

Business Studies B

General Certificate of Secondary Education **1952**

Mark Schemes for the Units

January 2008

1952/MS/R/08

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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.

Mark schemes should be read in conjunction with the published question papers and the Report on the Examination.

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MARK SCHEMES FOR THE UNITS

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2321/01 Business Organisation – Foundation Tier

1	(a)	<p>Target: Knowledge and understanding of types of companies</p> <p>Advantage – limited liability; shareholders/more capital; incorporated; not required to put information into the public domain; etc. Allow any valid point. 2x1</p>	[2]
	(b)	<p>Target: Knowledge and application of structure of organisations</p> <p>(i) ‘managers have wider span of control’ and ‘more responsibility is delegated to each worker’. Mark the first 2 ticks only</p>	[2]
	(ii)	<p>The answer will depend on the feature chosen. OFR applies. Give 1 mark for a basic advantage with 1 mark for further development, but no mark for restating the feature eg ‘Feature 3. Workers who have more responsibility [no mark] will have greater motivation [1] which will mean that they are prepared to work harder for the business [1]’</p>	[2]
	(c)	<p>Target: ability to show, apply, analyse and evaluate knowledge and understanding of marketing techniques.</p> <p>(i) The policies that are most appropriate are: competitive and penetration, but allow psychological. Other policies can gain some limited credit.</p> <p>Level 2 (3-4 marks) Candidates are able to analyse a suitable policy for MayflyU explaining why this policy would be correct.</p> <p>Level 1 (1-2 marks) Candidates are able to either name a policy and explain it, but the policy would not be suitable or can offer a vague policy, eg reasonable prices, and offer some application or they can offer an idea that has some relevance to pricing, eg ‘special offers’ or ‘BOGOF’ and explain it.</p>	[4]
	(ii)	<p>Clearly the answer will depend on both the business and the policy. Candidates may mention: promotions, special offers, improve quality, better distribution, etc. Allow any valid idea. To achieve full marks candidates must name a business.</p> <p>Level 3 (5-6 marks) Candidates are able to discuss whether or not the chosen policy (policies) would be suitable for the chosen business.</p> <p>Level 2 (3-4 marks) Candidates are able to explain why the policy (policies) would or would not be suitable.</p> <p>Level 1 (1-2 marks) Candidates can apply the policy (policies) to their chosen business.</p>	[6+2]

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 18 marks

2	(a)	<p>Target: Knowledge and understanding of types of organisation</p> <p>'can fairly easily change the type of business' and 'is held liable for the debts of the business'. Mark the first 2 ticks only.</p>	[2]
	(b)	<p>Target: Knowledge and understanding of types of business activity</p> <p>Primary sector is concerned with extraction [1] which are fed into the next stage/first stage in chain of production [1] eg agriculture, fishing, forestry, mining and quarrying/raw materials. [1]. Do not allow 'at the start of production'.</p>	[2]
	(c)	<p>Target: Knowledge and application of markets and consumers</p> <p>Candidates may mention: increases sales; increases revenue; gets a better price; higher profit; margin; increase reputation; spread the risk; customers receive fresh produce; etc. Allow any valid idea. Give 1 mark for the basic point plus 1 mark for some development eg 'selling direct to consumers will increase sales [1] and thus profits [1]'.</p>	[2]
	(d)	<p>Target: knowledge and application of management of production</p> <p>Candidates can name any sensible economy of scale eg technological; financial, risk bearing, marketing, etc. Give 1 mark for the economy, 1 mark for basic application and 1 mark for analysis eg 'Bulk buying [1]. This would allow Milos to buy his supplies at a cheaper cost [1] which would allow him to sell at a lower price [1]'. An answer that defines economies of scale or describes an economy in a very general way is worth 1 mark.</p>	[3]
	(e)	<p>Target: knowledge and application of finance</p> <p>Advantage – does not compromise ownership; can be paid back over time; can raise money quickly/easily; etc</p> <p>Disadvantage – if they cannot pay back the bank could force them into bankruptcy; will be a burden/increase costs; incur interest; etc</p> <p>Allow any valid point.</p> <p>Give 1 mark in each case for the basic point and 1 mark for the development eg 'Milos is a sole trader and has unlimited liability. If he cannot pay it back the bank could seize his property [1] and put him out of business [1]'. Max 2 marks for each part.</p>	[4]

	<p>(f)</p> <p>Target: ability to show, apply, analyse and evaluate knowledge and understanding of finance</p> <p>Shares – able to raise large amounts; relatively cheap way of raising money; do not have to pay dividends; etc; but may dilute ownership; could lead to takeover; warn rivals; etc. Reinvesting profits – cheap, no loss of control, quick money available, etc, but may not have enough, etc Allow any valid points..</p> <p>Level 3[4-6 marks] Candidates should explain the advantages/disadvantages of using shares and reinvesting profits and give a supported recommendation. Answers at the top will make mention of either the disadvantages as well as the advantages and/or a clear justification. Answers at the bottom will be either one-sided or will lack a clearly supported recommendation.</p> <p>Level 2[2-3 marks] Candidates can apply and analyse information concerning the suitability of shares and/or reinvesting profits for financing expansion. Answers where plc = 'private', or where the understanding of plc lacks clarity can gain a max of 3 marks.</p> <p>Level 1[1 mark] Candidates can offer some knowledge concerning shares/reinvesting profits.</p>	[6]
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Total 19 marks

3	(a)	<p>Target: knowledge, application and analysis of motivation</p> <p>(i) Candidates may mention: holidays, shorter working week, social facilities, promotion, praise, status symbols, delegation of responsibility, job rotation, job enlargement; pension scheme; etc. NB non-financial. Allow any two sensible, and different, suggestions. 2x1</p>	[2]
		<p>(ii) Clearly the answer depends on the method chosen, but OFR applies. The marks are for application and analysis, but no knowledge [ai].</p> <p>This question, parts i and ii, should be treated as a whole.</p> <p>Promotion [awarded in ai] will offer the person more authority and power in 3Z [1] thus motivating them to work harder [1] and to strive for greater rewards [1].</p>	[3]
	(b)	<p>Target: ability to show, apply, analyse and evaluate knowledge and understanding of quality of production</p> <p>Quality Circles: Improve – workers can discuss problems and how to solve them especially where these are cross-departmental, can generate new ideas; etc Not-improve – depends on the ability of the group to get ideas accepted by Management/degree of delegated responsibility; may be a talking shop; etc. Depends on – whether or not quality circles are part of a wider TQM system; Responsiveness of management; etc Suppliers – depends on whether or not there are other suppliers available or whether their quality will be better. Change should enable quality to directly improve, but may take time to build relationships, etc.</p> <p>Level 3 [4-6 marks] Candidates are able to discuss the extent to which quality circles and/or changing suppliers could improve the quality. Answers at the top will clearly address both.</p> <p>Level 2 [2-3 marks] Candidates are able to apply and analyse knowledge of quality circles and/or changing suppliers considering advantages and/or disadvantages.</p> <p>Level 1 [1 mark] Candidates are able to show knowledge of quality circles and/or suppliers.</p>	[6]

Total 11 marks

4	(a)	<p>Target: Knowledge and application of finance</p> <p>(i) There are various ways of obtaining the correct answer, eg:</p> <p style="padding-left: 40px;">£[4500 - 2000] [1] = £2500 [1] £[1850 + 650] [1] = £2500 [1]</p> <p>Give 2 marks for the correct answer. £250 = 1 mark max. OFR applies</p>	[2]
		<p>(ii) Candidates may mention: rent, interest, salaries [not wages], administration costs, marketing costs, insurance, business rates, etc</p>	[1]
	(b)	<p>Target: Knowledge and application of location of production</p> <p>Candidates may mention: customers may find it easy to locate; may pick up trade from other businesses on the estate; cheaper; easier access; better working environment; more space; etc. Allow any valid idea.</p> <p>There is 1 knowledge and 2 application marks available. Give 1 mark for the basic advantage plus 2 marks for development. If the advantage is not relevant to Arnside Ltd there is a max of 2 marks available.</p> <p>Arnside would gain more customers [1], because they would find it easier to reach without town centre traffic [1] so the business would make more profit [1].'</p>	[3]
	(c)	<p>Target: ability to show, apply, analyse and evaluate knowledge and understanding of location of production</p> <p>Clearly the answer will depend on the business chosen. Factors they may consider include: availability of and access for customers; proximity of rivals, complementary firms, other shops; transport links; room for expansion; cost of location; etc.</p> <p>Level 3 [4-6 marks] Candidates will present a justified recommendation for or against remaining in the present location coming to a supported recommendation. Better answers should make some reference to both the reasons for, eg staying, and those for moving, but there is no need for balance. Those at the top will have clearly supported recommendation. Those at the bottom will provide several good reasons, but the recommendation is not explicit.</p> <p>Level 2 [2-3 marks] Candidates are able to apply and analyse information concerning their chosen business. Either the quality or the quantity of the reasons will be very limited.</p> <p>Level 1 [1 mark] Candidates are to offer some relevant knowledge concerning the location of their chosen business.</p>	[6]

Total 12 marks

2321/02 Business Organisation – Higher Tier

1	(a)	<p>Target: Knowledge and understanding of types of companies</p> <p>Candidates may mention: shareholders cannot easily dispose of shares; capital limited; must consult shareholders on major changes; less flexible; etc. Give 1 mark for a basic point and 1 mark for some development eg 'limited companies have shareholders who they have to consult [1] which makes the process of change less flexible [1]'</p>	[2]
	(b)	<p>Target: Knowledge and application of structure of organisations</p> <p>(i) A flat structure is one where there are few layers of management [1] with a wide span of control [1] and considerable delegation of responsibility [1]. Give 1 mark for a basic point with 1 mark for further development.</p>	[2]
	(ii)	<p>Candidates may mention: increased motivation; better communication; management 'know' workers better; etc. OFR applies. Give 1 mark for a basic point with 1 mark for further development eg 'a flat structure increases motivation of workers [1] because they feel they are more responsible for their actions [1]'</p>	[2]
	(c)	<p>Target: ability to show, apply, analyse and evaluate knowledge and understanding of marketing techniques</p> <p>(i) The policies that are most appropriate are: competitive and penetration, but allow psychological. Other policies can gain some limited credit.</p> <p>Level 2 (3-4 marks) Candidates are able to analyse a suitable policy for MayflyU explaining why this policy would be correct.</p> <p>Level 1 (1-2 marks) Candidates are able to either name a policy and explain it, but the policy would not be suitable or can offer a vague policy, eg reasonable prices, and offer some application or they can offer an idea that has some relevance to pricing, eg 'special offers' or 'BOGOF' and explain it.</p>	[4]
	(ii)	<p>Clearly the answer will depend on both the business and the policy. Candidates may mention: promotions, special offers, improve quality, better distribution, etc. Allow any valid idea. To achieve full marks candidates must name a business.</p> <p>Level 3 (5-6 marks) Candidates are able to discuss whether or not the chosen policy (policies) would be suitable for the chosen business.</p> <p>Level 2 (3-4 marks) Candidates are able to explain why the policy (policies) would or would not be suitable.</p> <p>Level 1 (1-2 marks) Candidates can apply the policy (policies) to their chosen business.</p>	[6+2]

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 18 marks

2	(a)	Target: Knowledge and understanding of types of organisation and business activity	
		(i) Sole Trader is a one person business [1] with unlimited liability [1] with no shareholders [1] who owns the business themselves [1], etc. Give marks as indicated above – max. 2	[2]
		(ii) Primary sector is concerned with extraction [1] which are fed into the next stage/ first stage in chain of production [1] eg agriculture, fishing, forestry, mining and quarrying/raw materials. [1] Do not allow 'at the start of production'.	[2]
	(b)	Target: knowledge and application of distribution Candidates may mention: cuts out middle man; more profit; better knowledge of market changes; sell at cheaper price; etc. Allow any valid idea and an answer that deals with retailers eg 'straight on to the shelf', but implies 'not selling to wholesalers'. Give 1 mark for the basic point plus 1 mark for some development eg 'by not selling to wholesalers Milos cuts out the middle man [1] and thus keeps more profit for himself [1]'	[2]
	(c)	Target: knowledge, application and analysis of management of production Candidates can name any sensible economy of scale eg technological; financial, risk bearing, marketing, etc. Give 1 mark for the economy, 1 mark for basic application and 1 mark for analysis eg 'Bulk buying [1]. This would allow Milos to buy his supplies at a cheaper cost [1] which would allow him to sell at a lower price [1]'. An answer that defines economies of scale or describes an economy in a very general way is worth 1 mark.	[3]
	(d)	Target: knowledge and application of finance Advantage – does not compromise ownership; can be paid back over time; can raise money quickly/easily; etc Disadvantage – if they cannot pay back the bank could force them into bankruptcy; will be a burden/increase costs; will incur interest; etc Allow any valid point. Give 1 mark in each case for the basic point and 1 mark for the development. Max 2 marks for each part	[4]

	(e)	<p>Target: ability to show, apply, analyse and evaluate knowledge and understanding of finance</p> <p>Shares – able to raise large amounts; relatively cheap way of raising money; do not have to pay dividends, but may dilute ownership; could lead to takeover; etc. Allow any valid points. Candidates may mention alternatives to support or knockdown - reinvest retained profits, bank loans; venture capital; etc.</p> <p>Level 3[4-6 marks] Candidates should explain the advantages/disadvantages of using shares and give a supported recommendation. Answers at the top will make mention of either the disadvantages as well as the advantages and/or consider other methods. Answers at the bottom will be either one-sided or will lack a clearly supported recommendation or the reasoning will be very limited.</p> <p>Level 2[2-3 marks] Candidates can apply and analyse information concerning suitability of shares, or another method, for financing expansion. Answers that do not consider shares can get a max of 3 marks.</p> <p>Level 1[1 mark] Candidates can offer some knowledge concerning shares or another method.</p>	[6]

Total 19 marks

3	(a)	<p>Target: knowledge, application and analysis of motivation</p> <p>(i) Candidates may mention: holidays, shorter working week, social facilities, promotion, praise, status symbols, delegation of responsibility, job rotation, job enlargement; pension scheme; etc. NB non-financial. Allow any two sensible, and different, suggestions. 2x1</p>	[2]
		<p>(ii) Clearly the answer depends on the method chosen, but OFR applies. There are 2 application and 1 analysis mark, but no knowledge [ai].</p> <p>This question, parts i and ii, should be treated as a whole.</p> <p>Promotion [awarded in ai] will offer the person more authority and power in 3Z [1] thus motivating them to work harder [1] and to strive for greater rewards [1].</p>	[3]
	(b)	<p>Target: ability to show, apply, analyse and evaluate knowledge and understanding of quality of production</p> <p>Improve – workers can discuss problems and how to solve them especially where these are cross-departmental, can generate new ideas; etc</p> <p>Not-improve – depends on the ability of the group to get ideas accepted by Management/degree of delegated responsibility; may be a talking shop; etc.</p> <p>Depends on – whether or not quality circles are part of a wider TQM system; Responsiveness of management; etc</p> <p>Level 3 [4-6 marks] Candidates have a clear idea of quality circles. Candidates are able to discuss how quality circles could improve the quality of services. Answers at the top will clearly address ‘the extent to which’, while those at the bottom may not go much beyond advantages/disadvantages.</p> <p>Level 2 [2-3 marks] Candidates are able to apply and analyse knowledge of quality circles considering advantages and/or disadvantages. At the top candidates need to show some understanding of quality circles. Where quality circles are not really understood a max of 2 marks is available.</p> <p>Level 1 [1 mark] Candidates are able to show knowledge of quality circles or of quality in general.</p>	[6]

Total 11 marks

4	(a)	<p>Target: Application of financial control and analysis</p> <p>There are various ways of obtaining the correct answer, eg:</p> <ul style="list-style-type: none"> • £[65 + 30] = £95000 • £[250 – 60 – 45 – 50] = £95000 <p>Give 3 marks for the correct answer. Give 2 marks max for £95 Give up to 2 marks for the correct figures Give 1 mark if the costs have been correctly added [£155000]</p>	[3]
	(b)	<p>Candidates may either look at this from the business angle eg make sure premises are ready and that everything is packed up; customers are aware of change; sufficient promotion is done; etc; or they may look at the need to carry his employees with him in terms of incentives; etc. Either is acceptable.</p> <p>‘James must ensure that all his workers are happy [1]. He could take them to see the new premises to see the advantages of moving [1] and offer them a bonus if they transfer [1].’</p> <p>Give 1 mark for the basic point and 2 marks for development.</p>	[3]
	(c)	<p>Clearly the answer will depend on the business chosen. Candidates may see specialisation in different ways eg a particular market niche; specialisation of its employees; division of labour; etc.</p> <p>Level 3 [4-6 marks] Candidates should discuss whether or not their chosen business benefits from specialisation. Answers at the top will clearly address ‘the extent to which’. Answers that do not name a business will be at the bottom as will those answers which are well argued, but do not clearly address ‘the extent to which’.</p> <p>Level 2 [2-3 marks] Candidates are able to apply and analyse information concerning their chosen business and specialisation.</p> <p>Level 1 [1 mark] Candidates are to offer some relevant knowledge concerning specialisation.</p>	[6]

Total 12 marks

Grade Thresholds

General Certificate of Secondary Education
Business Studies B (Specification Code 1952)
January 2008 Examination Series

Unit Threshold Marks

Unit		Maximum Mark	A*	A	B	C	D	E	F	G	U
2321/01	Raw	60				33	27	21	15	9	0
	UMS	69				60	50	40	30	20	0
2321/02	Raw	60	44	38	32	26	20	17			
	UMS	100	90	80	70	60	50	45			
2322	Raw	60	50	45	40	35	27	20	13	6	0
	UMS	100	90	80	70	60	50	40	30	20	0

The total entry for the examination was:

2321/01 = 943 candidates

2321/02 = 1067 candidates

2322 = 1741 candidates

For a description of how UMS marks are calculated see:

http://www.ocr.org.uk/learners/ums_results.html

Statistics are correct at the time of publication.

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