

Business Studies

General Certificate of Secondary Education

Unit **A292**: Business and People

Mark Scheme for January 2013

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

Mark schemes should be read in conjunction with the published question papers and the report on the examination.

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Annotations

Annotation	Meaning
	Unclear
	Cross
	Error carried forward
	Level 1
	Level 2
	Level 3
	Level 4
	Not answered question
	Repeat
	Tick
	Benefit of doubt
	Expansion of a point
	Own figure rule

Question			Answer	Marks	Guidance
1	(a)	(i)	Unlimited liability (1) Income tax (1) Primary sector (1)	3	One mark for each correct identification, up to a maximum of three marks.
		(ii)	Exemplar response: <ul style="list-style-type: none"> Easier and cheaper to set up than a private limited company (1) as less administration than with setting up a private limited company (1) Financial information about the business remains confidential to the partners (1). This is not the case for a private limited company (1). 	4	<p>Comparison with a Ltd is required for each of the explanation marks. Do not allow a comparison with a sole trader.</p> <p>One mark for 'each' correct identification up to a maximum of two identifications. Plus a further one mark for each of two explanations.</p> <p>Allow</p> <ul style="list-style-type: none"> not have to worry about shareholders (1) no need to pay dividends (1) <p>Do not allow</p> <ul style="list-style-type: none"> more control than if the business was a Ltd advantages of a partnership compared to a sole trader, e.g. more capital
		(iii)	Exemplar response: <p>Government Jackmans has to pay income tax (1).</p> <p>Local Community Jackmans may provide jobs for people in the local community (1).</p> <p><u>or</u></p> <p>Jackmans may provide fruit for the local community (1).</p>	2	<p>One mark for 'each' correct identification up to a maximum of two marks.</p> <p>Government: Allow</p> <ul style="list-style-type: none"> ensure Health and Safety regulations are being met (1) ensure business is not exploiting workers (1) government may be interested as it may have given a grant to a business (1) reference to 'creation of jobs (1)

Question	Answer	Marks	Guidance
			<p>Local community: Allow</p> <ul style="list-style-type: none">• provides competition hence get lower prices (1)• provides quality products (1)• local community maybe interested in the business due to the noise (1) / pollution (1) which the business may create• bring wealth to the area (1)• reference to 'creation of jobs (1) <p>Note Local community may reference customers, public, other shops.</p>

Question		Answer	Marks	Guidance
	(b) (i)	<p>Verbal communication is spoken word between two or more people.</p> <p>Non-verbal communication is by written word / pictures / gestures / expressions.</p>	1	Responses must explain the difference , i.e. it should not just explain what verbal communication means.
	(ii)	<p>Indicative content:</p> <ul style="list-style-type: none"> • timing • clarity • attitudes of the sender or the receiver • the wrong method of communication may be used. <p>Exemplar responses: If one of the partners is rude (1) then customers may not be 'happy' and may not repeat purchase (1).</p> <p>Clarity of message from the business may not be clear (1), and an order the customer does not understand may lead to lower sales (1).</p>	4	<p>One mark for each correct identification up to a maximum of two identifications, plus a further one mark for each of two explanations.</p> <p>Allow</p> <ul style="list-style-type: none"> • language (1) • breakdown of technology (1) • customers do not have a computer (1) • Internet in rural areas may be poor (1) • mobile phone signal maybe poor (1) • noise (1) from tractors <p>Note Jackmans may be a foreign farm therefore language may be a barrier likewise there are many foreign people which live in the UK therefore again language may be a problem in terms of communication.</p>
	(iii)	<p>Indicative content:</p> <ul style="list-style-type: none"> • saves time • less space required • saves money <p>Exemplar response: ICT means much communication is now much quicker/more efficient (1), e.g. email is instantaneous (1).</p> <p>Sending letters is costly as you need to pay to post them (1)</p>	2	<p>One mark for a correct identification, plus a further one mark for an explanation.</p> <p>Allow the identification of two reasons (2).</p> <p>Allow</p> <ul style="list-style-type: none"> • paper based methods are slow (1) • faster (1) • cheaper (1) • cheaper (1) therefore maximising profits (1)

Question		Answer	Marks	Guidance
		and they normally take at least a day to arrive therefore not as cost/time effective (1).		Note No need to reference paper based communication for both marks.
(c)	(i)	Income tax + 30 = 80 80 - 30 = 50 (1) Therefore: Income tax = £50 (1)	2	Award one mark if calculation used is correct but wrong total is given. Two marks for correct answer even if no working shown. No requirement to: <ul style="list-style-type: none"> provide £ sign show workings for both marks
	(ii)	Indicative content: Advantages <ul style="list-style-type: none"> save money on wages do not need workers all year Disadvantages <ul style="list-style-type: none"> workers may be less motivated may find it hard to find seasonal employees every year Exemplar response: <u>Advantages</u> Only use and pay workers during busy periods (1) therefore save money on wage costs (1). Fruit picking occurs during specific times during the year (1) therefore when workers are not needed you can save on wages (1).	4	One mark for the correct identification of an advantage and one mark for the correct identification of a disadvantage, plus a further one mark for each of two explanations. Advantages: Allow <ul style="list-style-type: none"> reference to 'training costs associated with seasonal employees' Do not allow <ul style="list-style-type: none"> new skills / new ideas Disadvantages: Allow <ul style="list-style-type: none"> have to find different workers each season (1) and these may not be of the same quality which means service not as good (1) seasonal activity may be hard to predict (1) therefore may need to increase workers immediately which may cause cash flow problems (1) increased number of disputes (1)

Question	Answer	Marks	Guidance
	<p>Exemplar response: <u>Disadvantages</u> Workers not necessarily loyal to the business (1) hence poorer quality work (1).</p> <p>Have to train new workers every year which is costly especially as they are only there for a short period (1).</p>		

Question		Answer	Marks	Content	Guidance
					Levels of response
	(d)	<p>Lines of argument include:</p> <p>Level 3 In its early days Jackmans would simply have wanted to survive (L1), that is cover its costs, as when businesses first open this is a very risky time (L2).</p> <p>As time goes on profit becomes the main motive. It will try to maximise profits by maximising sales. This profit can then be reinvested and help the business to grow. Business growth leads to further profits and further expansion in terms of size, sales, image, etc (L3).</p> <p>Level 3 Companies may have the objective of profit maximisation but if the economy goes into recession it may be that the business simply tries to survive as customer demand may dry-up and paying bills becomes more difficult.</p> <p>Level 2 In its early days Jackmans would simply have wanted to survive (L1), that is cover its costs, as when businesses first open this is a very risky time (L2).</p> <p>Level 1 When businesses first open they just want to survive and be able to pay their debts.</p>	6*	<p>For Level 3, either</p> <p>Response includes clear analysis of each of the three objectives</p> <p>or</p> <p>Response provides reasons as to why objectives change, i.e. external causes, human resource changes (these responses may not refer to those objectives listed in the question)</p>	<p>Level 3 (5–6 marks) – analysis & evaluation Reasons for changes in Jackmans’ objectives analysed in terms of why they may have changed over time.</p> <p>Relatively straight forward ideas have been expressed with some clarity and fluency. Arguments are generally relevant, though may stray from the point of the question. There will be some errors of spelling, punctuation and grammar but these are unlikely to be intrusive or obscure meaning.</p> <p>Level 2 (3–4 marks) – application Explanation of how an objective may have changed overtime. Application to Jackmans is evident.</p> <p>Candidates in this level are likely to have explained each objective in terms of time e.g. the first objective would be survival as business will find difficulty in establishing itself, with the next being profit as it becomes more well known..... etc.</p> <p>Simple ideas have been expressed in an appropriate context. There are likely to be some errors of spelling, punctuation and grammar of which some may be noticeable and intrusive but do not obscure meaning.</p> <p>Level 1 (1–2 marks) – knowledge Basic knowledge of at least one objective demonstrated.</p> <p>Some simple ideas have been expressed. There will be some errors of spelling, punctuation and grammar which will be noticeable and intrusive.</p> <p>No level (0 marks) Responses fail to reach the threshold standard in all respects.</p>

Question		Answer	Marks	Guidance
2	(a)	Private limited company	1	For one mark Accept 'Ltd' if not written in full.
	(b) (i)	<p>Indicative content:</p> <ul style="list-style-type: none"> not influenced by access to materials or market not tied to a particular location. <p>Exemplar response: Footloose refers to a business whose location is not influenced strongly by access either to materials or markets (1), and which can therefore operate within a very wide range of locations (1).</p>	2	<p>Up to two marks</p> <p>Allow</p> <ul style="list-style-type: none"> footloose industries are not tied to a particular location (1). businesses can be located anywhere (1) and still get customers (1) locate anywhere (1) e.g. ebay (1) locate anywhere (1) as the business does not need to close to its customers (1)
	(ii)	<p>Indicative content:</p> <ul style="list-style-type: none"> cost of premises (including rent) quality labour. <p>Exemplar response: If the rent is too high (1) this will cut profits (1).</p> <p>They design software, therefore are there appropriate workers available (1) otherwise the computer games will not be designed thus no sales (1).</p>	4	<p>The location factors provided should be within context.</p> <p>One mark for each correct identification up to a maximum of two identifications, plus a further one mark for each of two explanations.</p> <p>Do not allow</p> <ul style="list-style-type: none"> close to raw materials near a population / target market as they need to sell their products transport links thus able to get equipment easily close to suppliers do not want to be close to competitors..... <p>.....although allow</p> <p>reference to competitors if response links to 'competitors clustering together', i.e. Silicon Valley thus allowing competitors to feed of each in terms of sharing expertise...</p>

Question		Answer	Marks	Guidance
	(c) (i)	Exemplar response: Having a clear hierarchical structure is important as it will allow instructions to be sent 'up and down' the chain of command (1). Everyone knows who their manager is, therefore, communication should be efficient (1), eg Finance Director wanting a new way of recording incomings and expenditure informs the finance managers who then inform the supervisors (1).	2	Up to two marks. Allow <ul style="list-style-type: none"> workers know their chain of command (1) and their span of control (1) you know who your line manager is (1) therefore communication is more efficient/easier (1) staff can see career path (1) staff know where the promotional line is (1)
	(ii)	Exemplar response: Delaying is when one or more of the layers of management are removed from the business (1) therefore it saves money since the organisation no longer need to pay the salaries of the workers it has laid off (1), eg removing all supervisors (1).	3	Up to three marks: <ul style="list-style-type: none"> stating the meaning of delaying (1) advantage of delaying to the business (1) appropriate use of Fig. 2 (1). Allow <ul style="list-style-type: none"> delaying helps improve communication (1) as it will be faster as one less layer to go through (1)
	(d)	See page 12.	6	
	(e) (i)	See page 13.	6*	
	(ii)	Indicative content: <ul style="list-style-type: none"> Equality Act should not discriminate based on gender. Exemplar response: SI plc should shortlist (1) as it would be breaking the law if it did not (1) as stated in the Equality Act (1). You should not treat women differently from men (1).	2	Up to two marks: <ul style="list-style-type: none"> judgement one mark explanation linking to 'illegality' one mark. Allow <ul style="list-style-type: none"> No (1) as they will be breaking the law' (1).

Question	Answer	Marks	Guidance
(f)	Exemplar response: Where a business dismisses a worker (1) as their job is no longer needed (1).	2	Up to two marks. One mark for reference to dismissal One for why the person has been dismissed. Allow <ul style="list-style-type: none">• reference to 'have to let staff go' (1)• have to let workers go (1) as they cannot afford them (1)• job does not exist anymore (1) therefore business lets them go albeit they give them some money when they leave (1) Do not allow <ul style="list-style-type: none">• fire• sack

Question		Answer	Marks	Guidance
	(g) (i)	<p>Possible answers include:</p> <p>If Unions A and B were to strike the business could stay open assuming this is not the management (1). Conversely, if Union C were to strike, the business would have to close as 85% of the employees would be striking (1) and SI plc would not be able to operate (1).</p>	2	<p>Up to two marks, either:</p> <ul style="list-style-type: none"> one mark for reasoned explanation and one for judgement <p>or</p> <ul style="list-style-type: none"> two marks for explanation <p>Allow</p> <ul style="list-style-type: none"> even though only 15%, service to customers may fall (1) productivity may suffer (1) therefore negative impact (1) bad publicity (1) not much of an impact (1) as only 15% of workforce striking (1) may have a significant impact (1) if trade Union C then follow the other two unions (1) <p>Note No need to reference the actual figures in Fig. 3 to obtain both marks.</p>
	(ii)	<p>Possible answers include:</p> <ul style="list-style-type: none"> work to rule go slow ban on overtime. <p>Exemplar response: The union may order its members to do no overtime (1) despite being asked by the management thus, SI plc may have to shut (1).</p>	2	<p>One mark for a correct identification, plus a further one mark for an explanation.</p> <p>Allow</p> <ul style="list-style-type: none"> picketing (1) outside the business thus persuading other workers not to go into the business (1) <p>Do not allow</p> <ul style="list-style-type: none"> protest take business to court arbitration

Question		Answer	Marks	Guidance	
				Content	Levels of response
2	(d)	<p>Level 3 Decreasing the salary of any worker is going to be de-motivating especially if the worker believes they are working hard. Providing commission on each sale will help improve motivation but if the reduction in their salary is big then they may have to work very hard to get commission which equates to their previous salary. Again this will be very de-motivating. As a consequence I would not go to a commission based way of paying workers,</p> <p>Level 3 It is easy to equate a commission based system for sales staff (L1). However, in the short term SI plc's workers may be unhappy as whilst a fixed salary gives security it does not allow more than the salary being achieved (L2) therefore existing workers may not be working as hard as they could thus commission may aid this situation. Obviously if the business switches to commission rates close attention needs to be paid to the level at which it is set as this may take away profits if set to high (L3). Assuming this rate is not too high I would advise commission rates to be used for SI plc.</p>	6	<p>Possible arguments include:</p> <p>Fixed salary</p> <p>Advantages:</p> <ul style="list-style-type: none"> fixed salary gives security employees to plan ahead which aids contentment. <p>Disadvantages:</p> <ul style="list-style-type: none"> fixed salary gives security but does not allow more than the salary being achieved. Therefore if salary is not at the correct level this may lead to discontentment thus leading to inefficiency. can promote inefficiency in terms of motivation as employees know what they will get at the end of each month. <p>Commission</p> <p>Advantages:</p> <ul style="list-style-type: none"> worker likely to work harder in order to get the commission thus greater sales thus higher profit. <p>Disadvantages:</p> <ul style="list-style-type: none"> how much commission do you pay? Will the employees be 'happy' with the level? The impact on profit. 	<p>Level 3 (5–6 marks) – analysis & evaluation</p> <p>A reasoned recommendation based on appropriate analysis of both types of payment in relation to motivating employees.</p> <p>Specific reference to the motivation of the 'sales employees' would provide the sixth mark.</p> <p>Level 2 (3–4 marks) – application</p> <p>Explanation of the reasons for or against of using the salary or commission payment method, in relation to motivating SI plc's employees.</p> <p>Level 1 (1–2 marks) – knowledge</p> <p>Response displays a basic knowledge of one or both methods of payment.</p>

Question			Answer	Marks	Guidance	
					Content	Levels of response
			<p>Level 2 It is easy to equate a commission based system for sales staff (L1) as it is easy to relate commission to the amount they sell (L2).</p> <p>Level 1 A fixed salary is paid regardless of how many sales you make.</p>			

Question			Answer	Marks	Guidance	
					Content	Levels of response
2	(e)	(i)*	<p>Level 3 First of all you need to construct a job specification to show what skills experience potential candidates need and a job description to show the potential candidate what they need to do. Once you have done this, you have to decide whether to do your own recruitment and selection or pay an agency (L2).</p> <p>I would advise to do it yourself and design an advertisement for the post and advertise it an appropriate place. Given that this is a senior position I would advertise the post in a quality newspaper.</p> <p>Once applications come in you need to shortlist, otherwise you would be spending far too much time interviewing. On shortlisting I would</p>	6	<p>Clear recommendation of a process which SI plc should follow to select and recruit a suitable person for the vacancy of Finance Director.</p> <p>The question is not ‘advantages and disadvantages of internal / external recruitment – these responses achieve a maximum of 2 marks.</p> <p>Recruitment</p> <ul style="list-style-type: none"> • construct a job specification/job description • design job advertisement • decide where to advertise • using internal recruitment strategy • use of external recruitment agency, thus saving time • allow ‘head-hunters’ 	<p>Level 3 (5–6 marks) – analysis & evaluation Appropriate recruitment and selection processes analysed and evaluated.</p> <p>Relatively straight forward ideas have been expressed with some clarity and fluency. Arguments are generally relevant, though may stray from the point of the question. There will be some errors of spelling, punctuation and grammar but these are unlikely to be intrusive or obscure meaning.</p> <p>Level 2 (3–4 marks) – application Explanation of either recruitment or selection process.</p> <p>Simple ideas have been expressed in an appropriate context. There are likely to be some errors of spelling, punctuation and grammar of which some may be noticeable and intrusive but do not obscure meaning.</p>

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		<p>arrange for each candidate to do a presentation as this will be a major part of a Financial Director's job (L3).</p> <p>At the interview I would have a panel of three interviewers and thus providing a range of opinions which would then allow the business to make an appropriate selection.</p> <p><u>Level 2</u> First of all you need to construct a job specification to show what skills experience potential candidates need and a job description to show the potential candidate what they need to do. Once you have done this, you have to decide whether to do your own recruitment and selection or pay an agency (L2). If using a recruitment agency you should be part of the interview process to ensure you are happy with the selection (L2).</p> <p><u>Level 1</u> In order to select an appropriate person I would always carry out an interview as you can see how people operate under pressure.</p>		<p><u>Selection</u></p> <ul style="list-style-type: none"> • interview and use of panels and presentation • application/CV • psychometric testing 	<p>Level 1 (1–2 marks) – knowledge Basic knowledge of recruitment and/or selection process.</p> <p>Some simple ideas have been expressed. There will be some errors of spelling, punctuation and grammar which will be noticeable and intrusive.</p> <p>No level (0 marks) Responses fail to reach the threshold standard in all respects.</p>

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