at work
- There would be a lower level of absenteeism
- Profitability of the firm would be improved
- Reputation/image of the firm would be good

([2] × 3)

[6]

(f) Four factors which affect job satisfaction from the following:

- Level of payment
- Level of responsibility
- Sense of fulfilment/achievement in the job
- Enjoyment derived from the job
- Good working conditions/good relationship with other employees
- Praise from employers/manager
- Provision for training
- Opportunity for promotion
- Job security

([2] × 4)

[8]

**Level 1 ([1]–[2])**

Candidate demonstrates little knowledge and understanding of the factors affecting job satisfaction. One factor is fully analysed or two factors are named. Candidate displays limited accuracy in the use of spelling punctuation and grammar.

**Level 2 ([3]–[6])**

Candidate demonstrates adequate knowledge and understanding of the factors affecting job satisfaction. Two to three factors are fully explained or four factors are named with some analysis. Candidate displays satisfactory accuracy in the use of spelling, punctuation and grammar.

**Level 3 ([7]–[8])**

Candidate demonstrates excellent knowledge and understanding of the factors affecting job satisfaction. Four factors are fully analysed. Candidate displays good accuracy in the use of spelling, punctuation and grammar.

AVAILABLE  
MARKS

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- 2 (a) Two reasons for growth from the following:
- It would result in increased sales and share of the market
  - This would lead to increased profits
  - It would result in economies of scale
  - It would improve the firm's corporate image and influence in the market
  - May wish to target a new market
  - May wish to introduce a new product
- ([2] × 2) [4]
- (b) Three methods of organic growth from the following:
- Expansion of existing business/open new branches/increasing employees
  - Opening another retail outlet
  - Introduce new products
  - Develop new market
  - Plough back profits
  - Increasing sales
- ([2] × 3) [6]
- (c) Three negatives of growth from the following:
- The company might lose control of its operation
  - Communication may be more difficult in a bigger business
  - Possibility of increased costs, e.g. additional staff
  - Possibility of lack of staff motivation because workers do not know each other
  - Increased difficulties of co-ordination of the business
  - Diseconomies of scale
- ([2] × 3) [6]

**Level 1 ([1]–[2])**

Candidate demonstrates little knowledge and understanding of the negative implications of growth. Either one to two implications are correctly identified, or one is correctly identified with little analysis. Limited accuracy in spelling, punctuation and grammar.

**Level 2 ([3]–[4])**

Candidate demonstrates adequate knowledge and understanding of the negative implications of growth. Two implications are correctly identified, with adequate analysis of one or both implications. Satisfactory accuracy in spelling, punctuation and grammar.

**Level 3 ([5]–[6])**

Candidate demonstrates excellent knowledge and understanding of the negative implications of growth. Three implications are correctly identified, with excellent analysis of all three implications. Good accuracy in spelling, punctuation and grammar.

(d) Three advantages of e-commerce for the business from the following:

- Provides opportunities for increased sales on a larger market
- Leads to increased profits
- Allows the business to become better known
- Trade may be conducted at any time – even when the shop is closed
- The business may source its products from a wider range of suppliers
- Payment for goods is made immediately
- Marketing costs are lower
- Fewer sales staff are required
- Web pages are easily updated
- It becomes more competitive

([3] × 2)

[6]

(e) Three disadvantages of e-commerce for the business from the following:

- Competition is increased
- Elm Homes must invest in the technology
- Distribution costs are high for packaging and transport
- Insurance costs are also increased
- There are extra costs for promotion
- The movement of heavy goods is expensive
- The business must be aware of cultural, language, legal and currency differences if trading abroad
- Costs of hiring or training staff
- Costs of a payment system, e.g. Paypal

([3] × 2)

[6]

(f) Three advantages of e-commerce for customers from the following:

- May purchase at any time of the day or night
- It is very convenient to shop from home/time saving
- Can access the websites of a variety of firms and compare prices
- Products are often cheaper as overhead costs are reduced
- Provides a wider selection of goods and customers may shop around
- Maximum information is given about the products

([3] × 2)

[6]

AVAILABLE  
MARKS

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- 3 (a) Two reasons why it is important for a business to have a Business Plan from the following:
- To show to the bank when asking for loans/or shareholders
  - To ensure proper planning of the business
  - To monitor performance
  - To keep checks on spending
  - To ensure that aims/targets are being met
- ([2] × 2) [4]
- (b) Two components of a Business Plan from the following:
- Introduction
  - Aims/objectives
  - Resources plan
  - Marketing plan
  - Financial plan
- ([1] × 2) [2]
- (c) (i) Total value of the buildings – £32 000 [1]  
 Total Bank Balance – £5000 [1]  
 Total Assets – £54 500 [1]  
 Total Net Profit – £2000 [1] [4]
- (ii) Explanation of the following terms:
- Current assets**  
 Current Assets are those items owned by the business for a short term. They can be turned into cash quickly [2]
- Closing Inventory**  
 The closing inventory is the value of the stock which is left unsold in the business at the end of the trading period [2]
- Trade Payables**  
 Trade Payables is the total amount of money owing by the business to suppliers for goods purchased on credit [2]
- Drawings**  
 Drawings is the total amount withdrawn by the owner from the business during the trading period for his/her own personal use [2] [8]

(d) Calculation of Return on Capital Employed:

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

$$\text{Return on Capital Employed} = \frac{2000 \times 100}{29\,500} \quad [1]$$

$$\text{Return on Capital Employed} = 6.8\% \quad [1]$$

(Second mark is deducted if % sign is missing)

or 
$$\frac{\text{Net profit} \times 100}{\text{Total assets} - \text{Current liabilities}}$$

$$\frac{2000 \times 100}{54\,500 - 8500} \quad [1]$$

$$\frac{2000 \times 100}{46\,000} = 4.3\% \text{ (4.2\%)} \quad [2]$$

(e) Analysis of the Return on Capital Employed as follows:

- This calculation tells Joanna that she is receiving 6.8% (or 4.3%) return on her investment
- This is a better return than she would receive at present on shares or in the bank [2]

Advice on future action:

- Joanna should try to increase sales (not increase prices)
- She might extend the range of products on offer in the coffee shop
- She could promote the coffee shop in the area
- She could conduct market research
- She should try to reduce expenditure for example get better deals from suppliers
- She should try to reduce capital employed in the coffee shop

([2] + [4]) [6]

**Level 1 ([1]–[2])**

Candidate demonstrates little knowledge and understanding of Return on Capital Employed. Little analysis or advice are included. Limited accuracy in spelling, punctuation and grammar.

**Level 2 ([3]–[4])**

Candidate demonstrates adequate knowledge and understanding of Return on Capital Employed. Adequate analysis and advice are included. Satisfactory accuracy in spelling, punctuation and grammar.

**Level 3 ([5]–[6])**

Candidate demonstrates excellent knowledge and understanding of Return on Capital Employed. Excellent analysis and advice are included. Good accuracy in spelling, punctuation and grammar.

AVAILABLE  
MARKS

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**Total**

**90**