

Business Studies B

General Certificate of Secondary Education **1952**

Mark Schemes for the Units

June 2007

1952/MS/R/07

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All Examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

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**Mark Scheme 2321/01
June 2007**

INSTRUCTIONS ON MARKING SCRIPTS

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For many question papers there will also be subject or paper specific instructions which supplement these general instructions. The paper specific instructions follow these generic ones.

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Before the Standardisation Meeting you must mark a selection of at least 10 scripts. The selection should be drawn from several Centres. The preliminary marking should be carried out **in pencil** in strict accordance with the mark scheme. In order to help identify any marking issues which might subsequently be encountered in carrying out your duties, **the marked scripts must be brought to the meeting.** (*Section 5c, page 6*)

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- a) Scripts must be marked in **red**, including those initially marked in pencil for the Standardisation Meeting.
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- c) **Annotation of scripts**

The purpose of annotation is to enable examiners to indicate clearly where a mark is earned or why it has not been awarded. Annotation can, therefore, help examiners, checkers, and those remarking scripts to understand how the script has been marked.

Annotation consists of:

- the use of ticks and crosses against responses to show where marks have been earned or not earned;
- the use of specific words or phrases as agreed at standardisation and as contained in the final mark scheme either to confirm why a mark has been earned or indicate why a mark has not been earned (eg indicate an omission);
- the use of standard abbreviations eg for follow through, special case etc.

Scripts may be returned to Centres. Therefore, any comments should be kept to a minimum and should always be specifically related to the award of a mark or marks and be taken (if appropriate) from statements in the mark scheme. General comments on a candidate's work must be avoided.

Where annotations are put onto the candidates' script evidence, it should normally be recorded in the body of the answer or in the margin immediately adjacent to the point where the decision is made to award or not award the mark.

d) Recording of marking: the scripts

- i) Marked scripts must give a clear indication of how marks have been awarded, as instructed in the mark scheme.
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- v) Every blank page should be crossed through to indicate that it has been seen. (*Section 8a – d, page 8*)

e) Handling of unexpected answers

The Standardisation Meeting will include a discussion of marking issues, including:

- a full consideration of the mark scheme in the context of achieving a clear and common understanding of the range of acceptable responses and the marks appropriate to them, and comparable marking standards for optional questions;
- the handling of unexpected, yet acceptable answers. (*Section 6a, bullet point 5, page 6*)

There will be times when you may not be clear how the mark scheme should be applied to a particular response. In these circumstances, a telephone call to the Team Leader should produce a speedy resolution to the problem. (*Appendix 5, para 17, page 26*)

General advice to Assistant Examiners on the procedures to be used

- 1 The schedule of dates for the marking of this paper is of paramount importance. It is vital that you meet these requirements. If you experience problems then you must contact your Team Leader without delay.
- 2 Please ensure that you use the final version of the Mark Scheme which will be available at the end of the Examiner's Standardisation meeting. You are advised to destroy all draft versions.
- 3 An element of professional judgement is required in the marking of any written paper, and candidates may not use the exact words which appear in the detailed sheets which follow. If the Business Studies is correct and also answers the question then the mark(s) should normally be credited. If you are in doubt about the validity of any answer then contact your Team Leader for guidance.
- 4 Mark in red. A tick (✓) should be used, at the appropriate point, for each answer judged worthy of credit.
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- 9 Abbreviations, annotations and conventions used in the detailed Mark Scheme:

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}	= brackets around text indicate that what is written is irrelevant and has been ignored

- 1 (a) **Target: Knowledge of markets.**
- (i) True [1]
- (ii) True [1]
- (b) **Target: Show knowledge and understanding of advertising.**
- Ways may include: trade magazines; leaflets; flyers; personal visits; websites; targeted mail-shots; emails; etc relevant to the building industry.
- Give a max of 2 marks for general advertising. For more than 2 marks it must be applied as below.
Give 1 mark for each way - max 2.
Give 1 mark for each development - max 2. (2 x 2) [4]
- (c) **Target: Knowledge and understanding of business activity and marketing techniques.**
- (i) Answers may refer to: name/logo already known, less advertising needed/paid for nationally, less capital required, reputation already established, etc.
Allow any valid idea. [1]
- (ii) The answer will clearly depend on the franchise selected, but expect reference to: quality, variety of products; brand image; sponsorship; etc.
NB **not** advertising.
Give 1 mark for a basic suggestion and 1 mark for the explanation.
NB no mark for just naming the franchise.
If there is no named franchise or if the business named is not a franchise a max of 1 mark is available. [2]
- (d) **Target: Select, organise, analyse and evaluate knowledge and understanding of market research.**
- (i) Allow primary and secondary or any examples of these eg questionnaires, interviews, internet.
Give 1 mark for the method and 1 mark for some development. [2]
- (ii) Candidates may mention:
For: find out if it is a worthwhile idea; discover who to market to; save money in the long run; etc.
Against: costly; time consuming etc.
- Level 3 [5-6 marks]**
Candidates will offer a clear statement of both sides of the argument. At the top the answer will be relevant to the situation and/or is able to come to a conclusion.
- Level 2 [3-4 marks]**
Candidates offer some analysis relating to should **or** should not.
- Level 2 [1-2 marks]**
Candidates show some relevant knowledge and application. [6]

Candidates will be awarded marks for the quality of their written communication according to the following criteria.

Ideas are expressed clearly, fluently, legibly and in an appropriate way. There are few errors in spelling, punctuation and grammar.	2
Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar, but these do not obscure the mean of the answer.	1
Candidate fails to reach the threshold standard in all respects.	0

Total Marks: [19]

- 2 (a) **Target: Knowledge and understanding of organisations.**
Limited Liability, more finance, etc. [1]
- (b) **Target: Ability to organise, select and use information.**
30%. [1]
- (c) **Target: Ability to show knowledge and understanding of production management.**
- (i) Answer 3 - 'The firm is able to produce large quantities of different products'.
Accept the first tick only. [1]
- (ii) **Target: Application of knowledge of management of production.**

Candidates may mention: need to manufacture a different quantity/colours/styles for each of the big 4; necessity to change production; need to change again for the other 30%. Flow requires continuous production; etc.
- Level 2 [3-4 marks]**
Candidates can clearly relate the idea of batch production to Gift Deco's Ltd's situation. There is some attempt to address 'be suitable for Gift Deco Ltd' eg mentions 'party'.
- Level 1 [1-2 marks]**
Candidates list points and/or largely repeat the definition and/or ignore 'be suitable for Gift Deco's Ltd' and/or offers generic points eg quicker. [4]
- (d) **Target: Organise, select, analyse and evaluate knowledge and understanding of management of resources and financial control.**
- (i) It leads to high stock levels (1) [especially in October (1)] which may be difficult to store (1). Award other sensible comments in a similar way. [2]
Give 1 mark for a basic point and 1 mark for development.
'Stock falls in October therefore not enough in December' (1)
- (ii) Candidates should indicate that this will lead to a cash flow problem (1), though the term may not be used, and then briefly explain for the second mark. Award other sensible comments in a similar way. (1 + 1) [2]
- (iii) Candidates may suggest: persuade customers to take stock early; try to find new markets other than Christmas; factorisation of invoices; increase sales to smaller customers who might pay earlier; etc. Allow any sensible suggestion. OFR applies to a max of 3 marks.
- Level 3 [4-6 marks]**
Candidates can discuss ways to overcome the problems and, at the top, these ways are clearly applicable.

Level 2 [2-3 marks]

Candidates can offer relevant application and analysis.

Level 1 [1 mark]

Candidates show some knowledge of solutions.

[6]**Total Marks:****[17]**

- 3 (a) **Target: Select, organise and use information on final accounts.**
 Overheads increase by £80000 (1) to £880000 (1).
 Net profits would fall by £80000 to £420000 (1).
 OFR applies.
 3 marks for the correct answer. [3]
 2 marks for £880000
- (b) **Target: Select, organise, analyse and evaluate knowledge and understanding of final accounts.**
- (i) Give 1 mark for basic knowledge – they are the owners, to prevent them from selling their shares, to prevent trouble at the AGM, etc.
 Give 1 mark for explanation of the point. [2]
- (ii) Give 1 mark for basic knowledge – to increase efficiency, to reduce time taken, to increase production/quality, to compete with rivals, etc.
 Give 1 mark for explanation of the point. [2]
- (c) **Target: To analyse and evaluate the most appropriate source of finance.**
- Shares – raise large sum of money, but dilutes control of the firm and is more expensive than using profits and takes longer to organise. Would leave profits for other uses.
- Loan – immediately available, does not dilute ownership.
- Level 2 [2-4 marks]**
 Candidates are able to give supported advice which may look at just issuing shares, but may compare the two. Answers that do compare will be at the top. Answers at the bottom will offer only very limited support.
- Level 1 [1 mark]**
 Candidates are able to offer analysis. [4]
- Total Marks: [11]**

- 4 (a) **Target: Knowledge and understanding of stakeholders.**
- (i) Eg suppliers, customers, government.
Allow any valid idea. [1]
- (ii) Eg workers, managers, directors, shareholders, etc. [1]
- (b) **Target: Apply knowledge and understanding of communication.**
- The answer will depend on the stakeholder identified. OFR applies eg meetings, reports, face to face, letters, email, phone, etc.
Give 1 mark for a sensible method.
Give 2 marks for the explanation related to 'stakeholder'. (1 + 2)
Shareholders: 'annual report (1) because it gives lots of information (1) and they can read it at their leisure' (1). [3]
- (c) **Target: Organise, select, analyse and evaluate knowledge and understanding of motivation.**
- (i) Candidates are likely to offer: company and/or section meetings, notice boards, face to face, email, intranet, etc. Allow any sensible idea. (2 x 1) [2]
- (ii) Answers will depend on the business, but are likely to depend on: the quality of communication; the way it is done; etc. OFR applies.
- NB: Although there is no mark for the name of the business failure to supply a name will limit candidates to the bottom of the appropriate level.*
- Level 3 [5-6 marks]**
Candidates offer supported discussion showing whether or not communication results in motivation.
- Level 2 [3-4 marks]**
Candidates applies knowledge and analyses the methods stated in (c)(i).
- Level 1 [1-2 marks]**
Candidates display knowledge of methods of motivation. [6]
- Total Marks: [13]**

**Mark Scheme 2321/02
June 2007**

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1 (a) **Target: Knowledge of markets.**

NB: For both parts do not allow 'sell to consumers/industry'.

(i) Selling of goods to the final user – give the mark for 'final use' idea. [1]

(ii) Selling of goods to a firm that will **use them in the production** of final goods or trading between similar companies. [1]

(b) **Target: Select, organise, analyse and evaluate knowledge and understanding of markets and marketing techniques.**

(i) Disadvantages may include: limited number of customers; misses out on large consumers/DIY market; will not receive direct feedback from the 'end user' etc. Allow any valid suggestion. Give 1 mark for a basic statement and 1 mark for some application. [2]

(ii) Ways may include: trade fairs; trade magazines; inviting builders to visit their head office; etc.

Level 2 [3 – 4 marks]

Candidates can make a clear recommendation supported by reasons.

Level 1 [1 – 2 marks]

Candidates show knowledge and application of appropriate methods. Unspecified advertising or general promotion will be at this level. [4]

(c) **Target: Knowledge and understanding of business activity and marketing techniques.**

(i) Removes direct day to day responsibility for the effectiveness of the stores; provides a source of income; allows faster expansion than if Wang Holdings had to find all the capital etc. Allow any valid suggestion. 2 x 1 [2]

(ii) The answer will clearly depend on the franchise selected, but expect reference to: quality; variety of products; brand image; sponsorship; etc.

Do **not** accept advertising.

Give 1 mark for basic suggestion and 1 mark for the explanation.

NB: No mark for just naming the franchise.

If there is no named franchise or if the business named is not a franchise a max of 1 mark is available. [2]

(d) **Target: Select, organise, analyse and evaluate knowledge and understanding of market research.**

(i) Allow primary and secondary or any examples of these eg questionnaires, interviews, internet. Give 1 mark for the method and 1 mark for some development. eg 'a survey (1) of local builders to find out what they wanted (1)' [2]

- (ii) Candidates may mention:
 For: find out if it is a worthwhile idea; discover who to market to; save money in the long run; etc.
 Against: costly; time consuming; etc.

Level 3 [5 - 6 marks]

Candidates will offer a clear statement of both sides of the argument. At the top the answer will be relevant to the situation and/or is able to come to a conclusion.

Level 2 [3 - 4 marks]

Candidates offer some analysis relating to do **or** don't.

Level 2 [1 - 2 marks]

Candidates show some relevant knowledge and application.

[6]

Candidates will be awarded marks for the quality of their written communication according to the following criteria.

Ideas are expressed clearly, fluently, legibly and in an appropriate way. There are few errors in spelling, punctuation and grammar.

2

Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer.

1

Candidate fails to reach the threshold standard in all respects.

0

Total Marks: [22]

2 (a) **Target: Knowledge and understanding of organisations.**

Cannot sell shares to the general public/cannot trade its shares freely; must complete legal documentation [Memorandum & Articles of Association]; less flexible than sole trader; etc.
Allow any valid suggestion. [1]

(b) **Target: Knowledge and application of knowledge of management of production.**

Give 2 marks for a clear answer eg where a quantity of one product is produced followed by a quantity of another product.
Give 1 mark for an answer which has some idea of this. [2]

(c) **Target: Application of knowledge of management of production.**

Candidates may mention: need to manufacture a different quantity/colours/ styles for each of the big 4; necessity to change production; need to change again for the other 30% etc. Flow requires continuous production; etc.

Level 2 [3 - 4 marks]

Candidates can clearly relate the idea of batch production to Gift Deco Ltd's situation. There is some attempt to address 'be suitable for Gift Deco Ltd' eg mentions 'party'.

Level 1 [1 - 2 marks]

Candidates list points and/or largely repeat the definition and/or ignore 'be suitable for Gift Deco Ltd' and/or offer generic points eg quicker. [4]

(d) **Target: Select, organise, apply and evaluate knowledge and understanding of management of resources and financial control.**

(i) It leads to high stock levels (1) [especially in October (1)] which may be difficult to store (1). Award other sensible comments in a similar way. [2]
Give 1 mark for a basic point and 1 mark for development.
'Stock falls in October therefore not enough in December' (1)

(ii) Candidates should indicate that this will lead to a cash flow problem (1), though the term may not be used, and then briefly explain for the second mark. Award other sensible comments in a similar way. (1 + 1) [2]

(iii) Candidates may suggest: persuade customers to take stock early; try to find new markets other than Christmas; factorisation of invoices; increase sales to smaller customers who might pay earlier; etc.
Allow any sensible suggestion. OFR applies to a max of 3 marks.

Level 3 [4 - 6 marks]

Candidates can discuss ways to overcome the problems and, at the top, these ways are clearly applicable.

Level 2 [2 - 3 marks]

Candidates can offer relevant application and analysis.

Level 1 [1 mark]

Candidates show some knowledge of solutions.

[6]

Total Marks: [17]

3 (a) Target: Select, organise and use information on final accounts.

Turnover would rise from 5,000,000 to 6,000,000 (1) while cost of sales would increase from 3,600,000 to 4,500,000 (1). Gross profits increase from 1,400,000 to 1,500,000 (1). The increase is 100,000 (1).
An answer of +£100,000 is worth 4 marks. OFR applies.

[4]**(b) Target: Organise, select, analyse and evaluate knowledge and understanding of final accounts.**

For: Keeps owners happy, may enable future share issue.

Against: Money not available for re-investment; may have been short of reserves.

Level 3 [5 – 6 marks]

Candidates are able to discuss whether this is the best way of using net profits. Candidates who put this in context, including those who say a final decision is impossible because of the lack of detail, will be at the top as will those who reach an appropriate conclusion

Level 2 [3 - 4 marks]

Candidates are able to offer application and analysis.

Level 1 [1 – 2 marks]

Candidates offer relevant knowledge.

[6]**Total Marks: [10]**

4 (a) **Target: Knowledge and understanding of stakeholders.**

Give 2 marks for a clear idea that may refer to both internal and external stakeholders and/or offer an example.

Give 1 mark for a basic idea eg 'people who have an interest in the company' or examples. [2]

No credit for Stakeholder = Shareholder.

(b) **Target: Select, organise and analyse knowledge and understanding of Stakeholders.**

Candidates may take this in a narrow sense eg suppliers, customers or in a broad sense of all externals. OFR applies.

Give 1 mark for an example.

Give 1 mark for a basic statement.

Give 1 mark for some analysis of 'why' re external.

'R & R plc would want to contact its customers (1) to let them know about product developments (1) otherwise they might not get to hear about them (1)'. [3]

(c) **Target: Select, organise, analyse and evaluate knowledge and understanding of motivation.**

Candidates answers will depend on the business. Points made may refer to: labour turnover; absenteeism; productivity; output; etc as evidence.

NB: Although there is no mark for the name of the business failure to supply a name will limit candidates to the bottom of the appropriate level.

Level 3 [4 - 6 marks]

Candidates are able to discuss how successful their business is in motivating its employees. At the top the answer is clearly supported with evidence.

Level 2 [2 - 3 marks]

Candidates are able to offer some application and analysis.

Level 1 [1 mark]

Candidates offer some relevant knowledge. [6]

Total Marks: [11]

**Mark Scheme 2323/01
June 2007**

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- 3 An element of professional judgement is required in the marking of any written paper, and candidates may not use the exact words which appear in the detailed sheets which follow. If the Business Studies is correct and also answers the question then the mark(s) should normally be credited. If you are in doubt about the validity of any answer then contact your Team Leader for guidance.
- 4 Mark in red. A tick (✓) should be used, at the appropriate point, for each answer judged worthy of credit.
- 5 Strike through all blank spaces and/or pages in order to give a clear indication that the whole of the script has been considered.
- 6 The mark total for each question should normally be ringed at the bottom right hand side.
- 7 In cases where candidates give multiple answers, mark the first answer(s) up to the total number required. In specific cases where this simple rule cannot be applied, the exact procedure to be used will be given in detail at the Examiners' Standardisation meeting.
- 8 Some questions may have a 'Level of Response' mark scheme. Details of these are given in Appendices attached to the Mark Scheme.
- 9 Abbreviations, annotations and conventions used in the detailed Mark Scheme:

/	= alternative and acceptable answers for the same marking point
NOT	= answers which are not worthy of credit
()	= words which are not essential to gain credit
<u> </u>	= (underlining) key words which must be used to gain credit
ecf	= error carried forward
AW	= alternative wording
ora	= or reverse argument
- 10 Abbreviations to be used when marking

^	= omission mark
BOD	= benefit of the doubt
NBOD	= benefit of the doubt not given
OFR	= own figure rule
NTQ	= not the question
R	= repetition
}	= brackets around text indicate that what is written is irrelevant and has been ignored

- 1 (a) **Target: The ability to distinguish between public and private enterprises.**
- 1 mark for each feature of enterprises identified correctly. [4]
- Owned by the state – **Public**.
Pays dividends to investors – **Private**.
Reports to shareholders at the Annual General Meeting – **Private**.
Sole traders have unlimited liability – **Private**.
- NB: If candidates tick both private and public then no marks.**
- (b) **Target: The ability to demonstrate knowledge of the Mixed Economy and apply to a specific business.**
- (i) Lower operating costs may occur because the council is non-profit making (1) and so does not charge the full market price (1). [2]
- Other relevant reasons might include:
Public sector incentives/subsidies to assist regional development.
- 2 marks for a clear explanation.
1 mark for a rewardable statement.
- (ii) Out-of-date buildings and facilities may occur because the council has limited funding from local taxation (1) and so cannot afford to update them (1). [2]
- Other relevant reasons might include:
Higher priorities elsewhere in the local economy, eg social service provision.
- 2 marks for a clear explanation.
1 mark for a rewardable statement.
- (c) **Target: The ability to consider how a firm needs to be aware of the effect of changing patterns of employment.** [2]
- 1 mark for each correct worry of the firm.
- The correct answers are:
- Consumers will spend less.
 - Fewer holidays will be taken abroad.
- NB: If candidates tick more than two options then the first two are to be accepted.**

(d) **Target: The ability to illustrate the influence of environmental concern on business.**

(i) 1 mark for each correct example of environmental damage. Suitable examples would include: [2]

- Noise or air pollution by more or larger planes.
- Loss of Greenfield site(s) to build the runway.
- Loss of wildlife **or** loss of wildlife sites. (N.B. Only **one** is to be rewarded.)
- New runway could mean more flights, hence more passengers and so more car parking is required and so Greenfield site(s) lost.

Any appropriate answer.

2 x 1 mark

Target: The ability to identify and explain the role of the state in protecting the environment.

(ii) Possible methods that could be used by **the state** to reduce the impact upon the environment include: [4]

- Increased taxation to reduce customer demand for flights, eg fuel tax, departure tax, etc.
- Increased charges to use the airports.
- Legal limits upon the number of flights.
- Planning restrictions to prevent growth of airports.
- Incentives to the firm to use more fuel-efficient engines or planes.
- Use of carbon offsetting schemes.
- Policies to reduce the environmental impact of other aspects of DAL's operations, eg recycling.
- Encourage research into cleaner fuels.
- Any action taken by the airport to reduce environmental impact, eg planting trees.

Any appropriate answer.

1 mark for a stated method + 1 mark for development of each in context.

1 mark for a rewardable comment.

2 x 2 marks

(e) Target: The ability to analyse and evaluate the introduction of new technology in a specific organisation.

Issues of relevance include:

[9]

- The market research results indicate that:
 - The majority of respondents felt that check-in times are about right (80%).
 - Check-in times are slowest at Dart Air Ltd (but only by 3 minutes).
 - Customers were strongly in favour of more staff being available at check-ins (75%).
 - Customers were unwilling to pay higher prices to pay for the new computer system (78%).
- The impact of slow check-in times on levels of customer satisfaction.
- The cost of a new computer system.
- Potential benefits from a new computer system.

Level 4 (7-9 marks)

Evaluates issues involved in context.

Level 3 (5-6 marks)

Analyses possible issues in context, including possible limiting of the answer to analysis of the figures only.

Level 2 (3-4 marks)

Explains possible issues in context.

Level 1 (1-2 marks)

Identifies possible issues, but not in context.

Simple repetition of information from the stem of the question even in candidate's own words is not Level 2.

Ideas are expressed clearly, fluently and in an appropriate way. There are few errors in spelling, punctuation and grammar.

2

[2]

Straightforward ideas are expressed relatively clearly, legibly and appropriate. There may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer.

1

Candidate fails to reach the threshold standard in all respects.

0

(f) Target: The ability to explain how businesses and trade unions resolve conflict.

Possible methods of avoiding conflict might include: [2]

- Negotiation or collective bargaining.
- Involvement of ACAS or another third party – conciliation, arbitration and/or mediation.
- Legal resolution, eg declaration of a strike as being illegal.
- Redeployment (and possible retraining) of existing staff within DAL.
- DAL offering highly attractive redundancy packages which workers volunteer for.
- DAL abandons plans to introduce the new computer system.
- DAL offering an attractive pay rise to compensate workers.

1 mark for a stated method + 1 mark for development of each in context.
1 mark for a rewardable statement.

Eg A conflict might be avoided by the use of collective bargaining (1 mark), which could lead to representatives of the firm and the business meeting and reaching an agreement (1 mark).

(g) Target: The ability to show knowledge and understanding of how the law protects employees in the event of redundancy.

(i) True. [1]

(ii) False. [1]

(iii) False. [1]

2 (a) Target: The ability to explain the effect of competition on business activity.

Possible responses could include:

[2]

- Changes in prices.
- Changes in promotional methods, including advertising.
- Changes in products.
- Changes in methods of distribution.
- Attempts to cut costs, eg redundancies, wage cuts, cuts in spending, etc.

Any appropriate answer.

2 marks for explanation within the context of a firm or organisation.

1 mark for a rewardable statement within the context of a firm or organisation.

1 mark for identification of a response to competition, but with no reference to a firm or organisation.

N.B. No marks for hypothetical responses. Eg 'If'

No marks for simply stating existing marketing activities.

(b) Target: The ability to evaluate the effect of changes in interest rates upon a specific business.

Arguments in favour of borrowing at a fixed rate of interest include:

[9]

- The borrower can budget more easily for the repayments + interest.
- The cost of the loan will not vary and so reduces uncertainty.
- If interest rates rise the business will not have an increase in borrowing costs and so profits will not be reduced.

Arguments against borrowing at a fixed rate of interest include:

- Interest rates might fall and better rates may become available.
- The business pays more interest on the loan than might be necessary, so causing profits to be lower than they would otherwise be.

Eg £24,000 borrowed at 6% interest would incur total interest of £1,440 per year or £2,880 over two years.

Total interest on £24,000 at 4% interest would be £960 per year or £1,920 over two years.

Therefore, if interest rates fell from 6% to 4% John could have saved £480 per year or £960 over the full two years of the loan. However, as he has already had the loan for 6 months the saving he could have made over the remaining 18 months would be £720. [NB This example is purely for demonstration purposes.]

In addition, there are general factors that may be used to answer the question and these include:

- The amount of the loan relative to the size of the business.
- The state of the market in which the firm is operating.
- The state of the local economy.
- Alternative sources of finance available to the business and their cost.

Level 4 (7-9 marks)

Evaluates arguments involved in order to reach an overall judgement in context.

Level 3 (5-6 marks)

Analyses possible arguments for and/or against in context, including possible limiting of the answer to analysis of the figures only.

Level 2 (3-4 marks)

Explains possible arguments for and/or against in context.

Level 1 (1-2 marks)

Identifies any issue(s).

NB One-sided argument cannot achieve above Level 3 (maximum of 6 marks).

Simple repetition of information from the stem of the question even in candidate's own words is not Level 2.

(c) **Target: The ability to assess the effects on business of changing patterns of employment.**

[6]

Possible advantages of the changes include:

- Greater flexibility in staffing arrangements.
- Increased ability to match staffing levels to patterns of demand.
- Decreased wage costs as workers are not working when not required.
- Longer opening hours and potential for increased sales and/or revenue.
- Increased staff motivation and productivity.

Possible disadvantages of the changes include:

- Increased total wage costs.
- Potential for greater problems in communication with and between employees.
- Part-time workers have higher labour turnover.
- Lower morale amongst part-time workers as they feel less secure.
- Lower morale of full-time employee(s) due to fear of redundancies.

Level 2 (4-6 marks)

Evaluates issues involved by making a recommendation in context. This requires some linkage between patterns of employment and opening times and/or wages.

Level 1 (1-3 marks)

Analyses the impact of possible issues on the business.

NB: One-sided answers cannot achieve above Level 1 (maximum of 3 marks).

- (d) **Target: The ability to explain and illustrate the influences of environmental concern on business behaviour.**

Each option has advantages and disadvantages attached to them:

[7]

Option 1 – Selling the waste packaging to a recycling company

Advantages include:

little or no cost to The Corner Store; revenue from sale of waste packaging; positive image of business due to recycling and possible increase in customer loyalty and/or sales; good for the environment; less waste in landfill sites or being incinerated; etc.

Disadvantages include:

revenue depends upon the market for recycled materials; nature of this market is unpredictable and means John may not be able to rely upon steady revenue stream; etc.

Option 2 – Buying more containers and leaving the waste to be collected by the local council

Advantages include:

no on-going costs to The Corner Store; form of payback to The Corner Store for payment of local taxation; etc.

Disadvantages include:

initial cost of buying the containers; puts more pressure on local council landfill sites/incinerators; lost opportunity to be seen as more environmentally friendly; possible damage to the environment caused by the council disposing of the waste; etc.

Level 3 (5-7 marks)

Evaluates issues involved in context and puts forward a recommendation.

Level 2 (3-4 marks)

Analyses possible issues in context.

Level 1 (1-2 marks)

Explains possible issues in context.

NB: One-sided answers cannot achieve above Level 2 (maximum of 4 marks).

Simple repetition of information from the stem of the question even in candidate's own words is not Level 1.

(e) Target: The ability to exemplify behaviour that is ethical and unethical.

The actions of the owner of The Corner Store may be considered by parents to be unethical as they involve:

[2]

- Advertising that is directed at children.
- Selling products that can damage children's teeth.
- Selling products that some might think to be contributing to an unhealthy diet.

2 x 1 mark

1 mark for each acceptable reason.

(f) Target: The ability to demonstrate knowledge and understanding of UK taxation.

Accept any example of UK taxation, including income tax, VAT, excise duty, corporation tax, inheritance tax, council tax, business rates, capital gains tax, national insurance contributions (NICs), vehicle excise duty ('road tax'), petroleum revenue tax, oil royalties, etc.

[2]

2 x 1 mark

Mark Scheme 2323/02
June 2007

INSTRUCTIONS ON MARKING SCRIPTS

All page references relate to the Instructions to Examiner booklet (revised June 2006)

For many question papers there will also be subject or paper specific instructions which supplement these general instructions. The paper specific instructions follow these generic ones.

1 Before the Standardisation Meeting

Before the Standardisation Meeting you must mark a selection of at least 10 scripts.

The selection should be drawn from several Centres. The preliminary marking should be carried out **in pencil** in strict accordance with the mark scheme. In order to help identify any marking issues which might subsequently be encountered in carrying out your duties, **the marked scripts must be brought to the meeting.** (*Section 5c, page 6*)

2 After the Standardisation Meeting

- a) Scripts must be marked in **red**, including those initially marked in pencil for the Standardisation Meeting.
- b) All scripts must be marked in accordance with the version of the mark scheme agreed at the Standardisation Meeting.

f) Annotation of scripts

The purpose of annotation is to enable examiners to indicate clearly where a mark is earned or why it has not been awarded. Annotation can, therefore, help examiners, checkers, and those remarking scripts to understand how the script has been marked.

Annotation consists of:

- the use of ticks and crosses against responses to show where marks have been earned or not earned;
- the use of specific words or phrases as agreed at standardisation and as contained in the final mark scheme either to confirm why a mark has been earned or indicate why a mark has not been earned (eg indicate an omission);
- the use of standard abbreviations eg for follow through, special case etc.

Scripts may be returned to Centres. Therefore, any comments should be kept to a minimum and should always be specifically related to the award of a mark or marks and be taken (if appropriate) from statements in the mark scheme. General comments on a candidate's work must be avoided.

Where annotations are put onto the candidates' script evidence, it should normally be recorded in the body of the answer or in the margin immediately adjacent to the point where the decision is made to award or not award the mark.

d) Recording of marking: the scripts

- i) Marked scripts must give a clear indication of how marks have been awarded, as instructed in the mark scheme.
- ii) All numerical marks for responses to part questions should be recorded unringed in the right-hand margin. The total for each question (or, in specified cases, for each page) should be shown as a single ringed mark in the right-hand margin at the end of each question.
- iii) The ringed totals should be transferred to the front page of the script, where they should be totalled.
- iv) Every page of a script on which the candidate has made a response should show evidence that the work has been seen.
- v) Every blank page should be crossed through to indicate that it has been seen. (*Section 8a – d, page 8*)

e) Handling of unexpected answers

The Standardisation Meeting will include a discussion of marking issues, including:

- a full consideration of the mark scheme in the context of achieving a clear and common understanding of the range of acceptable responses and the marks appropriate to them, and comparable marking standards for optional questions;
- the handling of unexpected, yet acceptable answers. (*Section 6a, bullet point 5, page 6*)

There will be times when you may not be clear how the mark scheme should be applied to a particular response. In these circumstances, a telephone call to the Team Leader should produce a speedy resolution to the problem. (*Appendix 5, para 17, page 26*)

General advice to Assistant Examiners on the procedures to be used

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- 2 Please ensure that you use the final version of the Mark Scheme which will be available at the end of the Examiner's Standardisation meeting. You are advised to destroy all draft versions.
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- 4 Mark in red. A tick (✓) should be used, at the appropriate point, for each answer judged worthy of credit.
- 5 Strike through all blank spaces and/or pages in order to give a clear indication that the whole of the script has been considered.
- 6 The mark total for each question should normally be ringed at the bottom right hand side.
- 7 In cases where candidates give multiple answers, mark the first answer(s) up to the total number required. In specific cases where this simple rule cannot be applied, the exact procedure to be used will be given in detail at the Examiners' Standardisation meeting.
- 8 Some questions may have a 'Level of Response' mark scheme. Details of these are given in Appendices attached to the Mark Scheme.
- 9 Abbreviations, annotations and conventions used in the detailed Mark Scheme:

/	= alternative and acceptable answers for the same marking point
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- 10 Abbreviations to be used when marking

^	= omission mark
BOD	= benefit of the doubt
NBOD	= benefit of the doubt not given
OFR	= own figure rule
NTQ	= not the question
R	= repetition
}	= brackets around text indicate that what is written is irrelevant and has been ignored

- 1 (a) **Target: The ability to explain the distinction between private and public enterprise.**
- (i) Private enterprise is owned by private individuals with the aim of trying to make a profit for the owner(s), eg sole traders, partnerships and limited companies. [2]
- 2 marks for a clear explanation (possibly including an example of private enterprise).
1 mark for a rewardable statement **or** an example of private enterprise.
- (ii) Public enterprise is owned and run by the state with the aim of providing a service, eg NHS, state education, central and local government, etc. [2]
- 2 marks for a clear explanation (possibly including an example of public enterprise).
1 mark for a rewardable statement **or** an example of public enterprise.
- (b) **Target: The ability to demonstrate knowledge of the Mixed Economy and apply to a specific business.**
- (i) Lower operating costs may occur because the council is non-profit making (1) and so does not charge the full market price (1). [2]
- Other relevant reasons might include:
Public sector incentives/subsidies to assist regional development.
- 2 marks for a clear explanation.
1 mark for a rewardable statement.
- (ii) Out-of-date buildings and facilities may occur because the council has limited funding from local taxation (1) and so cannot afford to update them (1). [2]
- Other relevant reasons might include:
Higher priorities elsewhere in the local economy, eg social service provision.
- 2 marks for clear explanation.
1 mark for a rewardable statement.
- (c) **Target: The ability to consider how a firm needs to be aware of the effect of changing patterns of employment.** [2]
- Possible issues related to rising unemployment include:
- Loss of disposable income leading to lower demand for foreign holidays.
 - Sign of lower profits for firms might mean lower demand for business travel.
 - A lot of low-cost travel is based upon the local demand for travel (unlike Heathrow).
- 2 marks for a clear explanation.
1 mark for a rewardable statement.

(d) **Target: The ability to explain the influence of environmental concern upon business.**

(i) Possible reasons include: [2]

A new longer runway might have caused the following local concerns about the airport:

- Negative environmental aspects such as:
 - Noise or air pollution by more or larger planes.
 - Loss of greenfield site(s) to build the runway.
 - Loss of wildlife sites.
 - New runway could mean more flights, hence more passengers and so more car parking is required and so greenfield site(s) lost.
- Loss of local housing.
Local opposition/pressure groups opposing the plans and planning permission is refused.

Any appropriate answer.

2 marks for a clear explanation.

1 mark for a rewardable statement.

Target: The ability to identify and explain the role of the state in protecting the environment.

(ii) Possible methods that could be used by **the state** to reduce the impact upon the environment include: [4]

- Increased taxation to reduce customer demand for flights, eg fuel tax, departure tax, etc.
- Increased charges to use the airports.
- Legal limits upon the number of flights.
- Planning restrictions to prevent growth of airports.
- Incentives to the firm to use more fuel-efficient engines or planes.
- Use of carbon offsetting schemes.
- Policies to reduce the environmental impact of other aspects of DAL's operations, eg recycling.
- Encourage research into cleaner fuels.
- Any action taken by the airport to reduce environmental impact, eg planting trees.

Any appropriate answer.

1 mark for a stated method + 1 mark for development of each in context.

1 mark for a rewardable comment.

2 x 2 marks

- (e) **Target: The ability to analyse and evaluate the introduction of new technology in a specific organisation.** [9]

Issues of relevance include:

- The market research indicates that:
 - Customers would like quicker check-in times, but not at all costs.
 - Check-in times are slower at Dart Air Ltd.
 - Customers are in favour of keeping friendly customer service staff.
 - Customers are unwilling to pay higher prices to pay for the new computer system.
- The impact of slow check-in times on levels of customer satisfaction.
- The cost of a new computer system.
- Potential benefits from a new computer system.

Level 4 (7-9 marks)

Evaluates issues involved in context.

Level 3 (5-6 marks)

Analyses possible issues in context.

Level 2 (3-4 marks)

Explains possible issues in context.

Level 1 (1-2 marks)

Identifies possible issues, but not in context.

N.B. One-sided argument cannot achieve above Level 3.

Simple repetition of information from the stem of the question even in candidate's own words is not Level 2.

Ideas are expressed clearly, fluently and in an appropriate way. There are few errors in spelling, punctuation and grammar.	2	[2]
Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer.	1	
Candidate fails to reach the threshold standard in all respects.	0	

(f) Target: The ability to explain how businesses and trade unions resolve conflict.

(i) Possible methods of avoiding conflict might include: [2]

- Negotiation or collective bargaining.
- Involvement of ACAS or another third party – conciliation, arbitration and/or mediation.
- Legal resolution, eg declaration of a strike as being illegal.
- Redeployment (and possible retraining) of existing staff within DAL.
- DAL offering highly attractive redundancy packages which workers volunteer for.
- DAL abandons plans to introduce the new computer system.
- DAL offering an attractive pay rise to compensate workers.

1 mark for a stated method + 1 mark for development of each in context.
1 mark for a rewardable statement.

Eg A conflict might be avoided by the use of collective bargaining (1 mark), which could lead to representatives of the firm and the business meeting and reaching an agreement (1 mark).

Target: The ability to show knowledge and understanding of how the law protects employees in the event of redundancy. [3]

- (ii)** Employees are protected in the following ways:
- Employers are obliged to give warnings of possible redundancies to workers.
 - A period of notice must normally be given prior to redundancies occurring (depending upon length of service).
 - Redundancy compensation payments are to be paid to employees with two years' continuous employment.
 - Workers who feel that they have been unfairly selected for redundancy can claim unfair dismissal.
 - To be considered fair redundancy must be carried out in an approved manner.
 - Redundancy can only occur in certain circumstances, such as where a job no longer exists.

Either:

2-3 marks for a developed explanation.
1 mark for a rewardable statement.

Or:

Up to 3 x 1 mark for each rewardable statement.

- 2 (a) **Target: The ability to explain the effect of competition on business activity.**

Possible responses could include:

[2]

- Changes in prices.
- Changes in promotional methods, including advertising.
- Changes in products.
- Changes in methods of distribution.
- Attempts to cut costs, eg redundancies, wage cuts, cuts in spending, etc.

Any appropriate answer.

2 marks for explanation within the context of a firm or organisation.

1 mark for a rewardable statement within the context of a firm or organisation.

1 mark for identification of a response to competition, but with no reference to a firm or organisation.

N.B. No marks for hypothetical responses. Eg 'If'

No marks for simply stating existing marketing activities.

(b) Target: The ability to evaluate the effect of changes in interest rates upon a specific business.

Arguments in favour of borrowing at a fixed rate of interest include:

[9]

- The borrower can budget more easily for the repayments + interest.
- The cost of the loan will not vary and so reduces uncertainty.
- If interest rates rise the business will not have an increase in borrowing costs and so profits will not be reduced.

Arguments against borrowing at a fixed rate of interest include:

- Interest rates might fall and better rates may become available.
- The business pays more interest on the loan than might be necessary, so causing profits to be lower than they would otherwise be.

Eg £24,000 borrowed at 6% interest would incur total interest of £1,440 per year or £2,880 over two years.

Total interest on £24,000 at 4% interest would be £960 per year or £1,920 over two years.

Therefore, if interest rates fell from 6% to 4% John could have saved £480 per year or £960 over the full two years of the loan. However, as he has already had the loan for 6 months the saving he could have made over the remaining 18 months would be £720. [NB This example is purely for demonstration purposes.]

In addition, there are general factors that may be used to answer the question and these include:

- The amount of the loan relative to the size of the business.
- The state of the market in which the firm is operating.
- The state of the local economy.
- Alternative sources of finance available to the business and their cost.

Level 4 (7-9 marks)

Evaluates arguments involved in order to reach an overall judgement in context.

Level 3 (5-6 marks)

Analyses possible arguments for and/or against in context, including possible limiting of the answer to analysis of the figures only.

Level 2 (3-4 marks)

Explains possible arguments for and/or against in context.

Level 1 (1 – 2 marks)

Identifies any issue(s).

N.B. One-sided argument cannot achieve above Level 3 (maximum of 6 marks).

Simple repetition of information from the stem of the question even in candidate's own words is not Level 2.

(c) **Target: The ability to assess the effects on business of changing patterns of employment.**

Possible advantages of the changes include:

[7]

- Greater flexibility in staffing arrangements.
- Increased ability to match staffing levels to patterns of demand.
- Decreased wage costs as workers are not working when not required.
- Longer opening hours and potential for increased sales and/or revenue.
- Increased staff motivation and productivity.

Possible disadvantages of the changes include:

- Increased total wage costs.
- Potential for greater problems in communication with and between employees.
- Part-time workers have higher labour turnover.
- Lower morale amongst part-time workers as they feel less secure.
- Lower morale of full-time employee(s) due to fear of redundancies.

Level 3 (5-7 marks)

Evaluates issues involved by making a recommendation in context.

Eg I think that John should go ahead with his planned changes in the pattern of employment. This is because it is important that in order to compete effectively with the local supermarkets John attracts local consumers who will remain loyal to The Corner Store as they know that it will be open for longer and so offers opportunities for customers to buy necessity products when the supermarkets may be less convenient for quick purchases.

Level 2 (3-4 marks)

Analyses the impact of possible issues on the business.

Level 1 (1-2 marks)

Explains possible arguments for and/or against in context.

N.B. One-sided answers cannot achieve above Level 2 (maximum of 4 marks).

- (d) **Target: The ability to explain and illustrate the influences of environmental concern on business behaviour.**

Each option has advantages and disadvantages attached to them:

[8]

Option 1 – Selling the waste packaging to a recycling company

Advantages include: little or no cost to The Corner Store; revenue from sale of waste packaging; positive image of business due to recycling & possible increase in customer loyalty and/or sales; good for the environment; less waste in landfill sites or being incinerated; etc.
Disadvantages include: revenue depends upon the market for recycled materials; nature of this market is unpredictable & means John may not be able to rely upon steady revenue stream; etc.

Option 2 – Signing a contract with a private waste disposal company

Advantages include: contract is legally enforceable; private sector may be seen to be more efficient due to competition and profit motive; etc.
Disadvantages include: cost of the contract; terms of the contract; lost opportunity to be seen as more environmentally friendly; possible damage to the environment caused by the company disposing of the waste; etc.

Option 3 – Leaving the waste to be collected by the local council

Advantages include: no on-going costs to The Corner Store; form of payback to The Corner Store for payment of local taxation; etc.
Disadvantages include: puts more pressure on local council landfill sites/incinerators; lost opportunity to be seen as more environmentally friendly; possible damage to the environment caused by the council disposing of the waste; etc.

Level 4 (7-8 marks)

Evaluates issues involved in context and puts forward a recommendation.

Level 3 (5-6 marks)

Analyses possible issues in context.

Level 2 (3-4 marks)

Explains possible issues in context.

Level 1 (1-2 marks)

Identifies possible issues on context.

N.B. One-sided answers cannot achieve above Level 3 (maximum 6 marks).

- (e) **Target: The ability to exemplify behaviour that is ethical and unethical.**

The actions of the owner of The Corner Store may be considered by parents to be unethical as they involve:

[2]

- Advertising that is directed at children.
- Selling products that can damage children's teeth.
- Selling products that some might think to be contributing to an unhealthy diet.

2 x 1 mark.

1 mark for each acceptable reason.

**Mark Scheme 2324/01
June 2007**

INSTRUCTIONS ON MARKING SCRIPTS

All page references relate to the Instructions to Examiner booklet (revised June 2006)

For many question papers there will also be subject or paper specific instructions which supplement these general instructions. The paper specific instructions follow these generic ones.

1 Before the Standardisation Meeting

Before the Standardisation Meeting you must mark a selection of at least 10 scripts. The selection should be drawn from several Centres. The preliminary marking should be carried out **in pencil** in strict accordance with the mark scheme. In order to help identify any marking issues which might subsequently be encountered in carrying out your duties, **the marked scripts must be brought to the meeting.** (*Section 5c, page 6*)

2 After the Standardisation Meeting

- a) Scripts must be marked in **red**, including those initially marked in pencil for the Standardisation Meeting.
- b) All scripts must be marked in accordance with the version of the mark scheme agreed at the Standardisation Meeting.
- g) **Annotation of scripts**

The purpose of annotation is to enable examiners to indicate clearly where a mark is earned or why it has not been awarded. Annotation can, therefore, help examiners, checkers, and those remarking scripts to understand how the script has been marked.

Annotation consists of:

- the use of ticks and crosses against responses to show where marks have been earned or not earned;
- the use of specific words or phrases as agreed at standardisation and as contained in the final mark scheme either to confirm why a mark has been earned or indicate why a mark has not been earned (eg indicate an omission);
- the use of standard abbreviations eg for follow through, special case etc.

Scripts may be returned to Centres. Therefore, any comments should be kept to a minimum and should always be specifically related to the award of a mark or marks and be taken (if appropriate) from statements in the mark scheme. General comments on a candidate's work must be avoided.

Where annotations are put onto the candidates' script evidence, it should normally be recorded in the body of the answer or in the margin immediately adjacent to the point where the decision is made to award or not award the mark.

d) Recording of marking: the scripts

- i) Marked scripts must give a clear indication of how marks have been awarded, as instructed in the mark scheme.
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- v) Every blank page should be crossed through to indicate that it has been seen. (*Section 8a – d, page 8*)

e) Handling of unexpected answers

The Standardisation Meeting will include a discussion of marking issues, including:

- a full consideration of the mark scheme in the context of achieving a clear and common understanding of the range of acceptable responses and the marks appropriate to them, and comparable marking standards for optional questions;
- the handling of unexpected, yet acceptable answers. (*Section 6a, bullet point 5, page 6*)

There will be times when you may not be clear how the mark scheme should be applied to a particular response. In these circumstances, a telephone call to the Team Leader should produce a speedy resolution to the problem. (*Appendix 5, para 17, page 26*)

General advice to Assistant Examiners on the procedures to be used

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- 4 Mark in red. A tick (✓) should be used, at the appropriate point, for each answer judged worthy of credit.
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- 7 In cases where candidates give multiple answers, mark the first answer(s) up to the total number required. In specific cases where this simple rule cannot be applied, the exact procedure to be used will be given in detail at the Examiners' Standardisation meeting.
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BOD	= benefit of the doubt
NBOD	= benefit of the doubt not given
OFR	= own figure rule
NTQ	= not the question
R	= repetition
}	= brackets around text indicate that what is written is irrelevant and has been ignored

- 1 (a) (i) **Target: Ability to demonstrate knowledge of business objectives and apply to case material.**

States valid objective ie reduce costs, increase revenue, expand number of outlets, diversify/expand range of products/spread risk. Allow increase profit as an overall objective from these.

[2]

- (ii) **Target: Ability to apply and analyse business objectives in the context of case material.**

States valid reason for change in business objective eg decrease in profits, need to reduce costs, increased competition, effect of new technology.

(1)

Explains in the context of AnB plc.

(1)

[2]

- (b) (i) **Target: Ability to demonstrate knowledge of information requirements and evaluate in the context of the case study material.**

Knowledge Base: Good features of market research method eg national research, large sample, independent. However, secondary research may be out of date, not specific to AnB, may not be fit for purpose.

Level 3 (5-6 marks)

Provides an overall conclusion based on analysis of advantages and/or disadvantages.

Level 2 - (3-4 marks)

Explains positive or negative features of research methods in the context of AnB plc.

Level 1 (1-2 marks)

Identifies features of research method and/or usefulness of research.

Questions not addressing the "way" of collection – maximum

Level 1

[6]

Candidates will also be assessed for the quality of their written communication, according to the following criteria:

<i>Ideas expressed clearly, fluently, legibly and in an appropriate way. There are few errors in spelling, punctuation and grammar.</i>	2	
<i>Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer.</i>	1	
<i>Candidate fails to reach the threshold standard in all respects.</i>	0	2

(ii) Target: Ability to demonstrate knowledge and understanding of data presentation methods.

Explains that answers are comments (not figures), would be different for every person, would not “add-up”, would lose detail if aggregated etc.

Allow two reasons (1 x 2) or one reason developed (2 x 1). **[2]**

(c) Target: Ability to demonstrate knowledge of business decisions and apply in the context of the case material.

States one advantage of keeping branches open by referring to Appendix 2, eg 68% rate local bank as important, would like to speak to a person, want a branch (but at convenient hours) (allow negatives eg customers do not like automated response to telephone calls), rivals are not likely to follow. (1)

Explains in context of benefits to AnB plc eg would allow sales to increase by providing what the customers would want. (1)

States one disadvantage of keeping branches open eg refers to data on use or importance of telephone and internet banking. (1)

Explains in context of case study eg costs would increase, would need more staff, already a problem. (1) **[4]**

Candidates who identify valid advantages and disadvantages eg. based on text – maximum 1 mark for each.

Total Q1 = 18

2 (a) **Target: Ability to identify and analyse data in the context of the case study.**

NB Candidate gains full marks in each case for the correct answer without working.

(i) Change is £4400m - £4000m (1) - £400m (2) [2]

(ii) Change is $\frac{100\text{m}}{400\text{m}}$ (1) = 25% (2) [2]

(iii) Knowledge Base: Workforce productivity has gone down between 2002 and 2006. Increase in revenue has been 10% whereas number of employees has gone up 20%. Revenue per employee has decreased from £400,000 to £366,666. A decrease of 8.33%. Profit for employee has decreased from £40,000 to £25,000.

Level 3 (5 -6 marks)

Identifies decrease in productivity either by comparing increases as percentages or calculates productivities.

Level 2 (3-4 marks)

Simple calculations eg Sales up £5,000 with staff up by 2,000.

Level 1 (1-2 marks)

Descriptive eg one/both have gone up and/or states valid productivity formula..

Allow profit per worker as an alternative route to Level 3 [6]

(b) (i) **Target: Ability to evaluate the effect of external factors on planning options.**

Knowledge Base: Possible disadvantages of redundancy: eg redundancy pay, costs of any dispute, loss of efficiency/increased costs. Possible advantages of redundancy: eg reduced wage costs, change to get rid of poor workers.

Level 3 (5-6 marks)

Compares advantages/disadvantages and provides reasoned conclusion.

Level 2 (3 - 4 marks)

Explains advantages/disadvantages in context.

Level 1 (1-2 marks)

Identifies possible advantages/disadvantages.

[6]

(ii) **Target: Ability to evaluate alternative options in the context of the case study.**

Knowledge Base: Peter Smith is the oldest, may volunteer, may not be as committed to his job as he was however he is the most experienced etc. Radika Singh lacks wide experience and qualifications but potential senior manager. Tony Carter is an obvious choice but is his underperformance his fault or AnB plc's? Jenny Jones has many advantages but equally might be a second choice as she has no dependents to be considered. Might volunteer if given a good deal.

Level 3 (5-6 marks)

Evaluates. Comes to a conclusion based on comparing both those to be made redundant and those not to be with well argued reasons. Could be based on argument for and against a candidate.

Level 2 (3 - 4 marks)

Analyses. Gives arguments for and/or against two people but no comparison with those retained.

Level 1 (1-2 marks)

Explains some of the issues surrounding the candidates but descriptive. Mainly repeating Appendix 1.

NB Should be from the company's point of view for Level 2 and above

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Total Q2 = 24

- 3 (a) (i) **Target: Ability to demonstrate knowledge and understanding of external factors and their effect on plans.**

States valid threat eg *external*: changes to the law/economy, changes in technology eg mobile phone technology; *internal*: falling sales/profits; decline in productivity, less employees.

1 x 2 marks

[2]

- (ii) **Target: Ability to analyse and evaluate internal and/or external factors in the context of case material.**

Level 2 (3-6 marks)

Evaluates threats and provides a reasoned conclusion as to which is the most threatening in the context of the case. (Need to have good context for 5/6 marks).

Level 1 (1-2 marks)

Analyses threats but no comparison or overall justified judgement.

NB Allow "competitors" ((i) stem)

[6]

- (b) **Target: Ability to evaluate possible business options in the context of case material.**

Knowledge Base: Growth opportunities compared to static UK sales. Would spread risk. Could allow future relocation opportunities in lower cost areas. However, lack of expertise, costs of establishing in new countries. Decline in profits to fund expansion. Need for other investments eg mobile phone technology.

Level 2 (3-4 marks)

Evaluates expansion weighing arguments for and against and coming to an overall justified conclusion.

Level 1 (1-2 marks)

Analyses arguments for and/or against the expansion.

[4]

- (c) **Target: To demonstrate knowledge and understanding of measure used to evaluate performance.**

- (i)

	Successful (✓)	Unsuccessful (✓)
An increase in costs		✓
An increase in share price	✓	
An increase in share dividend	✓	
An increase in competition		✓

[4]

- (ii) Identifies a different valid measure of success eg increase in profit or turnover, number of customers, decrease in costs. (1)
Explains how measure links to success. (1)
- [2]**

Total Q3 = 18

Mark Scheme 2324/02
June 2007

INSTRUCTIONS ON MARKING SCRIPTS

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}	= brackets around text indicate that what is written is irrelevant and has been ignored

- 1 (a) **Target: Ability to demonstrate knowledge of business objectives and apply to case material.**

Level 2 (3-4 marks)

Explains valid reason for subsequent change in business objectives eg decrease in profits, increased competition, affect of new technology therefore objectives have changed from/to.

Level 1 (1-2 marks)

Identifies initial or current objectives eg reduce costs, increase revenue, expand number of outlets.
Or identifies possible reason(s) eg different objectives need to be reconciled.

[4]

- (b) **Target: Ability to demonstrate knowledge and understanding of information requirements.**

Knowledge Base: Good features of market research eg national research, large sample, independent, representative, piloted etc.

States feature of excellent market research. (1)

Explains feature of excellent market research in the context of AnB plc (1-2)

x 2 features

NB (1) Allow answers that comment on research design or sampling procedures (not data presentations).

NB (2) Context may be used but is not required.

[6]

- (c) **Target: Ability to demonstrate knowledge of business decisions and apply in the context of the case material.**

Knowledge Base: Appendix 2 provides data and comments with respect to options eg 55% of customers use Internet Banking but some “would never use it because of security fears” etc.

Level 4 (7-8 marks)

Evaluates strategies, or combination of strategies and provides a reasoned conclusion.

Level 3 (5-6 marks)

Analyses both strategies eg using data/comments from case or appendices and linking to possible gains for AnB plc.

Level 2 (3-4 marks)

Analyses one strategy eg using data/comments from case or appendices and linking to possible gains for AnB plc.

Level 1 (1-2 marks)

Explains possible strategy(ies).

[8]

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<i>Candidate fails to reach the threshold standard in all respects.</i>	0	2

Total Q1 = 18

2 (a) **Target: Ability to identify and analyse data in the context of the case study.**

- (i) Knowledge Base: Revenue has gone up steadily between 2002 and 2004, but increase slows to 2005 and declines in 2006. Overall increases by 10%. Profit initially increases (but at a lower % than revenue) then declines every year with biggest decrease in 2006. Overall declines by 25%.

Level 2 (3-4 marks)

Compares trends using scale of change and/or % as a basis for comparison.

For 4 marks correct calculations are required for revenue and profit.

Level 1 (1-2 marks)

Simple description as to trends or comparison of trends with no calculation.

[4]

No marks for just restating figures from table.

- (ii) Knowledge Base: Workforce productivity has gone down between 2002 and 2006. Increase in revenue has been 10% whereas number of employees has gone up 20%. Revenue per employee has decreased from £400,000 to £366,666. A decrease of 8.33%. Profit for employee has decreased from £40,000 to £25,000.

Level 3 (5-6 marks)

Identifies decrease in productivity either by comparing increases as percentages or calculates productivities.

Level 2 (3-4 marks)

Simple calculations eg Sales up £5,000 with staff up by 2,000.

Level 1 (1-2 marks)

Descriptive eg one/both have gone up and/or states valid productivity formula.

Allow profit per worker as an alternative route to Level 3

[6]

(b) (i) **Target: Ability to evaluate decisions in the context of case material.**

Knowledge Base: Possible factors of managing change successfully eg keeping staff informed, negotiating, offering compensation. Issues to consider include keeping the right staff, minimising possible disruption and/or industrial action, minimising costs.

Level 2 (4-6 marks)

Evaluates process undertaken in context eg with negotiation may be able to avoid disruption of bank services through industrial action.

Level 1 (1-3 marks)

Identifies relevant issues.

[6]

(ii) **Target: Ability to evaluate alternative options in the context of the case study.**

Knowledge Base: Peter Smith is the oldest, may volunteer, may not be as committed to his job as he was however he is the most experienced etc. Radika Singh lacks wide experience and qualifications but potential senior manager. Tony Carter is an obvious choice but is his underperformance his fault or AnB plc's? Jenny Jones has many advantages but equally might be a second choice as she has no dependents to be considered. Might volunteer if given a good deal.

Level 3 (5-6 marks)

Evaluates. Comes to a conclusion based on comparing both those to be made redundant and those not to be with well argued reasons. Could be based on argument for and against a candidate

Level 2 (3-4 marks)

Analyses. Gives arguments for and/or against two people but no comparison with those retained.

Level 1 (1-2 marks)

Explains some of the issues surrounding the candidates but descriptive. Mainly repeating Appendix 1.

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Total Q2 = 24

- 3 (a) (i) **Target: Ability to demonstrate knowledge and understanding of external factors and their effect on plans.**
- States valid threat eg *external*: changes to the law/economy, changes in technology eg mobile phone technology; *internal*: falling sales/profits; decline in productivity, less employees.
1 x 2 marks (1) [2]
- (ii) **Target: Ability to analyse and evaluate internal and/or external factors in the context of case material.**
- Level 2 (3-6 marks)**
Evaluates threats and provides a reasoned conclusion as to which is the most threatening in the context of the case. (Need to have good context for 5/6 marks).
- Level 1 (1-2 marks)**
Analyses threats but no comparison or overall justified judgement.
- NB Allow "competitors" ((i) stem) [6]
- (b) **Target: Ability to evaluate possible business options in the context of case material.**
- Knowledge Base: Growth opportunities compared to static UK sales, Would spread risk. Could allow future relocation opportunities in lower cost areas. However lack of expertise, costs of establishing in new countries. Decline in profits to fund expansion. Need for other investments eg mobile phone technology.
- Level 2 (3-4 marks)**
Evaluates expansion weighing arguments for and against and coming to an overall justified conclusion.
- Level 1 (1-2 marks)**
Analyses arguments for and/or against the expansion [4]
- (c) **Target: To evaluate measures used to evaluate performance from the point of view of shareholders.**
- Knowledge Base: Business measures could include increases in profits, sales, reduction in costs. Shareholders most direct interests might be in dividend or share price (although business measures will affect these).
- Level 2 (3-4 marks)**
Evaluates options and provides a clear conclusion as to the best measure from the point of view of the shareholders.
- Level 1 (1-2 marks)**
Identifies and explains possible options. [4]

Total Q3 = 18

**General Certificate of Secondary Education
Business Studies B (Modular) (1952)
June 2007 Assessment Session**

Unit Threshold Marks

<i>Unit</i>		Maximum Mark	a*	a	b	c	d	e	f	g	u
2321/1	Raw	60				34	27	21	15	9	0
	UMS	69				60	50	40	30	20	0
2321/2	Raw	60	44	38	32	26	20	17			0
	UMS	100	90	80	70	60	50	45			0
2322	Raw	60	50	45	40	35	27	20	13	6	0
	UMS	100	90	80	70	60	50	40	30	20	0
2323/1	Raw	60				35	29	23	18	13	0
	UMS	69				60	50	40	30	20	0
2323/2	Raw	60	46	40	34	28	20	16			0
	UMS	100	90	80	70	60	50	45			0
2324/1	Raw	60				33	27	21	16	11	0
	UMS	69				60	50	40	30	20	0
2324/2	Raw	60	47	41	35	29	20	15			0
	UMS	100	90	80	70	60	50	45			0

The total entry for the examination was:

2321/1 = 1208 candidates
 2321/2 = 1841 candidates
 2322 = 1929 candidates
 2323/1 = 1327 candidates
 2323/2 = 1717 candidates
 2324/1 = 1303 candidates
 2324/2 = 1742 candidates

Specification Aggregation Results

Overall threshold marks in UMS (i.e. after conversion of raw marks to uniform marks)

	Maximum Mark	A*	A	B	C	D	E	F	G	U
1952	400	360	320	280	240	200	160	120	80	0

The cumulative percentage of candidates awarded each grade was as follows:

	A*	A	B	C	D	E	F	G	U	Total Number of Candidates
1952	2.2	12.1	30.2	54.4	75.7	89.7	96.8	99.4	100.0	2928

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