

Mark Scheme (Results)

June 2008

GCSE

GCSE Business Studies (1503.02)

General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

1503/02 Mark Scheme

Question Number	Answer	Mark
1(a) (i)	<p>State what is meant by a 'quality service'. (AO1 - Demonstrate = 2)</p> <p>not a product - work/job done for customers eg hairdressing high level of service - good/well-trained staff - satisfied customers</p>	(2)

Question Number	Indicative content	Mark
1(a) (ii)	<p>Suggest why it is important to offer a quality service to customers. (AO1 - Demonstrate = 1, AO3 - Select/Analyse = 1, AO4 - Evaluate = 4)</p> <p>Valid points could include: if not high level/good service, customers will not be satisfied/will not return/may get a bad reputation/damage image/bad publicity/cost to put things right</p>	(6)
Level	Mark	Descriptor
Level 2	3-6	Candidate makes judgement(s)
Level 1	1-2	Candidate analyses

Question Number	Indicative content	Mark
1(b) (i)	<p>How might TWO economies of scale benefit CGH Ltd? (AO2 - Apply = 3, AO3 - Select/Analyse = 3)</p> <p>Valid points could include: finance - easier for larger firms to raise capital/better lending terms/lower interest rates/risk is spread over more hotels/greater potential finance from retained profits/bulk buying marketing - employing specialist buyers who get better deals/advertising costs can be spread over hotels/employ specialist sales/marketing people managerial - more specialised managers can be employed - saves money - more efficient/top managers can be employed - attracted by top salaries external - skilled labour in area - better infrastructure IF ONE ONLY MAX 4</p>	(6)
Level	Mark	Descriptor
Level 2	4-6	Candidate analyses
Level 1	1-3	Candidate applies knowledge

Question Number	Indicative content		Mark
1(b) (ii)	<p>How might TWO diseconomies of scale affect CGH Ltd? (A02 - Apply = 3, A03 - Select/Analyse = 3)</p> <p>Valid points could include: decision making/managerial - decision making takes longer - can be slow to respond to changes/too many managers so not clear who is in charge communication - poor because too many layers/lines of communication can be blurred or broken/too much paperwork/bureaucracy coordination/control - trying to do too many things at once/too many people to co-ordinate/keep track of staff - morale/motivation as do not feel part of business/day-to-day contact may be lost/industrial relations may not be good IF ONE ONLY MAX 4</p>		(6)
Level	Mark	Descriptor	
Level 2	4-6	Candidate analyses	
Level 1	1-3	Candidate applies knowledge	

Quality of Written Communication for question 1bii (QWC)

There are 5 marks available for Quality of Written Communication for this question using the following criteria:

Level 3

Candidate write in sentences which are clear, structured and coherent. They spell, punctuate and use the rules of grammar with few errors using a range of specialist terms appropriately and with precision

4-5 marks

Level 2

Candidates write in sentences with a clear and structured style. They spell, punctuate and use the rules of grammar with considerable accuracy.

2-3 marks

Level 1

Candidates write in sentences with a limited structure. They spell, punctuate and use the rules of grammar with reasonable accuracy.

1 mark

QWC - 5 marks

Question Number	Answer	Mark
2(a) (i)	<p>Calculate the net profit ratio for both years. (AO2 - Apply = 2)</p> <p>2007 22% 2006 26%</p> <p>Accept as a ratio If no % sign = 1 mark Do not accept if £ sign</p>	(2)

Question Number	Indicative content	Mark
2(a) (ii)	<p>Using the above information and your calculations, assess CGH Ltd's performance in 2006 against 2007. (AO1 - Demonstrate = 2, AO2 - Apply = 2, AO4 - Evaluate = 4)</p> <p>Valid points could include: sales revenue down from 2006 to 2007 - might be less guests/hotels not full cost of sales and gross profit down - more expensive to buy materials - either sell more or reduce cost of sales - cheaper suppliers or ask for discounts expenses down - even when down still net profit down</p>	(8)
Level	Mark	Descriptor
Level 3	5-8	Candidate makes judgement(s)
Level 2	3-4	Candidate applies knowledge
Level 1	1-2	Candidate demonstrates knowledge

Question Number	Answer	Mark
2(b) (i)	<p>On the chart, label the break even point. (AO1 - Demonstrate = 1)</p> <p>correctly labelled on chart</p>	(1)

Question Number	Answer	Mark
2(b) (ii)	<p>How many guests does CGH Ltd need to break even? (AO2 - Apply = 1)</p> <p>90 guests (OFR from (i))</p>	(1)

Question Number	Answer	Mark
2(b) (iii)	<p>What is the revenue at the break even point? (AO2 - Apply = 1)</p> <p>£9 000 (OFR from (i)) must have £ sign</p>	(1)

Question Number	Indicative content		Mark
2(b) (iv)	<p>Discuss the benefits of using break even. (A03 - Select /Analyse = 3, A04 - Evaluate = 4)</p> <p>Valid points could include: useful for planning/forecasting/decision making simple to use - quick results - no real specialist training needed can help to spot problems so can take preventative action useful for 'what if' - what if less/more guests? what if increase room rate?</p>		(7)
Level	Mark	Descriptor	
Level 2	4-7	Candidate makes judgement(s)	
Level 1	1-3	Candidate analyses	

Question Number	Answer	Mark
3(a) (i)	<p>State TWO steps that an applicant has to go through when applying for an advertised job vacancy. (A01 - Demonstrate = 2)</p> <p>application form/letter of application/submit CV or qualifications/interview/CRB check/tests after CRB check</p>	(2)

Question Number	Indicative content		Mark
3(a) (ii)	<p>Explain TWO benefits of induction training to CGH Ltd. (A02 - Apply = 2, A03 - Select/Analyse = 4)</p> <p>Valid points could include: (CGH Ltd) - introduces employees to systems/health & safety regulations/helps them settle quicker therefore more effective - less likely to leave - lower staff turnover</p>		(6)
Level	Mark	Descriptor	
Level 2	3-6	Candidate analyses	
Level 1	1-2	Candidate applies knowledge	

Question Number	Answer	Mark
3(b)	<p>Describe how CGH Ltd might care for the well-being of its staff. (A01 - Demonstrate = 4)</p> <p>Valid points could include: social facilities - sports and social club, organising activities and events so mix socially, visiting sick/retired employees - use of fitness and leisure facilities canteen services - providing meals/subsidised meals - ensures employees have somewhere to go to eat - well fed work better pension scheme - gives job security health insurance/ health care - checkups</p> <p>No marks for points that have to do with legislation</p>	(4)

Question Number	Answer	Mark
3(c) (i)	<p>Identify TWO needs in Maslow's hierarchy. (A01 - Demonstrate = 2)</p> <p>basic/safety(security)/social/self-esteem/self-fulfilment/self-actualisation (satisfaction)</p>	(2)

Question Number	Indicative content	Mark
3(c) (ii)	<p>Discuss the benefits to CGH Ltd of having well-motivated employees. (A03 - Select/Analyse = 2, A04 - Evaluate = 4)</p> <p>Valid points could include: well motivated employees work hard - want to get on/get promotion which can lead to increased pay or bonuses/efficient/do a good job/enjoy job which means less likely to leave/stay off/do a bad job which might cost to correct - atmosphere/culture will be positive</p>	(6)
Level	Mark	Descriptor
Level 2	3-6	Candidate makes judgement(s)
Level 1	1-2	Candidate analyses

Question Number	Answer	Mark
4(a) (i)	<p>List FOUR improvements he could make to the existing website. (A01 - Demonstrate = 4)</p> <p>add sound/video clips/question and answer/frequently asked questions/ability to book/pay/links/contact us information/different language</p>	(4)

Question Number	Indicative content	Mark
4(a) (ii)	<p>Analyse the advantages to CGH Ltd of an improved website. (A02 - Apply = 3, A03 - Select/Analyse = 3)</p> <p>Valid points could include: 24 hour access for potential guests interactive - can book/pay online convenience - no waiting/queuing/travel to high street current because constantly updated - availability - special offers including FAQs etc means queries sorted online so less likely to have to contact CGH Ltd - more efficient/time saving</p>	(6)
Level	Mark	Descriptor
Level 2	4-6	Candidate analyses
Level 1	1-3	Candidate applies knowledge

Question Number	Indicative content		Mark
4(b)	<p>Discuss the advantages and disadvantages to the Caygill family of this type of ownership. <i>(AO1 - Demonstrate = 2, AO2 - Apply = 5, AO4 - Evaluate = 3)</i></p> <p>Valid points could include: limited liability - no one can lose more than the capital they have put into the business more willing to invest - less risk - means extra capital to expand owners can choose shareholders - can keep control - no takeover separate legal existence - can sue or be sued shares cannot be sold on open market therefore harder for shareholders/owners to get money back when want to limit to amount of capital raised from family/friends (can apply to any private ltd company not necessarily CGH) one-sided max 7</p>		(10)
Level	Mark	Descriptor	
Level 3	8-10	Candidate makes judgement(s) <i>Private limited companies are often smallish companies with all the shares owned by members of a family like the Caygills. Each member of the family has limited liability which means no one can lose more than the capital they have put into the business. This means that if anyone outside of the business is invited to buy shares they know there is less risk of them losing any of their personal possessions which makes them more willing to invest and introduce more capital into the business which can be used for expansion. Keeping ownership within the family means there is a reduced risk of takeover with the family keeping control thus ensuring family ownership even when family members die. However because shares cannot be sold on the open market, it can be difficult for investors to get their money back when they want to which can lead to family disagreement and conflict. This could mean there is a limit to the amount of capital that can be raised from family and possibly friends.</i>	
Level 2	3-7	Candidate applies knowledge	
Level 1	1-2	Candidate demonstrates knowledge	

Question Number	Indicative content		Mark
5 (a)	<p>Analyse the benefits to CGH Ltd of market research. (AO1 - Demonstrate =3, AO2 - Apply = 3, AO3 Select/Analyse = 2)</p> <p>Valid points could include: knowledge of research identify/predict trends - will advertising affect turnover/boost sales? make comparisons - advertising expenditure compared to other hotel chains what do customers want? - are appealing to correct market segment? assess probable demand - new facilities etc what will customers pay - indicate ideal price(s) best ways of promoting/advertising to reach target audience</p>		(8)
Level	Mark	Descriptor	
Level 3	7-8	<p>Candidate analyses <i>Market research is undertaken to identify trends. Are the number of hotel guests or people using the health and fitness clubs rising? Is this a worrying trend and does something need to be done about it? It also helps in making comparisons between hotels in the chain and with competitors. For example how does CGH Ltd's advertising expenditure compare with a competitor and is CGH Ltd's advertising effective. Research indicates what customers want and are willing to pay and whether any advertising and promotion is appealing to the correct market segment. Market research is also used to see if marketing has been successful. If successful then plans can be made to use these ways of advertising again because CGH Ltd will know what works and what does not. Knowing the probable demand for rooms is important so plans can be made to cater for this demand. Are there peaks in the year when extra staff is needed for example at Christmas time.' Seasonal staff can be employed to ensure the smooth running of the hotels to the comfort of guests.</i></p>	
Level 2	4-6	Candidate applies knowledge	
Level 1	1-3	Candidate demonstrates knowledge	

Question Number	Indicative content		Mark
5 (b)	<p>Discuss the aims of a promotional campaign. <i>(AO1 - Demonstrate = 2, AO3 - Select/Analyse = 4, AO4 - Evaluate =6)</i></p> <p>Valid points could include: knowledge of promotion gain attention - improve awareness increase interest - through repeated advertising catered to target market create desire - make customer want to buy - persuade/give technical information customer buys - point of sale/special offer/competitions have to get the mix right - a good in hotel display will not work if consumers are not aware of the hotel - guest will not buy if is not persuaded</p>		(12)
Level	Mark	Descriptor	
Level 3	7-12	<p>Candidate makes judgement(s) <i>The aims of a promotion campaign are to make consumers aware or increase awareness of a product or service. In this case it is to make existing and potential guests aware of the hotels and the facilities. Promotion is often referred to as above the line and below the line. Above the line is through advertising in television or newspapers. Below the line tends to be those methods which do not depend on the media such as direct mail to guests, sales promotions and point of sale promotions. Using above and below the line promotion will increase interest through repeated advertising at the target market of the hotel. It will hopefully make guests want to stay at CGH Ltd's hotels and use the facilities eg the leisure and fitness centres. Direct mailing involves sending information about CGH Ltd's hotels through the post and is considered effective at reaching the target market. Sales promotions are designed to make guests want to stay and buy other products. These are incentives which will encourage guests like coupons, competitions, free offers, which are all designed to boost hotel and leisure centre numbers in the hope that the hotel will build up brand recognition and loyalty. Of course CGH Ltd has to get the promotional mix right. A good and successful campaign must make guests aware, must remind and encourage guests by reminding them CGH Ltd's hotels are better than those of a competitor, must develop and/or improve image of CGH Ltd and must build up confidence in CGH Ltd's hotels. If the mix is not right then money will have been wasted and the time and effort which has gone into the campaign will also have been wasted.</i></p>	
Level 2	3-6	Candidate analyses	
Level 1	1-2	Candidate demonstrates knowledge	