

Business Studies Specification B

General Certificate of Secondary Education **GCSE 1952**

Combined Mark Schemes And Reports on the Units

June 2005

1952/MS/R/05

OCR (Oxford, Cambridge and RSA Examinations) is a unitary awarding body, established by the University of Cambridge Local Examinations Syndicate and the RSA Examinations Board in January 1998. OCR provides a full range of GCSE, A level, GNVQ, Key Skills and other qualifications for schools and colleges in the United Kingdom, including those previously provided by MEG and OCEAC. It is also responsible for developing new syllabuses to meet national requirements and the needs of students and teachers.

This mark scheme is published as an aid to teachers and students, to indicate the requirements of the examination. It shows the basis on which marks were awarded by Examiners. It does not indicate the details of the discussions which took place at an Examiners' meeting before marking commenced.

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.

OCR will not enter into any discussion or correspondence in connection with this mark scheme.

© OCR 2005

Any enquiries about publications should be addressed to:

OCR Publications
PO Box 5050
Annersley
NOTTINGHAM
NG15 0DL

Telephone: 0870 870 6622
Facsimile: 0870 870 6621
E-mail: publications@ocr.org.uk

CONTENTS

General Certificate of Secondary Education

GCSE Business Studies B - 1952

MARK SCHEMES FOR THE UNITS

Unit	Content	Page
2321/01	Business Organisations Foundation	1
2321/02	Business Organisations Higher	7
2323/01	Business In Its Environment Foundation	13
2323/02	Business In Its Environment Higher	21
2324/01	Business Process Foundation	31
2324/02	Business Process Higher	37

REPORT ON THE UNITS

Unit	Content	Page
*	Chief Examiners Report	46
2321	Business Organisation	47
2322	Business Studies Coursework	52
2323	Business in its Environment	55
2324	Business Processes	63
*	Grade Thresholds	68

**Mark Scheme 2321/01
June 2005**

- 1 (a) **Target: Ability to show knowledge and understanding of type of business activity.**
- 'The private sector includes all organisations owned by individuals'.
Mark only the first 'tick'. [1]
- (b) (i) **Target: Ability to show and apply knowledge of role of managers.**
- Manager – market research; research into 4 Ps; etc
1 mark for the basic statement + 1 mark for some explanation.
NB: there is no mark for 'to market the company', sales, general management, etc. [2]
- (ii) **Target: Ability to show and apply knowledge of structure of organisations.**
- Candidates may mention director versus manager i.e. overall responsibility versus delegated specific responsibility; or decision making versus advice/carrying out decisions; etc.
Give 2 marks for a clear idea of the relationship along these or similar lines.
Give 1 mark for a limited idea e.g. 'the managing director tells the marketing manager what to do'. [2]
- (c) **Target: Ability to show and apply knowledge of methods of communication.**
- (i) E.g. an immediate response; can sort out points of disagreement quickly; can see non-verbal responses; etc.
Give 1 mark for a basic idea and 1 mark for some development. [2]
- (ii) E.g. can send messages at any time; communicate when the other is not there; send attachments; etc.
Give 1 mark for a basic idea and 1 mark for some development. [2]

- (d) **Target: Ability to show, apply, analyse and evaluate knowledge and understanding of pricing techniques.**

NB this is one question in two parts.

- (i) Candidates must state a method e.g.: cost-plus/mark-up; profit maximisation; penetration; skimming; destroyer; competitive; etc. Give 1 mark per point, up to 2, and the same for development. 2x2
This part has marks for AOs 1&2. **[4]**
- (ii) Answers will depend on the methods selected in part i. No marks if different methods are chosen. Allow both existing and new product.
This part has marks for AOs 3&4.

Level 2 [3-5 marks]

Candidates are able to evaluate the method selected and to recommend why it should be used. They may also compare methods.
This part has marks for AOs 3&4.

Level 1 [1-2 marks]

Candidates can offer some analysis relevant to the scenario. **[5]**

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

[2]

Total marks [20]

- 2 (a) Target: Ability to show and apply knowledge of business objectives.**
- (i) Survival is where the business is able to stay in the market. [1]
 - (ii) This new, small business [Newsound plc], must first survive if it is to grow. [1]
 - (iii) Growth is where output/size increases. [1]
 - (iv) Growth is needed by Newsound plc to be able to compete, gain economies of scale, etc. [1]
- (b) Target: Ability to show and apply knowledge of management of resources.**
- (i) Candidates may mention: to keep customers well supplied; to cut costs of storage; to prevent stockpiles of out of date goods; etc.
Give 1 mark for a basic idea and 1 mark for development. [2]
 - (ii) Just-in-time is where supplies are received by the customer immediately before they are required thus doing away with warehousing.
Give 1 mark for a basic idea and 1 mark for some development. [2]
- (c) Target: Ability to show and apply knowledge of management of production.**
- (i) 'Goods can be made in different..'; 'large quantities' 3&4
Give marks for the first two ticks only. [2]
 - (ii) The answer will depend on which option they choose – OFR applies.
NB the marks are for application only relevant to Newsound plc.
Give 1 mark for a basic attempt with 1 more for some development
Max 1 if Newsound plc is ignored. [2]
- (d) Target: Ability to show, apply, analyse and evaluate knowledge and understanding of training.**
- (i) Candidates may offer any valid idea e.g. on-the-job/off-the-job.
Give 1 mark for a basic idea and 1 more for development. [2]
 - (ii) Answers will depend on the business and method chosen.
- Level 2 [3-4 marks]**
Candidates offer a supported discussion coming to a conclusion.
- Level 1 [1-2 marks]**
Candidates offer some points, but there is a lack of a supported conclusion. [4]

Total marks [18]

3 (a) Target: Show and apply knowledge of budgets.

Candidates may mention: to aid financial planning; to help decide how to change income/expenditure; to allow outcomes to be compared with prediction to guide decisions; to help set targets; to allocate financial resources. Allow any valid point.

Give 1 mark for a basic point and 1 mark for some development. **[2]**

(b) Target: Ability to select, analyse and show knowledge and understanding of financial information.

(i) Total Expenditure – £[60000+30000+30000+10000] (1) = £130 000 (1).

Give 2 marks for the correct answer only. **[2]**

(ii) Balanced budget or zero. OFR from part i applies. **[1]**

(c) Target: Ability to show, apply, analyse and evaluate knowledge and understanding of financial control and analysis.

Candidates may suggest: increase income – they may specify which item – easier to increase income, etc; cut expenditure – they may specify which items – more immediate/more under his control, etc.

Candidates who argue that increasing expenditure on member services could increase members/income and that short run 'loss' is possible with charities will also gain credit.

Level 3 [5-6 marks]

Candidates are able to make a supported recommendation based on valid ideas.

Level 2 [3-4 marks]

Candidates start to analyse how the expenditure can be financed.

Level 1 [1-2 marks]

Answers consist of knowledge of different, valid ideas. **[6]**

Total marks [11]

- 4 (a) **Target: Ability to show and apply knowledge of quality of production techniques.**

'Workers from the same production area join together to discuss how to improve quality'.

Mark only the first 'tick'.

[1]

- (b) **Target: Ability to show, apply, analyse and evaluate methods of motivation.**

(i) Candidates may mention: financial – basic pay, bonuses, PRP, etc non-financial – praise, promotion, social, etc.
Answers will depend on the business chosen.
Give 1 mark for each method and 1 mark for some development. 2x2.
This part has marks for AOs 1&2. **[4]**

(ii) Answers will depend on the business chosen.
Answers that do not specify a business cannot go beyond the bottom of the appropriate level.
This part has marks for AOs 3&4.

Level 3 [5-6 marks]

Candidates offer a well-supported recommendation.

Level 2 [3-4 marks]

Candidates offer a limited recommendation.

Level 1 [1-2 marks]

Candidates are able to offer some analysis of the methods.

[6]

Total marks [11]

**Mark Scheme 2321/02
June 2005**

- 1 (a) **Target: Ability to show knowledge and understanding of type of business activity.**
- Ownership by private individuals. Allow any answer with this idea. [1]
- (b) (i) **Target: Ability to show and apply knowledge of role of managers.**
- Manager – market research; research into 4 Ps; etc
1 mark for the basic statement + 1 mark for some explanation.
NB: there is no mark for 'to market the company', sales, general management, etc. [2]
- (ii) **Target: Ability to show and apply knowledge of structure of organisations.**
- Candidates may mention: director versus manager i.e. overall responsibility versus delegated specific responsibility; or decision making versus advice/carrying out decisions; etc.
Give 2 marks for a clear idea of the relationship along these or similar lines.
Give 1 mark for a limited idea e.g. 'the managing director tells the marketing manager what to do'. [2]
- (iii) **Target: Ability to show and apply knowledge of methods of communication.**
- Candidates may suggest face to face; e-mail; phone; memos. Allow any sensible suggestion, but remember they are in next door offices e.g. 'shout' = zero.
Give up to 2 marks for basic suggestions and up to 3 marks for development, i.e. 2x2 or 1x4. [4]

- (c) **Target: Ability to show, apply, analyse and evaluate knowledge and understanding of pricing techniques.**

NB This is one question in two parts.

- (i) Candidates must state a method e.g.: cost-plus/mark-up; profit maximisation; penetration; skimming; destroyer; competitive; etc. Give 1 mark per point, up to 2, and the same for development. 2x2
This part has marks for AOs 1&2. **[4]**

- (ii) Answers will depend on the methods selected in part i. No marks if different methods are chosen. Allow both existing and new product.
This part has marks for AOs 3&4.

Level 2 [3-5 marks]

Candidates are able to evaluate the methods and to recommend why it should be used. They may also compare methods.
This part has marks for AOs 3&4.

Level 1 [1-2 marks]

Candidates can offer some analysis relevant to the scenario. **[5]**

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

[2]
Total marks [20]

2 (a) Target: Ability to show and apply knowledge of business objectives.

Candidates are likely to mention growth; profit; survival; but may make more specific suggestions e.g. develop more products, etc.

Give 1 mark for each objective, max 2, and 1 mark for each development. 2x2
[4]

(b) Target: Ability to show and apply knowledge of management of resources.

- (i) Just-in-time is where supplies are received by the customer immediately before they are required, thus doing away with warehousing.

Give 1 mark for a basic idea and 1 mark for some development. **[2]**

- (ii) Candidates are likely to link the lack of storage with not having money tied up in unused stock etc.

Give 1 mark for a basic idea and 1 mark for some development. **[2]**

(c) Target: Ability to show and apply knowledge of management of production.

Candidates may mention: can produce several products; gain economies of scale; able to produce small quantities using mass production techniques; etc.
Give 1 mark for each advantage, max 2, and 1 mark for each development. 2x2
[4]

(d) Target: Ability to show, apply, analyse and evaluate knowledge and understanding of training.

Clearly the answer will depend on the business chosen. Answers that do not specify a business can only go to the bottom of the appropriate level.

Level 3 [5-6 marks]

Candidates offer a supported evaluation of the training methods which will probably compare the two methods.

Level 2 [3-4 marks]

Candidates are able to analyse the training methods or how they are used.

Level 1 [1-2 marks]

Candidates are able to describe on-the-job/off-the-job-training.

[6]
Total marks [18]

3 (a) Target: Ability to show and apply knowledge of budgets.

Candidates may mention: to aid financial planning; to help decide how to change income/expenditure; to allow outcomes to be compared with prediction to guide decisions; to help set targets; to allocate financial resources. Allow any valid point.

Give 1 mark for a basic point and 1 mark for some development

[2]**(b) Target: Ability to select, analyse and show knowledge and understanding of financial information.**

(i) Membership subscriptions - £80 000.

[1]

(ii) Charities are non-profit making organisation (1) or similar statements and therefore should not plan to make a surplus/deficit (1).

Give 1 mark for a basic statement and 1 mark for some development.

[2]**(c) Target: Ability to show, apply, analyse and evaluate knowledge and understanding of financial control and analysis.**

Candidates may suggest: increase income – they may specify which item – easier to increase income, etc; cut expenditure – they may specify which items – more immediate/more under his control, etc.

Candidates who argue that increasing expenditure on member services could increase members/income and that short run 'loss' is possible with charities will also gain credit.

Level 3 [5-6 marks]

Candidates are able to make a supported recommendation based on valid ideas.

Level 2 [3-4 marks]

Candidates start to analyse how the expenditure can be financed.

Level 1 [1-2 marks]

Answers consist of knowledge of different, valid ideas.

[6]**Total marks [11]**

4 (a) Target: Ability to show and apply knowledge of quality of production techniques.

- (i) TQM seeks to establish a quality culture assuring the quality work of all staff at all stages of work. Candidates may say it is linked with quality circles and/or right first time.
Give the mark for any sensible idea along these lines, but not for a definition of quality circles which is part ii. **[1]**
- (ii) Candidates may state that 'it brings workers from different departments together to exchange ideas (1) and to improve quality/spread good practice across the organisation (1)'.
Give 1 mark for a basic idea and 1 mark for some development. **[2]**

(b) Target: Ability to show, apply, analyse and evaluate methods of motivation.

Candidates may mention financial – basic pay, bonuses, PRP, etc non-financial – praise, promotion, social, TQM, etc.

Answers will depend on the business chosen.

Answers that do not specify a business cannot go beyond the bottom of the appropriate level.

Level 3 [6-8 marks]

Candidates offer a well-supported discussion with, at the top, a conclusion.

Level 2 [3-5 marks]

Candidates explain relevant motivation techniques and, at the top, make a very limited attempt at a comment.

Level 1 [1-2 marks]

Candidates are able to demonstrate some relevant knowledge.

[8]
Total marks [11]

**Mark Scheme 2323/01
June 2005**

Question 1

30 marks

(a) (i) Target: Ability to distinguish between public and private enterprises.

1 mark for each correct objective of Lakeside District Council's swimming pool.

The correct objectives are:

- To provide a service for the local community rather than a profit.
- To protect local jobs.
- To keep prices low for people with low incomes.

N.B. If candidates tick more than three options then the first three are to be accepted.

[3]**(ii) Target: Ability to demonstrate knowledge of Mixed Economy and apply to a local context.**

1 mark for each correct example. Suitable examples include:

- education, e.g. nurseries, schools
- fire service
- libraries
- housing
- residential care, e.g. sheltered accommodation, care homes for the elderly
- transport
- roads
- car parking
- leisure services, e.g. leisure centres, parks, playgrounds; etc.
- police
- theatres

Any appropriate answer.

2 x 1 mark.

[2]

N.B. No marks for examples of swimming pools.

(b) Target: Ability to explain how the law impacts upon business.

Possible issues include:

- Employers must offer equal pay for men and women undertaking the same work.
- No discrimination on grounds of gender, age or ethnic origin.
- Payment of national minimum wage levels for 18-21 year-olds and those over 21 years old.
- Legislation covering the rehabilitation of offenders.

2 marks for clear explanation of legal issue (possibly including an example).

1 mark for a rewardable comment or an example of a relevant legal issue.

[2]

(c) **Target: Ability to explain the impact of changing technology.**

- | | | |
|-------|-------|-----|
| (i) | True. | [1] |
| (ii) | True. | [1] |
| (iii) | True. | [1] |

(d) (i) **Target: To understand the role of different pressure groups.**

1 mark for each correct trade union activity.

The correct examples of trade union activities are:

- Pay bargaining.
- Improving working conditions.

N.B. If candidates tick more than two options then the first two are to be accepted.

[2]

(ii) **Target: Ability to understand the effects of trade union protection of the interests of members both in the workplace and outside it.**

1 mark for each correct example of a cost to an organisation and a cost to the workers.

The correct examples of costs to an organisation are:

- Loss of customer satisfaction.
- Loss of output.

The correct examples of costs to the workers are:

- Threat of job losses.
- Loss of pay.

[4]

(iii) **Target: Ability to explain how organisations and trade unions can work together.**

The most likely answer will centre on face-to-face negotiations/discussions or collective bargaining between representatives of Lakeside District Council and representatives of the trade union.

Reference might also be made to working in collaboration with ACAS.

1 mark for identifying a possible method or for a rewardable comment.
Up to 2 further marks for development as an explanation of method.

[3]

- (e) **Target: Ability to consider how the public sector attempts to control the local economy and the effect it has on business activity.**

Arguments in favour of allowing the housing development are:

- The need for more housing with a growing population.
- The benefits to low-income groups of more low-cost housing.
- The benefits of local businesses in terms of increased sales.
- The benefits of more local employment in the construction industry.

Arguments against allowing the housing development are:

- The damage to the local environment.
- The increase in local traffic congestion.

In addition, there are general factors that may be used to argue for and/or against the development and these include:

- The growth in the local population creating pressure on the local housing stock.
- Benefits to local building suppliers and other contractors.
- The possible effects of lower house prices for local residents.
- Potential strain on other local services e.g. schools, hospitals.
- Other new businesses may be attracted in to the area due to population increase.
- The aims of Lakeside District Council, e.g. local planning priorities.

Level 4 (7-9 marks)

Evaluates arguments involved in order to put forward an overall recommendation or by making a judgement or judgements in context.

Level 3 (5-6 marks)

Analyses possible arguments for and/or against in context by considering possible implications.

Level 2 (3-4 marks)

Applies knowledge of issues in the given context.

Level 1 (1-2 marks)

Identifies any issue(s), but not in context.

N.B. One-sided argument maximum of 6 marks.

Simple repetition of comments even in candidate's own words is not Level 2.

[9]

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

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 in 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	

Question 2

30 marks

- (a) **Target: The ability to evaluate the effect of changes in taxation upon a specific business.**

Issues of relevance include

- The increase in the rate of VAT will increase card prices and is likely to reduce sales volume, especially as VAT is a percentage tax and the company's cards are expensive due to their high quality.
- The increase in the rate of Income tax for those on low incomes is unlikely to have much impact due to the high quality and expensive nature of the cards.
- The increase in the rate of Corporation Tax on company profits will not have any effect as long as the company is making a loss. However, if the company were to become profitable again in the near future then this would have a negative effect.
- The increase in the rate of Income Tax may encourage workers at Luxury Cards plc to seek higher paid employment elsewhere or request a pay rise or additional hours of overtime (if available) in order to raise their incomes, with resulting implications for Luxury Cards plc.

Level 3 (5-6 marks)

Evaluates issues involved by making a supported judgement or judgements in context.

Level 2 (3-4 marks)

Analyses the impact of possible issues by considering possible implications for the business.

Level 1 (1-2 marks)

Applies knowledge of issues in the given context.

NB: Answers that consider only one tax, maximum of 4 marks.

[6]

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

Issues of relevance include:

- The increase in interest rates will increase the cost of external borrowing from the bank and so:
 - either increases losses or reduces profits
 - either increases the repayment period or the repayment amount.
- The increase in interest rates will not directly affect the sale of new shares. However, there may be indirect effects due to the likely loss of sales as consumer purchases may fall due to higher interest rates, hence reducing future profitability. As a result, shares may be more difficult to sell.
- Reference may be made to the fact that the company has recently made a loss and therefore a decision to invest £3 million may be best delayed.

Reference may be made to the fact that some taxes have increased and therefore a decision to invest £3 million may be best delayed.

Level 2 (3-5) marks

Evaluates issues by making a recommendation or by making a judgement or judgements in context.

Level 1 (1-2 marks)

Analyses the impact of possible issues by considering possible implications for the business.

N.B. No marks for knowledge of share issues or borrowing.

[5]

- (ii) **Target: To understand the impact of changing technology on employment.**

Redundancy

[1]

1 mark.

- (iii) **Target: To explain the benefits of changing technology on business.**

Possible benefits include:

- Increased productivity and efficiency (higher output per time period).
- Reduced direct costs of production.
- Economies of scale due to higher volume of output.
- Less disruption to output due to human factors, e.g. strikes, absenteeism etc.
- Increased competitiveness.
- Ability to lower prices and increase sales.
- Ability to produce new products.
- Ability to produce better quality products.
- Increased ability to meet customer demands, e.g. shorter lead times etc.

2 x 2 marks

2 marks for a clear explanation of a benefit.

1 mark for identifying a possible benefit or a rewardable comment.

[4]

- (c) **Target: To evaluate the responsibilities that business has towards the environment and the influences of environmental concerns.**

Issues of relevance include:

- How much will it cost and will this affect prices?
- What will be the reaction of customers if the quality of products is affected?
- Will it affect the competitiveness of the business?
- Will profits be affected?
- What will be the reaction of shareholders?
- What are the objectives of the business?
- Can they ensure a suitable supply of recycled materials?

Level 2 (3-5) marks

Evaluates issues involved by making a recommendation or by making a judgement or judgements in context.

Level 1 (1-2) marks

Analyses the impact of possible issues by considering possible implications for the business

[5]

- (d) **Target: The ability to calculate a price using an exchange rate.**

One delivery of ink costs \$1,520 / \$1.60 (1) = £950.00 (1) **N.B. OFR**

2 marks for simply giving the correct answer with no workings.

[2]

- (e) **Target: The ability to explain the effect of a change in the exchange rate for a specific business.**

Possible benefits include:

- Prices of exported cards will decrease and so Luxury Cards plc's exported sales volume will increase.
- Prices of imported cards will increase and so Luxury Cards plc's domestic sales volume could increase.

1 mark for identifying a possible benefit or for a rewardable comment.
Up to 2 further marks for development as an explanation of a benefit.

[3]

(f) **Target: To demonstrate knowledge of the impact of change within the EU on business activity.**

(i) Opportunities include:

- The opportunity to sell to a larger market with no barriers to restrict the company's exports to the EU.
- The opportunity to exploit economies of scale due to the size of the market.
- The opportunity for improved access to EU suppliers with higher quality and/or lower prices.
- The opportunity to recruit and employ lower cost workers from the new member states.

2 marks for a clear explanation of an opportunity.

1 mark for identifying a possible opportunity or for a rewardable comment.

[2]

(ii) Threats include:

- Competition from lower cost foreign imported products with no barriers to restrict those imports into the UK.
- Loss of financial support from the EU as support is directed elsewhere.

2 marks for a clear explanation of a threat.

1 mark for identifying a possible threat or for a rewardable comment.

[2]

**Mark Scheme 2323/02
June 2005**

Question 1

30 marks

- (a) (i) **Target: Ability to explain why the State is an employer in business activity.**

Possible reasons include:

- To protect employment by preventing organisations from closing.
- To provide new employment opportunities.
- To protect employees from exploitation and safeguard employee rights.

E.g. Due to the closure of local businesses and rising levels of unemployment (1 mark), the State might employ workers by taking over failing businesses and bringing them into the public sector in order to protect local employment (1 mark).

2 marks for a clear explanation of an objective.

1 mark for identifying a possible objective or for a rewardable comment.

[2]

- (ii) **Target: Ability to demonstrate knowledge of the Mixed Economy.**

Possible reasons include:

- To provide a service for the local community that conveys social benefits rather than a profit, such as healthy living and fitness levels campaigns.
- To keep prices low for people with low incomes.
- There is insufficient consumer demand for a private profit making enterprise.

2 marks for a clear explanation of a reason for public service provision.

1 mark for identifying a possible reason or for a rewardable comment.

N. B. No marks for answer relating to employment (if mentioned in a(i)).

[2]

(b) **Target: Ability to explain the impact of changing technology.**

Possible benefits include:

- Increased flexibility of workers.
- Opportunity to relocate workers to cheaper premises.
- Increased motivation of workers due to home working, less travel etc.
- Staff redundancies and lower employment costs.
- Improved productivity/efficiency.

Possible costs include:

- Cost of purchasing new technology for teleworking.
- Costs of training workers.
- Staff discontent and possible opposition.
- Cost of redundancies.
- Loss of staff morale and motivation due to less contact with customers and/or other staff.

2 x 2 marks.

2 marks for a clear explanation of an appropriate cost.

1 mark for identifying a possible cost **or** for a rewardable comment.

2 marks for a clear explanation of an appropriate benefit.

1 mark for identifying a possible benefit **or** for a rewardable comment.

[4]

(c) (i) **Target: Ability to apply knowledge and understanding and explain the objectives of trade unions.**

Objectives might include:

- To improve the pay of its members.
- To improve the working conditions of its members.
- To reduce the working hours of its members.
- To improve the holiday entitlement of its members.
- To push for changes in the law that benefit its members.
- To act as a pressure group.

Reward should be given to any appropriate objective.

2 marks for an explanation of an appropriate clear objective.

1 mark for identification of a trade union objective.

[2]

- (ii) **Target: Ability to understand the effects of trade union protection of the interests of members both in the workplace and outside it.**

Possible examples of costs to an organisation include:

- Loss of customer satisfaction and goodwill.
- Loss of customers and future orders.
- Loss of current orders.
- Delays in production.
- Stockholding costs.
- Cash flow problems.
- Overheads still have to be paid.
- Reduction in profits.
- Disruption.
- Damage to reputation.

2 x 2 marks.

2 marks for a clear explanation of an appropriate cost.

1 mark for identifying a possible cost or for a rewardable comment.

[4]

- (iii) **Target: Ability to explain how organisations and trade unions can work together.**

The most likely answer will centre on face-to-face negotiations/discussions or collective bargaining between representatives of Lakeside District Council and representatives of the trade union.

Reference might also be made to working in collaboration with ACAS.

1 mark for identifying a possible method or for a rewardable comment.

Up to 2 further marks for development as an explanation of method.

[3]

- (d) **Target: Ability to identify how conflict between organisations and trade unions may be resolved.**

Advantages may include:

- Independent external party.
- Expertise.
- Act as mediator, conciliator and arbitrator.
- May bring fresh ideas to settle the dispute.

2 marks for a clear explanation of an appropriate advantage.

1 mark for identifying a possible advantage or for a rewardable comment.

[2]

- (e) **Target: Ability to consider how the public sector attempts to control the local economy and the effect it has on business activity.**

Arguments in favour of allowing the housing development are:

- The need for more housing with a growing population.
- The benefits to low-income groups of more low-cost housing.
- The benefits to local businesses in terms of increased sales.
- The benefits of more local employment in the construction industry.

Arguments against allowing the housing development are:

- The damage to the local environment.
- The increase in local traffic congestion.

In addition, there are general factors that may be used to argue for and/against the development and these include:

- The growth in the local population creating pressure on the local housing stock.
- Benefits to local building suppliers and other contractors.
- The possible effects of lower house prices for local residents.
- Potential strain on other local services e.g. schools, hospitals.
- Other new businesses may be attracted in to the area due to population increase.
- The aims of Lakeside District Council, e.g. local planning priorities.

Level 4 (7-9 marks)

Evaluates arguments involved in order to put forward an overall recommendation or by making a judgement or judgements in context.

Level 3 (5-6 marks)

Analyses possible arguments for and/or against in context by considering possible implications.

Level 2 (3-4 marks)

Applies knowledge of issues in the given context.

Level 1 (1-2 marks)

Identifies any issue(s), but not in context.

N.B. One-sided argument maximum of 6 marks.

Simple repetition of comments even in candidate's own words is not Level 2.

[9]

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

Ideas are expressed clearly, fluently 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 in 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

2

Question 2

30 marks

- (a) **Target: The ability to evaluate the effect of changes in taxation upon a specific business.**

Issues of relevance include:

- The increase in the rate of VAT will increase card prices and is likely to reduce sales volume, especially as VAT is a percentage tax and the company's cards are expensive due to their high quality.
- The increase in the rate of Income Tax for those on low incomes is unlikely to have much impact due to the high quality and expensive nature of the cards.
- The increase in the rate of Corporation Tax on company profits will not have any effect as long as the company is making a loss. However, if the company were to become profitable again in the near future then this would have a negative effect
- The increase in the rate of Income Tax may encourage workers at Luxury Cards plc to seek higher paid employment elsewhere or request a pay rise or additional hours of overtime (if available) in order to raise their incomes, with resulting implications for Luxury Cards plc.

Level 3 (5-6 marks)

Evaluates issues involved by making a supported judgement or judgements in context.

Level 2 (3-4 marks)

Analyses the impact of possible issues by considering possible implications for the business.

Level 1 (1-2 marks)

Applies knowledge of issues in the given context.

NB: Answers that consider only one tax, maximum of 4 marks.

[6]

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

There are many ways in which candidates can approach a question such as this, so reward any appropriate answer. Issues of relevance include:

- With no retained profit the company is likely to have to look to external sources of finance such as borrowing or share issue.
- An increase in interest rates will increase the cost of external borrowing and so reduce profit and either increases the repayment period or the repayment amount.
- An increase in interest rates will increase the cost of debts for consumers and so lead to lower demand for company's expensive high quality products.
- The effects of an increase in interest rates upon the cost of financing any debts that the business already has.
- The effects of the tax increases announced in the Budget (previous question).
- The expected growth of the UK economy will make it easier to sell products and so earn revenue to cover the cost of the investment and higher interest charges.
- Will expectations prove to be correct?
- An increase in interest rates will not directly affect the sale of new shares. However, there may be indirect effects due to the likely loss of sales as consumer purchases may fall due to higher interest rates, hence reducing future profitability. As a result, shares may be more difficult to sell.

Level 4 (7-9 marks)

Evaluates issues involved in order to put forward an overall recommendation or by making a judgement or judgements on context.

Level 3 (5-6 marks)

Analyses the impact of possible issues by considering possible implications for the business.

Level 2 (3-4 marks)

Applies knowledge of issues in the given context.

Level 1 (1-2 marks)

Identifies issue(s), but not in context.

N.B. One-sided argument maximum of 6 marks.

[9]

(c) **Target: To evaluate the responsibilities that business has towards the environment and the influences of environmental concerns.**

Issues of relevance include:

- How much will it cost and will this affect prices?
- What will be the reaction of customers if the quality of products is affected?
- Will it affect the competitiveness of the business?
- Will profits be affected?
- Is production possible with recycled materials?
- What will be the reaction of shareholders?
- What are the objectives of the business?
- Can they ensure a suitable supply of recycled materials?

Level 3 (4-6 marks)

Evaluates issues involved by making a recommendation or by making a judgement or judgements in context.

Level 2 (2-3 marks)

Analyses the impact of possible issues by considering possible implications for the business.

Level 1 (1 mark)

Applies knowledge of issues in the given context.

N.B. Answers that analyse only one option maximum of 3 marks.

[6]

(d) **Target: Ability to explain how the law impacts upon business.**

Possible legal issues could include:

Health & safety; employment; consumer protection; minimum wage legislation; environmental protection; EU regulations; local council regulations; contracts; etc.

Reward should be given to any appropriate legal issue in the candidate's experience.

2 marks for explanation within the context of a named firm or organisation.
1 mark for an explanation of a legal issue, but with no reference to a firm or organisation.

1 mark for rewardable comment concerning a relevant legal issue.

[2]

- (e) **Target: Target the ability to explain the effect of a change in the exchange rate for a specific business.**

Possible benefits include:

- Prices of exported cards will decrease and so Luxury Cards plc's exported sales volume could increase.
- Prices of imported cards will increase so Luxury Cards plc's domestic sales volume could increase.

1 mark for identifying a possible benefit or for a rewardable comment.

Up to 2 further marks for development as an explanation of a benefit.

[3]

- (f) **Target: Ability to demonstrate knowledge of the impact of change within the EU on business activity.**

- (i) Opportunities include:

- The opportunity to sell to a larger market with no barriers to restrict the company's exports to the EU.
- The opportunity to exploit economies of scale due to the size of the market.
- The opportunity for improved access to EU suppliers with higher quality and/or lower prices.
- The opportunity to recruit and employ lower cost workers from the new member states.

2 marks for a clear explanation of an opportunity.

1 mark for identifying a possible opportunity or for a rewardable comment.

[2]

- (ii) Threats include:

- Competition from lower cost foreign imported products with no barriers to restrict those imports into the UK.
- Loss of financial support from the EU as support is directed elsewhere.

2 marks for a clear explanation of a threat.

1 mark for identifying a possible threat or for a rewardable comment.

[2]

**Mark Scheme 2324/01
June 2005**

1 (a) Target: Ability to demonstrate knowledge of individual and business objectives.

- (i) States valid objective e.g. survival, make/get back in to Profit/reduce losses, compete with supermarket, increase sales, reduce staff turnover. NOT growth, expansion. (1)
x 2 objectives. NOT method of achieving objectives. [2]

- (ii) States valid individual objective e.g. maximise income (make money), not work too hard, have an interesting job/responsibility. (1)

[1]

- (iii) Explains possible conflict with business objective e.g. money for Emma represents less profit for Mr See and conflicts, gaining responsibility might help See Stores' performance.

Explanation of valid reason for conflict or no conflict. (1-2)

[2]

(b) Target: Ability to analyse numerical data in the context of the case study material.

- (i) $\frac{\pounds 200,000}{\pounds 800,000}$ (1) = 25% (2 marks for correct answer) [2]

if $\frac{\pounds 200,000}{\pounds 600,000}$ = 33% (1 Mark)

- (ii) Decrease (1) of £70,000 (1). [2]

(c) Target: Ability to consider information sources and apply in the context of the case material.

States valid information source e.g. questionnaire, interview. (1)

Explains in context of establishing shop customers wants, for example how it could be used, what the results would show.

2 x 2 marks. (1)

[4]

Allow Primary (1) and Secondary research (1).

(d) Target: Ability to demonstrate business knowledge and apply to case study material.

Knowledge Base: Need for See Stores to have something different to supermarkets e.g. a particular product, quality of service, specialist products, opening hours, promotional “gimmick” (e.g. loyalty card). Not “advertising” unless linked to differentiation.

Level 3 (5-6 marks)

Evaluates option(s) in context of stores vs. supermarket e.g. cost of delivery service might however be prohibitive especially as he is making a loss or comes to a justified conclusion as to the best option.

Level 2 (3-4 marks)

Analyses in context of stores vs. supermarkets e.g. home delivery would be a good idea because it is less likely to be offered by supermarket.

Level 1 (1-2 marks)

Shows some knowledge of possible strategy or strategies.

[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

[2]

Total Q1 = [21]

2 (a) Target: Ability to demonstrate knowledge of decision making process and to analyse factors involved in the context of the case material.

(i) 2, 3, 5 correct, one mark each. First three ticks only to be counted.

[3]

(ii) Identifies valid reason from the job advertisement e.g. poor pay, overworked, evenings, weekends, long and uncertain hours. (1)
Explains in context of why they might then leave. (1)
2 x 2 marks.

[4]

(iii) Knowledge Base: options included better hours, better pay, valuing staff more, more interesting job/responsibilities.

Level 3 (5-6 marks)

Comes to an overall justified conclusion e.g. costs of paying more may be less than continually recruiting and retraining plus quality issues. (*One option evaluated or more than one option compared.*)

Level 2 (3-4 marks)

Analyse increasing pay and/or other options e.g. advantages/disadvantages of context of stores and its situation.

Level 1 (1-2 marks)

Explains option(s) in context of stores.

[6]

(b) Target: Ability to analyse and evaluate alternative courses of action and come to a justified decision.

Knowledge Base: Emma is senior assistant so should take some responsibility, however not being paid in line with the responsibility. Walking out when at work could be a disciplinable offence but already staff turnover problems and may not be able to cope without Emma. Positive actions could generate higher motivation and increased level of responsibilities.

Level 3 (5-6 marks)

Either compares options based on preceding analysis and comes to an overall conclusion in the context of the case study or a weighted judgement of either option based on arguments for and against.

Level 2 (3-4 marks)

Analyses either or both of the options, e.g. consequences of course of action.

Level 1 (1-2 marks)

Explains either or both of the options.

[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

[2]

Total Q2 = [21]

- 3 (a) (i) **Target: Ability to identify possible effects of business problem and to analyse and evaluate possible solutions in the context of case material.**

Identifies possible effect of bad stock e.g. unhappy customers, poor reputation, request for money back, legal problems. (1)
Explains in context of stores. (1)
2 x 2 marks.

[4]

- (ii) **Target: Ability to analyse effects of possible solutions to problem in context of case study.**

Knowledge Base: Just in time may work and be appropriate e.g. fruit and veg. Could have daily deliveries, trips to warehouse but unlikely to be practical or economical. Other methods possible, e.g. LIFO, FIFO.

Level 2 (3-4 marks)

Comes to an overall justified conclusion as to suitability of JIT or other stock control method e.g. JIT. Considers some advantages and disadvantages in context.

Level 1 (1-2) marks)

Demonstrates some knowledge and understanding of stock control method(s), eg JIT and how it might work in context of the stores. (1 mark if no context.) Candidates need not specify named methods.

[4]

- (iii) **Target: Ability to evaluate communication methods in the context of case material.**

Knowledge Base: Possible to use oral or written communications; advantages/disadvantages of either, e.g. speed, record, confirmation, clarification. Could use examples similarly, e.g. phone, e-mail, letter, fax, etc.

Level 2 (3-4 marks)

Evaluates method or methods in the context of the case.

Level 1 (1-2 marks)

Demonstrates knowledge of communication methods (1) in the context of the case (1).

[4]

(b) Target: Ability to consider the effect of external factors in the context of case material.

Identifies valid factor e.g. more customers, fewer potential workers, increasing prosperity in the area. (1)

Explains the effect on See Stores e.g. revenue increases because more customers are spending more money. (1-2)

x 2

[6]

Total Q3 = [18]

Mark Scheme 2324/02
June 2005

1 (a) Target: Ability to demonstrate knowledge of individual and business objectives.

Identifies reason that business objectives e.g. survival, make/get back into profit/reduce losses may clash with Emma's individual objective e.g. maximise income, not work too hard, have an interesting job/responsibility. (1)

Explains reason in context of the case material e.g. by comparison between Emma and Mr See. (1)

2 x 2 marks

[4]

(b) Target: Ability to analyse numerical data in the context of the case study material.

(i) $\frac{\pounds 200,000}{\pounds 800,000}$ (1) = 25% (2 marks for correct answer) **[2]**

if $\frac{\pounds 200,000}{\pounds 600,000}$ = 33% (1 mark)

(ii) Decrease (1) of £70,000 (1). **[2]**

(c) Target: Ability to consider information sources and apply in the context of the case material.

(i) Identifies disadvantage e.g. primary research is likely to be expensive, won't be able to afford to get good enough sample size for reliable results; has not got the resources or expertise to do himself properly. (1)
Explains reason in context of the case material. (1)

[2]

(ii) Identifies disadvantage e.g. secondary research is likely to be out of date, not specific to needs, national rather than local. (1)
Explains reason in context of the case material. (1)

[2]

(d) Target: Ability to demonstrate business knowledge and apply to case study material.

Knowledge Base: Need for See Stores to have something different to supermarkets e.g. a particular product, quality of service, specialist products, opening hours, promotional “gimmick” (e.g. loyalty card). Not “Advertising” unless linked to differentiation.

Level 3 (5-6 marks)

Evaluates option(s) in context of stores vs. supermarket e.g. cost of delivery service might however be prohibitive especially as he is making a loss or comes to a justified conclusion as to the best option.

Level 2 (3-4 marks)

Analyses in context of stores vs. supermarkets e.g. home delivery would be a good idea because it is less likely to be offered by supermarket.

Level 1 (1-2 marks)

Shows some knowledge of possible strategy or strategies.

[6]

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

Ideas are expressed clearly, fluently, legibly and appropriately. There may be some 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

[2]**Total Q1 = [20]**

2 (a) Target: Ability to demonstrate knowledge of decision making process and to analyse factors involved in the context of the case material.

- (i) Knowledge Base: Having good quality staff is important in terms of service (differentiates from rivals). Also expensive to keep replacing staff, supermarket will take best staff. Good staff more productive than poor staff.

Level 3 (5-6 marks)

Analyses reasons in notes e.g. considers direct and/or indirect costs of replacing staff.

Level 2 (3-4 marks)

Explains notes in the context of the case.

Level 1 (1-2 marks)

Some knowledge and understanding of issues involved.

[6]

- (ii) Knowledge Base: Options include better hours, better pay, valuing staff more, more interesting job/responsibilities.

Level 3 (5-6 marks)

Comes to an overall justified conclusion e.g. costs of paying more may be less than continually recruiting and retraining plus quality issues.

One option evaluated or more than one option compared.

Level 2 (3-4 marks)

Analyses increasing pay and/or other options e.g. advantages/disadvantages in context of stores and its situation.

Level 1 (1-2 marks)

Explains option(s) in context of stores.

[6]

(c) Target: Ability to analyse and evaluate alternative courses of action and come to a justified decision.

Knowledge Base: Emma is senior assistant so should take some responsibility, however not being paid in line with the responsibility. Walking out when at work could be a disciplinable offence but already staff turnover problems and may not be able to cope without Emma. Positive actions could generate higher motivation and increased level of responsibilities.

Level 3 (4-6 marks)

Compares options (two or more) based on preceding analysis and comes to an overall conclusion in the context of the case study e.g. the best option would be ... because ...

Level 2 (2-3 marks)

Analyses option in context of the case e.g. firing would be a good idea because he would save her wages that he can't afford.

Level 1 (1 mark)

Identifies possible options e.g. fire Emma, give her a pay rise.

[6]

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

Ideas are expressed clearly, fluently, legibly and appropriately. There may be some 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

[2]

Total Q2 = [20]

- 3 (a) (i) **Target: Ability to analyse effects of possible solutions to problem in context of case study.**

Knowledge Base: Just in time may work and be appropriate e.g. fruit and veg. Could have daily deliveries, trips to warehouse but unlikely to be practical or economical. Other methods possible e.g. LIFO, FIFO.

Level 2 (3-4 marks)

Comes to an overall justified conclusion as to suitability of JIT or other stock control method. Considers some advantages and disadvantages in context.

Level 1 (1-2) marks)

Demonstrates some knowledge and understanding of stock control method(s) e.g. JIT and how it might work in context of the stores. (1 mark if no context.) Candidates need not specify named methods.

[4]

- (ii) **Target: Ability to evaluate implementation methods in the context of case material.**

Knowledge Base: Could discuss negotiation, executive action by Mr See, information and effective communication; there are only four employees but change difficult in the past; fear and resistance to change likely issues (e.g. loss of jobs, new skills required).

Level 2 (3-4 marks)

Evaluates method or methods in the context of the case.

Level 1 (1-2 marks)

Demonstrates knowledge of change issues (1) in the context of the case (1).

[4]

- (b) **Target: Ability to evaluate overall prioritised strategy in the context of case material.**

Knowledge Base: Strategy should have aims/objectives, information, options, monitoring and review. Priorities could focus on finance/profit (urgent), staffing/Emma (immediate); lack of customers (urgent).

Level 4 (7-8 marks)

Discuss more than one strategy and evaluates what is the best strategy giving reasons for choice and/or provides a prioritised strategy giving justification both for the strategy and the priorities given.

Level 3 (5-6 marks)

Justifies strategy in the context of the case situation e.g. measures to attract more customers because without more customers, the business will not survive.

Level 2 (3-4 marks)

Explains possible strategy(s) in context of case.

Level 1 (1-2 marks)

Demonstrates knowledge of aspects of a strategy.

[8]

(c) Target: Ability to consider the effect of external factors in the context of case material.

Level 2 (3-4 marks)

Explains effect on See Stores e.g. revenue increases because more customers spending more money.

Level 1 (1-2 marks)

Identifies valid factor e.g. new development will provide more customers, fewer potential workers, increasing prosperity in the area.

[4]

Total Q3 = [20]

REPORT ON THE UNITS
June 2005

GCSE Business Studies B Chief Examiner Report

General Comments

For many Centres, this summer saw the completion of the third cohort of candidates following this popular unitised specification. It has also been encouraging to see new Centres taking up the specification for the first time. The ability to have a more experientially based course, with the flexibility provided by the unitised assessment, continues to be an attractive proposition for many Centres.

This summer saw once again, wide ranging success on the four units, particularly notable being the improved performance on coursework. Also, much improved this session was the quality of answers to the questions based on 'businesses we have studied'. This reverses last summer's trend and it was pleasing to see the wide range of local, national and multi-national organisations on which answers were based.

One overall area of concern in this summer's examinations was the failure of good candidates to reach high levels in the questions requiring more extended writing, typically (but not always) six to eight mark questions. In each examination, candidates were often writing at length but not addressing the higher order command word contained in the question. Each paper has to test evaluative skills (in unit 2324, this is quite extensive) and candidates should be looking for, and expecting, questions requiring them to advise, discuss, recommend and evaluate. Highlighting the command word(s) in the question is often a simple device to improve performance. Of the four units, the Business in its Environment unit appears to provide the most concern for Centres. It should be remembered that this is a Business Studies paper, and whilst a basic understanding of areas such as economics, law, and external constraints are required, far more important is that candidates are able to explain how businesses may be affected by and how they might react to changes in the external environment. The specification provides detailed guidance of areas which could be examined and it is worth noting that all areas **will** be tested over a number of years.

This year saw the introduction of T-Mobile as the new supported coursework scheme. This proved very popular and there were some excellent projects submitted.

The success of this specification continues to be based on the excellent teaching and learning experiences provided in Centres. The case study approach used in the examinations means that candidates who are used to thinking in business contexts are able to provide well argued and justified answers. This course cannot just be learnt out of a textbook and it continues to be a joy to see the well founded business thinking that originates from the well prepared candidate.

2321: Business Organisation

General Comments

The great majority of candidates continue to show that they have gained some knowledge and understanding of the material. At one end this amounts to a clear understanding of the content of the specification and how this knowledge can be applied to a wide variety of situations. At the other, candidates have an idea of the basic concepts and can handle numerical data.

Candidates who do well at all levels are those who:

- read the scenario of the question, 'leading soft drinks manufacturer' was often ignored on both papers;
- pay close attention to the command word;
- read and answer the question set, 'Mark and Joanna have offices next to each other' seemed to have no meaning for many candidates on both papers;
- can name and respond sensibly about a business/businesses they have studied. Some Centres had clearly prepared their candidates for the questions requiring the naming of a business and usually reaped their rewards in questions two and four.

A disappointing feature of the examination was an increased number of candidates who did not make any response to the part of the question carrying the extra QWC marks, 1(d)(ii) (Foundation) and 1(c)(ii) (Higher). This meant that candidates lost seven marks. Centres are reminded that their candidates are advised to attempt this question and that it is shown, on the paper, by an asterisk '*'.

In general, Centres had continued to exercise care over the entry of candidates for the Foundation paper, although a few who scored very high marks could have coped with the Higher paper. Once again, however, too many candidates were entered for the Higher paper when their results clearly indicated that they would have benefited from taking the Foundation paper.

Comments on Individual Questions

Paper 1

- 1(a) Most candidates offered 'all organisations owned by individuals'.
- (b) In part (i), the best candidates referred to Joanna's role of organising aspects of marketing, such as market research and promotion; while in part (ii) they had a clear idea of the relationship with the managing director such as line manager, delegation, responsibility, etc. Weak candidates gave answers that could have applied to any manager and had no idea of the relationship, e.g. 'they help each other'.
- (c) While most candidates could explain an advantage of email, for some the idea of 'face-to-face' communications seemed very alien. The best answers referred to the importance of facial expressions and body language in the development.

(d) The first part of the question was answered poorly by a number of candidates who did not seem to understand that it was concerned with pricing strategies. Instead they referred to different types of market research, some of these going on to talk about some very vague ideas such as asking customers what price they would be willing to pay for something. Others thought it was about marketing offers in general and wrote about such offers as 'buy one get one free'. In the second part, candidates could achieve credit even if they had failed to score any marks in the previous section, but the quality of the answers was often poor. The question required the candidates to give reasons for their recommendation but much of this reasoning was rather limited and superficial.

2(a) The majority of candidates were able to explain 'survival' and 'growth', but not all could then relate this to Newsound plc. Many thought that Newsound plc was a shop, although the stem specifically refers to 'producing'. The best answers realised that it was a 'new' and 'small' business.

Teachers' Tip

Make sure that candidates are aware of the need to read both the stem of the question and the specific question. This will help them improve their marks throughout the paper.

(b) Most candidates understood why a company needed to control its stock with a few referring to Newsound plc being a new small company and, therefore, needing to conserve money. Relatively few, however, had a clear idea of Just in Time with many giving answers of the 'this is when stock arrives just in time' type.

(c) Most candidates scored one mark with only a few achieving full credit. The most common error was to confuse batch and flow production and to give statements 2 and 4. The second part of the question was specifically related to Newsound plc, but many candidates simply offered a very vague and general answer with no reference to the company. Some candidates, however, did try and make the link; they pointed out, for example, that different customers might want different colours or styles of speakers.

(d) The better answers were those that: named a business; clearly explained a method of training, either generically such as on-the-job or specifically such as apprenticeship; and then could discuss whether this was a good method for their business. Others could write in general about what happens in their business, but were unable to offer much comment in part (ii). Some of the answers, however, were not very focused on training with a few doing question 4(b)(i).

3(a) Many candidates got the idea of a budget confused with a profit and loss account. A number of candidates did, however, recognise the potential usefulness of drawing up a budget each year, such as in relation to financial planning or to help set targets.

(b) Many candidates were able to gain full marks. The majority was able to correctly calculate the value of total expenditure, but a large number then added the figures together rather than subtracting.

- (c) The best candidates were able to consider both income and expenditure and to then decide which would be best. Many, however, assumed that cutting wages was not problematical for a charity and that making workers redundant carried no financial penalty. A surprising number either had little idea or confused income and expenditure.

Teachers' Tip

Make sure that candidates have a good grasp of the basic business studies' concepts. This will help not only with the definition type questions, but also throughout the paper.

- 4(a) The majority of candidates were able to correctly describe quality circles as a small group of workers who met regularly to discuss how to improve quality.
- (b) Most candidates were able to offer two methods of motivation with many showing good knowledge of the methods used by their business both financial and non-financial. The better candidates were then able to go on in part (ii) to give reasons as to which method would be most successful, with the very best recognising that it might be different for different levels of workers, often managers and shop-floor workers. Too many candidates, however, basically repeated what they had put in part (i) or offered unsupported generalisations. Some candidates did not name a business and, thus, further restricted the credit available.

Paper 2

There was a very wide range of ability shown by candidates on this paper. At the top end are those who have an excellent grasp of business concepts and terms and can use these both in the context of the questions and, where called upon, to discuss a business they have studied. At the bottom end are those who had little knowledge of the content of the specification, often gave vague responses to questions and often ignored the context and/or did not name a business where required to do so.

- 1(a) Most candidates knew this, although weaker candidates often confused it with a private limited company.
- (b) In parts (i) and (ii) the best candidates referred to Joanna's role of organising aspects of marketing, such as market research and promotion, and had a clear idea of the relationship with the managing director such as line manager, delegation, responsibility, etc. Weak candidates gave answers that could have applied to any manager and had no idea of the relationship e.g. 'they help each other'. In part (iii) many ignored 'next to each other' and the simple answer of 'face to face' in favour of a range of methods which could have placed them miles apart or were inappropriate e.g. 'knock a hole in the wall' or 'shout'. Those who did go down the face to face response usually gained full marks.

- (c) Again there was great disparity between responses. At the top were those who knew accurately the names of policies and could explain them before going on to recommend which should be adopted, often via comparison. The best answers clearly recognised, and often referred to, 'is a leading soft drinks manufacturer'. Many candidates were confused as to methods. In some cases they gave the correct name, but the wrong description, especially for price skimming. Others offered answers such as 'bogof' or 'size of bottle'.

Teachers' Tip

Make sure that candidates have a good grasp of the basic business studies concepts. This will help not only with the definition type questions, but also throughout the paper.

- 2(a) The concept of 'business objectives' was not always known or candidates could not explain, e.g. 'profit, to make money'. The best answers usually offered survival, profit, improved customer service or growth and then could explain, with some relating these to Newsound's position.
- (b) The concept of 'Just in Time' was poorly known or drew answers of the 'this is when stock arrives just in time' type. Where candidates could explain this was often Centre specific. In part (ii) most candidates understood that it meant less/no stock and thus more money, but only a minority could link it specifically to cash flow.
- (c) The best answers could explain the advantages of batch production in terms of being able to supply the wants of different customers, economies of scale, etc. Other answers tended to be of the 'quicker', 'cheaper', 'more consistent' variety. If these were then related to another method the candidate gained both marks, but often they were left at that stage.
- (d) Most candidates named a business and were able, therefore, to use their knowledge to provide a sensible answer. While many did 'discuss', too many still ignored this instruction.
- 3(a) Budgets were often poorly understood and confused with profit and loss accounts. Where candidates did understand, they often referred to the need to compare potential income and expenditure and to make changes where appropriate to prevent starting with a loss.
- (b) An overwhelming majority of candidates were able to do the calculation in part (i), but only the better candidates went on to calculate and use the surplus/deficit in part (ii) and to refer to the non-profit making nature of charities.

- (c) There were some outstanding answers to this question. These candidates examined various possibilities of increasing income and assessed their viability e.g. the possible loss of members if subscriptions were raised, before going on to do the same with expenditure, recognising the difficulty of cutting salaries, and then offering a supported solution. Others were able to explain various possibilities, but too often assumed that charity workers would be prepared to work for less. A few, however, did not understand what was meant by income and talked about cutting it.

Teachers' Tip

Make sure that candidates understand what is meant by key command words such as discuss, recommend and give reasons, assess, etc, and have had plenty of opportunity to develop and to practise these skills.

- 4(a) The majority of candidates did not understand the concepts of Total Quality Management and quality circles. The former drew a larger number of correct answers, usually in terms of 'checking at each stage of production', but only a small number got any marks for part (ii) and both marks were achieved by only a handful of candidates.
- (b) Nearly all the candidates were able to offer some valid response and most named either the same business as in question 2(d) or another one. The majority showed good knowledge of their chosen business. The weaker answers described the methods, but made no overt link to 'improve the motivation'. Most were able to explain, however, how they worked, or could work, but only a minority of candidates went on to discuss which was, or were, or could be the best way(s), with the very best distinguishing between, for example, managers and production line workers.

2322: Business Studies Coursework

Introduction

Much of the work produced by candidates this year continued to impress, with the high standard of previous years being maintained. A number of Centres took advantage of the free coursework consultancy service to seek advice on the viability of a particular title. This ensured that a Centre devised assignment was able to fully meet the assessment criteria. Should other Centres wish to take advantage of this service, contact the OCR Birmingham office.

This was the first summer moderation of the new supported assignment based on T Mobile. This proved very popular, with candidates showing great enthusiasm in their pursuit of improving the marketing of mobile phones. A revised title based on the marketing of T Mobile will be available for the 2006 examination, with details once again being available from the Birmingham office.

Where candidates devised their own title, there was sometimes a difficulty in reaching a clear conclusion within the work. This was usually caused by a title which lacked a clear focus for the investigation. The title for an assignment should provide enough scope for the work, without giving rise to inappropriate amounts of written work. Many Centres chose a marketing based title which was based on the marketing mix. This gave a clear focus for the work, with a clear conclusion/recommendation based on market research. Where candidates tried to bring in a wider scope of topics into a piece of work, clarity often suffered.

As in previous years, some candidates produced what seemed to be an enormous amount of work, only for the moderator to discover that the assignment contained multiple copies of a questionnaire and large volumes of downloaded material from the Internet. It would be helpful to all concerned if only **one** copy of a questionnaire is enclosed, and that **only** the Internet information which is commented upon directly in the work is included. Otherwise it is only weight, not marks, that is being increased.

There was a rise this year in administration difficulties during the moderation process. Centres are reminded that if a candidate submits no coursework, a mark of 'A' should be recorded. Only where a candidate produces work which is of no value should a mark of '0' be entered. Where clerical errors are discovered by the moderation team, an amendment form is sent to Centres for verification. This should be returned as soon as possible to the moderator in order that the documentation may be processed.

Application of the Assessment Criteria

Criterion 1

This criterion requires candidates to set out their aim and explain their strategy for achieving the aim. A simple bullet point list does not constitute a detailed strategy worthy of full marks. Candidates should be prepared to justify a particular strategy and why it is appropriate for their investigation.

Criterion 2

Here the candidates should show that appropriate information has been collected to satisfy the aims set. This should ideally comprise both primary and secondary data. Many candidates devised their own questionnaire/interviews, with better candidates explaining their reasoning for asking particular questions.

The number of interviews required to satisfy the criteria cannot be specified, though it should be sufficient for the candidate to analyse later in the work and make meaningful recommendations to satisfy the original aim set.

The amount of glossy magazine-based publicity material included in some assignments often distracted from the work, as did the Internet-based material already mentioned. Better candidates were much more selective about the additional material to include, and made a direct reference to it within their work.

Criterion 3

In this criterion, candidates need to show that they can both organise and present their work in a clear, logical fashion. Inventive use of ICT was in evidence once again, though it is worth repeating that the work must be clear. At times candidates become over elaborate with their presentation and lost that clarity which is vital in this type of work.

Use of charts, tables, graphs, diagrams, photographs and maps should always be encouraged where it adds understanding to a particular area of the study.

Criterion 4

Criterion 4 requires candidates to use business terms and techniques within their assignment. The business terms should be used within context. It is of little use explaining the different pricing strategies in the marketing mix without applying that knowledge to the situation of the business being investigated. In the worst instances seen, candidates seemed to be taking sections from text books without making any real attempt to use that knowledge in the context of their study.

Better assignments contained both width and depth within this criterion. For example, in marketing, ALL the marketing mix was covered, with depth within each of the 4 'P's. Often contained within the final section of the assignment, many more able candidates showed an awareness of business techniques in the way they argued for a particular strategy the business under investigation should take.

Criterion 5

This criterion, along with criteria 4 and 6, play a large part in differentiating candidates' coursework. Criterion 5 requires candidates to both analyse and interpret the data they have collected. This may well be based mainly on their primary research, though it could also include secondary material.

Weaker candidates were able to offer simplistic analysis of the data, but without any real interpretation of the data. It is here that more able candidates must ensure that they comment in detail on the significance of particular results in the light of the title they are following. It may be the case that certain data analysis and interpretation is inconclusive. This should carry comment on what it means for the business. Other analysis may be very significant, and it is here that the use of figures/percentages is important. Writing that 'a lot of people thought.....' does not carry the same weight as '98% of those questioned thought....'.

This criterion is often over marked by Centres who give rather too much credit to basic statements which show no real appreciation of the importance of particular results.

Criterion 6

In this criterion, candidates need to make justified recommendations in the light of the earlier data analysis and interpretation. It is important that there is clear reference to the data analysis. In a minority of work, candidates would ignore the results of their research and come to their own conclusions based on personal interests.

The use of figures/percentages in this section should again be encouraged as it adds precision to the work. For example, there would be clear evidence for a particular strategy as 98% of those questioned thought...

Any recommendations made should fit the context of the study. Recommendations for marketing a plc for example will be very different from a sole trader, even though the framework of the 4 'P's can be used for both with good effect.

Where a Centre's marks were reduced under this criterion it was often due to basic statements being made which had no clear connection to the data or the context of the study.

2323: The Business in Its Environment

General Comments

This was the third sitting of this unit and, as with the last two years, it was pleasing to see some good marks on both the Foundation and the Higher tier papers. However, it would be fair to say that the candidates on the Higher tier paper did not score as highly as in previous years.

Considerable variation was apparent in the standard of work and marks between Centres and there was evidence to suggest that some candidates had been entered for an inappropriate tier. It is the opinion of the examining team that some candidates would clearly have benefited from sitting the Foundation tier paper, rather struggling with the Higher tier paper. Equally, some candidates who were entered for the Foundation tier might well have performed very creditably in the Higher tier paper.

This paper consists of two questions, which use brief scenarios concerning a specific organisation as both a setting and a stimulus for the individual questions. Therefore, it is important for candidates to remember that the information provided at the start of the question and each sub-question is not there to be repeated at great length in the answer to the question.

This is the first year in which one of the questions was based around issues within a district council and this appeared to illustrate some areas of weakness in candidates' subject knowledge relating to the public sector and, as a result, their answers. It is important to remember that the specification for this unit refers to the context of business and the difference between public and private enterprise.

The Higher tier paper differentiated across the range of candidates and there were some excellent scripts. Candidates entered for the Foundation tier paper managed to cope well and there were some very good scripts. There were very few really weak scripts and the nature of the paper allowed even the weakest candidates to attempt many of the questions.

As in previous years, the key differentiating factors were subject knowledge, examination technique, the ability to use contextual information and the ability to demonstrate skills of analysis and evaluation.

Due to the time limit of one hour and fifteen minutes for the paper, the organisation scenario will be fairly brief. However, there are elements within the scenario that are meant to provide the context to assist in answering the questions. For example, one question in both the Higher and Foundation tier papers referred to 'a large-scale manufacturer' that 'made a loss'. Better candidates were able to use this information when assessing the effect(s) of changes in taxation by analysing issues and then reaching an evaluative conclusion. Similarly, in other questions, some candidates lost marks in the first question on both Higher and Foundation tier papers because they did not fully consider the issues facing an organisation in the public sector.

One of the main weaknesses demonstrated by candidates related to limited knowledge and understanding of certain areas of the specification, such as employment within the public sector, the effects of changes in taxation, teleworking, and change within the European Union.

It was pleasing to note that many Centres are now drawing upon the local business context to illustrate specific business concepts and issues.

There was no evidence of candidates running out of time. Where there were gaps within the paper it was due to a lack of subject knowledge.

Many candidates, particularly on the Higher tier paper, use the additional lined pages at the back of the answer booklet to continue their answers. It is important, however, that candidates remember to number the additional content of their answer in line with the number of the first part of the answer. It would also be helpful if Centres were to encourage candidates to give an indication that an answer continues at the back of the booklet.

The quality of written communication was formally assessed in one question and most candidates gained credit, with only a small minority scoring no marks at all. However, examiners were concerned about the general standard of English used and the increasing incidence of answers that included the use of mobile phone 'text' language.

Of equal concern to examiners was some very poor use of business language with a number of terms being either misused and/or misspelled. In order to demonstrate an effective understanding of issues within organisations it is important that candidates can communicate effectively using the appropriate business terminology. Certain answers require specific use of business terms and so a candidate who refers to 'saving money' is not communicating in the same way as a candidate who uses the term 'cutting costs'. This also applies to the misuse of the term 'profit' when the candidate really means 'sales revenue' or 'turnover' and also 'making money' instead of the term 'earning a profit'. Business studies has a specific vocabulary and better candidates can use it effectively, whilst some candidates are losing potential development marks due to their failure to use the language of the subject appropriately and effectively.

Many of the cross-over questions targeted at grades C and D were not answered very well on the foundation tier and reflected some significant gaps in subject knowledge. However, the higher tier candidates were often better equipped to provide well-structured and detailed answers.

2323/1: Foundation Tier – The Business in Its Environment

General Comments

This paper is targeted at grades C to G and the questions were accessible to candidates working at this level. The quality of written communication was quite good.

Most candidates coped well with this paper. There was some evidence of candidates being unable to make an attempt at some of the questions. In general, Question 1 seemed to be better answered than Question 2. Candidates coped well with the tick box answers, but, unsurprisingly, were often less able to cope with longer answers, with few achieving the higher levels. Where candidates did score highly on this paper, it should be asked as to whether these candidates were entered for the appropriate tier paper. Most candidates appeared to finish all of the questions and there were no obvious time issues.

The main reasons for candidates not gaining marks were:

- a. Too much repetition of the information provided.
- b. Failure to answer the question set. Some candidates wrote answers that had no relevance to the question.
- c. Failure to develop the answers either by a more detailed explanation or little or no analysis and/or evaluation within the context of the question.
- d. Failure to consider the nature of the context that the organisations are operating within.
- e. Poor understanding of certain areas of the specification, e.g. reasons for public sector employment, teleworking, the effects of taxation on a firm, and change within the European Union.

Standards of spelling were occasionally poor, although few scripts were illegible.

Comments on Individual Questions

- 1(a)**
- (i)** This question was generally answered well.
 - (ii)** Most candidates were able to identify at least one example of public services provided by a council and the main error was where candidates wrote about services relating to health.
- (b)** This question was not so well answered. Many candidates approached the question by writing about issues to do with recruitment rather than laws concerned with advertising.
- (c)** Generally well answered, though many candidates put false for the last part of the question.
- (d)**
- (i)** This question was answered fairly well, but the main error was that candidates thought that protecting the environment was an example of trade union activity.
 - (ii)** Most candidates answered this question very well.

- (iii) Many candidates just used the same words 'work together' to answer the question, rather than going on to use key words such as 'negotiate', 'compromise', 'discuss' or 'have meetings'. Weaker answers referred to giving better pay or motivating staff. A common misconception was that Lakeside District Council could abandon the idea of introducing teleworking and, therefore, candidates did not answer the question.
- (e) This question was not answered particularly well with most candidates scoring marks in the range between three and six. Many just re-wrote the information that was provided in the boxes, and examiners reported that it was often difficult to find any significant development over what was actually given. There were very few evaluative answers to this question.
- 2(a) On the whole, this question was not answered well. Very few candidates achieved evaluative answers. Common misconceptions were that the increase in income tax would have to be paid by Luxury Cards plc; that the increase in VAT would lead to customers buying the cards elsewhere; and that the increase in Corporation Tax would force the company into debt. A common problem was that candidates only considered one tax, rather than comparing and coming to a judgement.
- (b) (i) Most answers to this question were very limited. The main response was that Luxury Cards plc would have to pay more if interest rates went up. Better candidates considered the fact that the money could be paid off and that the sale of shares could lead to problems, such as the company being taken over. Weaker candidates believed that the company would benefit by increased interest (in the product).
- (ii) The main misconception was that 'dismissal' best described the reduction, as opposed to the correct answer of 'redundancy'.
- (iii) On the whole, this question was answered well, though there were many limited answers because candidates wrote about saving money, saving wages, increasing profit or considered recruitment issues.
- (c) This question was not generally answered well because of misconceptions about the nature of recycled materials, such as that the raw materials were bound to be cheaper and that there would be no difference in the quality of the finished product. In addition, there was almost no consideration of how the company was to obtain these recycled materials or there was an assumption that the company could produce them itself without any recognition of the cost of the investment required to do this.
- (d) It is good to note that many candidates were able to accurately complete this calculation.
- (e) The vast majority of candidates got this the wrong way round and said that imports would be cheaper and that, as a result, the ink would be cheaper for Luxury Cards plc.

- (f) There was very limited understanding of the impact of the European Union, so that the vast majority of candidates achieved one mark for each part of the question with limited answers, such as an increased market or more customers for part (i), followed by increased competition for part (ii). There was no real knowledge shown of trade barriers or the benefits of a larger market, other than many references to increased profit when the candidates often meant increased revenue/turnover.

2323/2 Higher Tier – The Business in Its Environment

General Comments

This paper is targeted at grades A* to D and, in the main, the questions were accessible to candidates working at this level. In general, Question 1 seemed to be better answered than Question 2.

The main reasons for candidates not gaining marks were:

- a. Too much repetition of the information provided.
- b. Failure to use appropriate business terminology, e.g. 'money' when the candidate meant 'costs' or 'profit' instead of 'revenue'.
- c. Failure to respond to the command word, so that, for example, an answer was a statement rather than an explanation as was required.
- d. Failure to write extended answers, which meant that candidates often could not demonstrate skills of analysis and evaluation.
- e. Poor understanding of certain areas of the specification, e.g. reasons for public sector employment, teleworking, the effects of taxation on a firm, and change within the European Union.
- f. Some candidates were entered for the incorrect tier.

The standard of written communication were generally good.

Comments on Individual Questions

- 1(a)**
- (i)** In the view of the examining team this was the most poorly answered question on the paper. The evidence would seem to suggest that candidates had little knowledge of any reasons for public sector employment and yet it is identified specifically in the specification. Most candidates provided answers as to why the state provides services and so did not answer the question asked.
 - (ii)** This question required an understanding of the nature of social benefits derived from public sector provision of services and more candidates did achieve some marks in this question. However, marks were lost by a failure to develop the answer sufficiently or to focus on issues such as electoral popularity.
- (b)** Despite the fact that a significant number of candidates did not appear to know what the term 'teleworking' meant, there were some good answers to this question. Once again, however, there were significant numbers of candidates who only achieved half of the marks available because they only stated a cost and/or a benefit rather than explaining why it was a cost and/or a benefit.
- (c)**
- (i)** This question was well answered.
 - (ii)** Most candidates could identify some costs of a strike to an organisation. Once again, however, marks were lost by a failure to explain why the cost identified was an example of a cost to the organisation concerned. Some candidates forgot about the context of the organisation and often referred to 'loss of profit' for the council. This question required some understanding of conflict resolution and many candidates were able to show a good understanding of collective bargaining or general negotiation. Unfortunately, weaker candidates did not take note of the question and wrote about how the employer could increase pay or provide training.

(d) It was quite common to read either one advantage stated or a list of several advantages, but with no explanation. Examiners also commented upon the extremely wide range of spellings of 'biased'.

(e) Many candidates simply resorted to repeating the information provided at the start of the question with little evidence of any attempt to analyse any implications or to reach a judgement based upon evaluating the issues raised. Candidates would be well advised to remember that the information provided should not form significant sections of the answer provided. Candidates were all too willing to accept the comments made in the stem of the question at face value without considering why the statements might have been made.

Better answers were able to analyse issues of direct relevance to the council in trying to assess the planned property development and reach a judgement as to whether it should be allowed to go ahead or not (sometimes with some modification to the plan, such as only 100 houses to be allowed to be built).

2(a) This question was designed to lead the candidates to the conclusion that one tax would affect the firm more than the others. Given the information, it was likely to be the effects of the change in VAT. Most candidates appeared to be familiar with the way in which income tax operated. However, there were some who thought that firms paid income tax or who thought that Luxury Cards plc would have to pay more Corporation Tax and so would make a bigger loss. Some candidates tried to evaluate by choosing a tax, but often failed to make a supported judgement as to why it would have the biggest effect upon the firm.

(b) Most candidates were able to give advantages and disadvantages of buying a new production line, usually based upon borrowing money from banks. A few candidates offered an alternative means of finance, such as raising share capital. There was some uncertainty about the effects of a growing economy upon the firm's decision and references to increased competition were often seen.

Better candidates were able to incorporate analysis across all of the points raised in the introduction to the question, rather than simply treating each point separately.

(c) Despite the use of the command word 'Discuss', there was considerable evidence of a failure to do exactly that. Candidates often picked up on the benefits to the firm of being more environmentally friendly, but seemed uncertain as to the potential issues surrounding how the firm might produce using recycled materials. While it was possible to consider how the firm might recycle the materials itself, this line of answer would have to consider the huge investment required by the firm – McDonalds do not recycle their own cups!

- (d)** There was a wide variety of response to this question. However, nearly all candidates were able to relate a specific legal issue to a named organisation. There was a tendency for some candidates to take this opportunity to libel some very well-known businesses!
- (e)** This question produced a very mixed set of answers with a marked difference between Centres. While some candidates did get the effect of a falling value of the pound the wrong way round, e.g. the price of imported raw materials falling, many candidates were able to correctly identify an effect and to explain how it would benefit the firm. Once again, however, use of inappropriate business terminology caused some candidates to lose marks, such as stating that 'a lower pound means increased demand from abroad, which leads to bigger profits', when they should have stated 'increased sales revenue'.
- (f)** This question required candidates to consider the nature of the trading relations between member states of the European Union. Therefore, when new members join the EU they become part of a trading bloc which involves free trade between member states. This has implications for firms already operating within the EU when the market expands.

 - (i)** The main opportunity identified was that of a larger market available to sell into, but rarely was there any explanation as to why this was an opportunity.
 - (ii)** The usual response centred on the issue of increased competition, but usually failed to address the issue as to why this was a threat.

2324: Business Processes

General Comments

After last year's case study based on a manufacturing business, this year's case, being on a small retailer, proved to be rather more accessible. The situation of a small retailer battling against large supermarkets seemed very familiar to most candidates and there was a considerable amount of understanding demonstrated of the issues contained within the case study material.

Most Centres had clearly prepared candidates thoroughly, in some cases perhaps a little too thoroughly for this paper. It is worth remembering that, in writing this paper, there will be a mix of obvious, less obvious and unexpected questions and that the aim of the paper is to test the candidate's ability to synthesise business concepts rather than a memory test of learnt answers based on published or pre-learnt case study analyses.

There was, again, an overall improvement in examination technique in terms of following the command words contained in the question. Less encouraging, however, was the failure by many candidates to use the case study and to, therefore, write theoretical answers that were relevant to the context given. The assessment objectives for this examination are loaded towards application, analysis and evaluation and candidates who wrote theoretical lists are therefore unlikely to do well. Use of Figures and Tables continues to be very uneven. It was very rare for candidates to refer to Table 2 in answering the stock control question and similarly the final external environment question was often based on general knowledge rather than on Appendix 2.

The key to success in this paper is the ability of the candidates to empathise with the situations contained within the case. Where candidates have been prepared in ways where they have been put into the position of the decision makers in the case study, they in general perform better than those candidate who are attempting to second guess and reproduce model answers.

2324/1: Foundation Tier – Business Process

This proved to be an accessible paper for Foundation candidates and many were able to answer (at reasonable length) the more open-ended questions. The most common weakness was a failure to answer in the context of the case study. A business with few customers and only four staff, two of who are leaving has clearly very different needs to a successful out of town supermarket. This was not always obvious from the candidates' answers.

Comments on Individual Questions

- 1(a) (i) Most candidates gained at least one mark from this question. The most common mistake was including growth or expansion type objectives - for a business that would appear to be in terminal decline.
- (ii) Many candidates did not relate their objective to Emma and her situation; often answers were a further business objective.

- (iii) Marks were given based on the previous two answers and any possible conflict. Where candidates attempted an explanation of conflict, two marks were often gained but a considerable number of candidates failed to attempt this part of the question.
- (b) (i) A straightforward calculation question which was badly answered by many candidates. A lack of working meant it was often not possible to credit method marks. Many did state the correct answer of 25%.
- (ii) Many candidates were not aware of the meaning of (£30,000) in Table 1. This resulted in incorrect answers of £10,000 rather than the correct answer of a decrease of £70,000. A number of candidates failed to gain full marks as they did not state or indicate that the profits had decreased.
- (c) Generally answered well with a suitable method of research identified and suitably applied to the store. The most common weakness was when candidates explained the method rather how it would be used to find out what customers want.
- (d) This was a question where good candidates were let down by poor technique. The most common answers were lists of suggestions for See Stores. These rarely gained more than two out of six marks, as they did not address how this would make them different to the supermarket.
- 2(a) (i) Most candidates identified the second, third and fifth statements as the correct answers.
- (ii) Well answered by most candidates who identified a reason from the job advertisement and explained the problem in the context of the store. Some candidates appeared unaware of the mark allocation and gave minimal answers for each reason.
- (iii) Most candidates confined themselves to Level 1 in this question by listing possible staffing solutions rather than discussing them as the question required. Where candidates did discuss the pay issue arguing, for example, that the Stores could not afford a pay rise, then good marks followed. Again the importance of using the case study is critical. Many candidate's failed to compare the two choices, instead selecting one and looking at why it should be acted upon.
- (ii) The main misconception was that 'dismissal' best described the reduction, as opposed to the correct answer of 'redundancy'.
- (iii) On the whole, this question was answered well, though there were many limited answers because candidates wrote about saving money, saving wages, increasing profit or considered recruitment issues.
- 3(a) (i) This was generally well answered although some candidates misread the question and discussed reasons for Mr See having bad stock. Those candidates who read the question correctly were able to identify and explain the problems of having bad stock, but there was little reference to Table 2 .

- (ii) Many candidates were able to achieve one mark for this question, by stating a method that Mr See could use to improve his stock control. The most common error was candidates discussing stock handling rather than stock control. It would seem that many Centres did not appear to be expecting a question related to stock control despite the emphasis in the case study. This meant that the use of stock control method vocabulary was often limited.
 - (iii) Many candidates identified a method of communication which could be used by Mr See. Holding a meeting was the most common answer. Many of the answers however, then failed to explain why this would be a suitable form of communication in relation to the situation.
- (b) On the whole candidates tackled this question well. Candidates who logically followed through their arguments, e.g. more people, more customers equals more profits, were the most successful. Some candidates assumed they needed to give one positive effect and one negative effect, even though this was not asked for in the question. Candidates who took this route often suffered, as they could not think of a good reason as to why this could have a negative effect. Another common error was to consider the factory units to be competition.

2324/2 Higher Tier – The Business in Its Environment

General Comments

There were a significant number of excellent papers this year, where candidates were not only well prepared but were able to develop their own logical arguments, There was a slight decrease in the number of candidates who would have been more appropriately entered for the Foundation tier examination. The best candidates wrote extended answers and were able to develop well-explained answer. There were, however, many good candidates who seemed unable to “discuss” issues and provide a balanced argument and conclusion, as required by the evaluative questions.

Comments on Individual Questions

- 1(a)** This proved to be a difficult question with most candidates ignoring the question set and answering their own version. It was quite common to have Reason 1 being an explained Emma objective, and Reason 2 being a Mr See objective. The best candidates compared objectives such as those relating to money or flexible hours and explained the potential conflict between Mr See and Emma.
- (b)** **(i)** (i) and (ii) These were generally correctly answered although there was some confusion with the negative figure in (ii) and the direction of the change.
and
(ii)
- (c)** **(i)** (i) and (ii) Candidates generally answered, well the theoretical aspect of the disadvantages of the research methods, but far fewer answers explained these in the context of Mr See finding out what his customers want.
and
(ii)
- (d)** Candidates were able to develop lengthy answers generally suitably applied to See Stores differentiating itself from the supermarket. Most common options centered around providing a personal service, specialist products or different opening hours. Very few answers, however, compared the methods explained and recommended the best solution as the question required.
- 2(a)** **(i)** This question was well answered with many candidates gaining Level 3 marks. Good candidates explained the significance of “looking after staff and the “knock-on” consequences in terms of the costs of recruitment and customer loyalty.
- (ii)** This was less well answered. Candidates often listed and explained the pay option and discussion of this or any other option tended to be one sided. Only occasionally was there a well-developed recommendation.

- (b)** Again, most candidates were able to explain possible options for solving the problem with Emma, e.g. treat her better, talk to her, or pay her more. Most answers, however, concentrated on explaining these options rather than analysing and/or evaluating them.

- 3(a)**

 - (i)** As with the foundation tier, many candidates merely described possible stock control improvements, such as improved monitoring or better communication with suppliers. Most answers lacked the required analysis and there was less than expected use of stock control terminology, given the prominence of this issue in the case study material.

 - (ii)** This question was generally well answered with suitable communication methods such as meetings being explained and justified. Often, however, candidates failed to get maximum marks by providing one-sided or insufficiently developed answers.

- (b)** There were often very descriptive answers that were limited to half marks. A minority of candidates had no concept of priorities and only gained a maximum of two marks, however long or detailed the list of suggestions. To gain higher marks some form of analysis was required, both of the strategy(ies) being suggested and the chosen priorities.

- (c)** A minority of candidates did not understand the 'external environment' term (in spite of having just taken Unit 3!). In these cases, answers concentrated on the appearance of the area around the shop and/or environmental issues. Most candidates did refer to the issues in Appendix 2 and many of the answers explained how factors such as more factories or an increase in the local population might affect See Stores.

**General Certificate of Secondary Education
Business Studies B (Modular) (1952)
June 2005 Assessment Session**

Unit Threshold Marks

Unit		Maximum Mark	a*	a	b	c	d	e	f	g	u
2321/1	Raw	60				35	28	21	14	7	0
	UMS	69				60	50	40	30	20	0
2321/2	Raw	60	45	40	33	26	19	15			0
	UMS	100	90	80	70	60	50	40			0
2322	Raw	60	50	44	38	33	26	19	12	5	0
	UMS	100	90	80	70	60	50	40	30	20	0
2323/1	Raw	60				37	31	25	20	15	0
	UMS	69				60	50	40	30	20	0
2323/2	Raw	60	42	37	30	24	17	13			0
	UMS	100	90	80	70	60	50	40	30	20	0
2324/1	Raw	60				35	29	24	19	14	0
	UMS	69				60	50	40	30	20	0
2324/2	Raw	60	43	39	33	28	21	17			0
	UMS	100	90	80	70	60	50	40	30	20	0

The total entry for the examination was:

2321/1 = 1264 candidates
 2321/2 = 1501 candidates
 2322 = 1906 candidates
 2323/1 = 1318 candidates
 2323/2 = 1557 candidates
 2324/1 = 1295 candidates
 2324/2 = 1535 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	1.9	11.5	30.5	54.1	77.0	91.2	97.3	99.5	100.0	2824

OCR (Oxford Cambridge and RSA Examinations)
1 Hills Road
Cambridge
CB1 2EU

OCR Information Bureau

(General Qualifications)

Telephone: 01223 553998

Facsimile: 01223 552627

Email: helpdesk@ocr.org.uk

www.ocr.org.uk

For staff training purposes and as part of our quality assurance programme your call may be recorded or monitored

Oxford Cambridge and RSA Examinations
is a Company Limited by Guarantee
Registered in England
Registered Office; 1 Hills Road, Cambridge, CB1 2EU
Registered Company Number: 3484466
OCR is an exempt Charity

OCR (Oxford Cambridge and RSA Examinations)
Head office
Telephone: 01223 552552
Facsimile: 01223 552553

© OCR 2005



INVESTOR IN PEOPLE

