



General Certificate of Secondary Education
2013

Business and Communication Systems

Unit 2: The Business Environment

[GBC21]

TUESDAY 25 JUNE, MORNING

MARK SCHEME

General Marking Instructions

Introduction

Mark schemes are published to assist teachers and students in their preparation for examinations. Through the mark schemes teachers and students will be able to see what examiners are looking for in response to questions and exactly where the marks have been awarded. The publishing of the mark schemes may help to show that examiners are not concerned about finding out what a student does not know but rather with rewarding students for what they do know.

The Purpose of Mark Schemes

Examination papers are set and revised by teams of examiners and revisers appointed by the Council. The teams of examiners and revisers include experienced teachers who are familiar with the level and standards expected of students in schools and colleges.

The job of the examiners is to set the questions and the mark schemes; and the job of the revisers is to review the questions and mark schemes commenting on a large range of issues about which they must be satisfied before the question papers and mark schemes are finalised.

The questions and the mark schemes are developed in association with each other so that the issues of differentiation and positive achievement can be addressed right from the start. Mark schemes, therefore, are regarded as part of an integral process which begins with the setting of questions and ends with the marking of the examination.

The main purpose of the mark scheme is to provide a uniform basis for the marking process so that all the markers are following exactly the same instructions and making the same judgements in so far as this is possible. Before marking begins a standardising meeting is held where all the markers are briefed using the mark scheme and samples of the students' work in the form of scripts. Consideration is also given at this stage to any comments on the operational papers received from teachers and their organisations. During this meeting, and up to and including the end of the marking, there is provision for amendments to be made to the mark scheme. What is published represents this final form of the mark scheme.

It is important to recognise that in some cases there may well be other correct responses which are equally acceptable to those published: the mark scheme can only cover those responses which emerged in the examination. There may also be instances where certain judgements may have to be left to the experience of the examiner, for example, where there is no absolute correct response – all teachers will be familiar with making such judgements.

1 Brown's Bread plc is a bakery selling speciality breads and pastries. It employs over 130 staff and has an extensive distribution network. The management hope to expand and relocate to a new site with plans to build a state-of-the-art manufacturing facility.

(a) What type of ownership is Brown's Bread plc?

Public Limited Company
(AO1 [1])

[1]

(b) Explain **one** advantage and **one** disadvantage of this type of ownership.

Advantages:

- public limited companies like Brown's Bread plc are very powerful organisations, with great influence in the market
- shareholders at Brown's Bread plc have limited liability
- the capital available to Brown's Bread plc is large which gives the business all the benefits of easier borrowing and economies of scale
- a public limited company like Brown's Bread plc has the resources necessary for growth and expansion
- Brown's Bread plc has a separate legal identity from that of its owners; it can take legal action without involving the shareholders
- Brown's Bread plc has continuity and shareholders may buy and sell their shares without affecting the business
- each director and manager has his/her own area of responsibility in Brown's Bread plc, giving the benefits of specialisations and division of labour.

Disadvantages:

- the shareholders are the owners of Brown's Bread plc but the directors and managers make all the decisions. Therefore, the owners of Brown's Bread plc have no real say in its running
- the formation of a public limited company like Brown's Bread plc involves a lengthy legal procedure
- the financial information of Brown's Bread plc must be published for the information of the general public
- in some public companies like Brown's Bread plc top management and employees feel out of touch with one another
- decision making in large companies like Brown's Bread plc is frequently slow because a series of meetings have to be held and numerous people consulted.

(AO1 2 × [1], AO2 2 × [1])

[4]

(c) Identify and explain **one** aim Brown's Bread plc is likely to have.

- to create and improve profit – one of the most important aims for Brown's Bread plc is to make a profit and to improve on the profit levels of previous years. All stakeholders in Brown's Bread plc will benefit – the owners and shareholders get larger returns on their investment, customers will have an improved variety of goods on offer in Brown's Bread plc, while employees have job security and their morale is improved
- to grow and expand – if Brown's Bread plc is successful it will aim to grow and expand its market into new areas by opening more branches, by taking over other businesses, or by extending its range of products
- to survive – when Brown's Bread plc was first opened, it took some time for it to become established in the market. During the period when it is becoming established it is unlikely to be in a profit-making position, and its basic aim, at the early stage, would simply be to survive
- to have a good corporate image – Brown's Bread plc need to have a good corporate image, this means that they want to be well thought of by its customers, by other companies and by members of the general public
- concern for the environment – Brown's Bread plc need to show care for the environment by using recyclable products, using less electricity, reduce exhaust fumes.

(AO1 [1], AO2 [1])

[2]

(d) Brown's Bread plc is looking to expand its business by opening a new branch in Dungiven. This new bakery will create 15 full-time posts and 5 part-time posts.

(i) Identify and explain **two** methods of recruitment.

- newspapers – these usually contain a jobs section that people would know to look in
- job centre – these are centres run by the government. They display advertisements as well as mentioning posts to unemployed people that they know would be suitable. It is free to advertise through these
- the Internet – there are different kinds of websites that organisations can use, including sites that advertise a range of jobs or the organisation's own site. It is fairly cheap to use these sites
- word of mouth – this is when people in an organisation with a vacancy mention it to other people that they know
- employment agencies – these businesses will try to find suitable employees in return for a fee.

(AO1 [4])

[4]

(ii) Recommend the most suitable method of recruitment for a secretary in the new branch.

- Internet
- newspaper
- job centre/employment agency.

(AO2 [1])

[1]

(iii) Identify and explain **two** methods of selection.

- testing/assessment
- letter of application
- application form – an application form is used because it has the advantage that the applicant is giving exactly the type of information the business requires, enabling the comparison of applicants
- curriculum vitae – the business may ask for a CV because it shows all the applicant's details and how well the applicant can organise and display information
- interview – interviews are useful because it gives a business the opportunity to meet applicants and to judge how suitable they are for the position
- presentation.

(AO1 [4])

[4]

(iv) Recommend the most suitable method of selection for a secretary in the new branch.

- application form/CV/letter of application/interview.

(AO1 [1])

[1]

(e) The new secretary will need some training.

(i) Identify **one** type of on-the-job training for the new secretary.

- internal courses
- work shadowing
- role play.

(AO1 [1])

[1]

- (ii) Explain **one** advantage and **one** disadvantage of using on-the-job training.

Advantages of on-the-job training:

- the content of the course is designed specifically for the business
- it is usually more economic because the work at the business is not interrupted
- training is given to each individual at the business
- low cost – does not require the development of potentially expensive training materials or classroom/computer-based instruction
- well suited for small groups – on-the-job training is often the most practical training method when you only need to train one or two employees at a time
- specific to the bakery.

Disadvantages of on-the-job training:

- inconsistent – on-the-job training relies heavily on an experienced employee at the business to provide the instructions based on what they feel are the most important topics. What is important to one employee may not be important to another. The result is what is learned may vary greatly, depending on who is assigned to the employee
- incomplete – without a structured lesson guide, on-the-job trainers often forget to cover important information. What is learned is likely to be based on what happened that day rather than on what a new employee needs to know to be safe and productive
- lack of founding principles – while the hands-on aspect of on-the-job training may appeal to the practical learner, often the underlying theories of operation are not covered in sufficient detail or accuracy. Without this foundation of knowledge, trainees often learn *what* to do, not *why* they are doing it, resulting in poor decision making when things don't go exactly right
- bad habits – the trainee may observe and adopt the trainer's habits and attitudes about all aspects of the job including safety, quality, customer service, and relationship with management. Poorly selected trainers can have many unintended consequences.

(AO3 [4])

[4]

22

2 Mr Patrick Powers is the ICT Director of Wonderful Magical Toys in Northern Ireland. The business has 13 branches throughout Northern Ireland. Wonderful Magical Toys' Head Office is located at Strabane.

(a) Patrick would like to improve the methods of communication currently used in Wonderful Magical Toys.

(i) Explain what is meant by "internal communication".

Explanation:

Internal communication is between people who work in Wonderful Magical Toys. However, the employees of Wonderful Magical Toys do not necessarily work in the same building or the same branch.

(AO2 [2])

[2]

(ii) Explain what is meant by "external communication".

Explanation:

External communication is between someone who works for Wonderful Magical Toys and someone outside it.

(AO2 [2])

[2]

(iii) Identify and explain **three** methods of external communications that Wonderful Magical Toys could use.

Wonderful Magical Toys could use the following types of communications:

Written communication:

- letter – is a formal means of communication used, for example, in interviews. It is a written record which may be referred to at a later date
- report – can be written or may be delivered orally perhaps at a meeting or conference.

Oral communication:

- telephone – a fast way for communication by which the sender can get instant feedback
- voice mail – allows communication to take place between two people via the telephone and stores a message until the receiver is available to take the call
- face-to-face – interviews, meetings and conferences are all face-to-face and are very effective methods of communication since body language can be interpreted as well as what is actually said.

Visual communication:

- charts, tables, diagrams and graphs – clear methods of giving numerical information, in particular
- pictures and films – they are attractive ways of presenting information and immediately focus attention
- demonstrations – live demonstrations are very useful in showing correct processes and methods
- skype.

Electronic communication:

- facsimile – it allows one person to send a written document to another person using the telephone
- electronic mail – links computer terminals to one another, allowing the sender to communicate with people nationally and internally
- electronic data interchange – the supplier knows when stocks are low and can replace them without an order form being processed
- Internet – gives immediate entry to a world-wide communications network through the telephone and a modem
- video conferencing – allows people to meet via cameras and provides all the advantages of a meeting or conference
- social networking, e.g. facebook/twitter
- text message.

(AO1 3 × [1], AO2 3 × [1])

[6]

(b) Explain the difference between an agenda and minutes.

- minutes – is a written record of a meeting and presents a full record of all the decisions made at the meeting as well as other details such as the names of all those who attended
- agenda – is a list of the discussions to take place at a meeting.

(AO2 [2])

[2]

(c) The ICT director is calling a meeting to discuss the consequences of poor communications within Wonderful Magical toys. He plans to use ICT to create an agenda before the meeting.

(i) Identify **one** software application he would find useful.

Word processor.
(AO1 [1])

[1]

(ii) Explain **one** advantage and **one** disadvantage of using this software application.

Advantages of this software application:

- word-processed documents are always legible
- documents can easily be sent electronically
- can use certain features like hyperlinks
- spell check
- easy to erase and fix mistakes and edit text
- template.

Disadvantages of this software application:

- requires a computer
- data can be lost due to a computer malfunction
- requires a computer or printer to view document
- certain languages (esp. Asian languages) require hundreds of symbols not easily accessed on a keyboard
- symbols and equations are easier to write than create on a computer
- if the power goes off you can't do it anymore
- spellchecker not 100%
- printing can be expensive.

(AO3 [4])

[4]

(d) Evaluate the impact that ICT could have on Wonderful Magical Toys' communications.

The benefits of ICT for communications within Wonderful Magical Toys:

- faster production – word processors/spreadsheets/Photoshop produce a greater quantity of material in a shorter period of time
- use of resources – material can be altered and improved without having to start again or reprint. This results in less wastage of paper
- improved quality – the finished work has a more professional appearance
- improved circulation – information can be circulated easily to all those involved so everyone is up to date
- data source – Wonderful Magical Toys has access to a vast range of material. This keeps them well informed
- informed decisions – the greater use of up-to-date material results in more enlightened decision making and keeps it at least level with the competition
- efficient image – the public image of Wonderful Magical Toys is enhanced.

The drawbacks of ICT for communications within Wonderful Magical Toys:

- capital investment – there is a vast outlay of capital in installing the new technology and in keeping it up to date
- training costs – all employees need training in the correct use of the technology and retraining as the technology is updated
- technological breakdown – computers occasionally go down, causing a break in work and perhaps lost material
- health and safety – computer operators may suffer from eye-strain, headaches or wrist strain.

Level 0 [0]

Candidates answer is not worthy of credit.

Level 1 ([1]–[3])

The candidate has made a limited analysis and evaluation of the benefits and drawbacks of ICT for communications within Wonderful Magical Toys. Candidate makes limited use of specialist terms. Candidate demonstrates a limited level of accuracy in spelling, punctuation and grammar. The meaning of the text is clear some of the time. The candidate demonstrates a limited level of writing, form and style appropriate to the purpose of the question. The organisation of the work is limited.

Level 2 ([4]–[6])

The candidate has made a satisfactory analysis and evaluation of the benefits and drawbacks of ICT for communications within Wonderful Magical Toys. Candidate makes satisfactory use of specialist terms. Candidate demonstrates a satisfactory level of accuracy in spelling, punctuation and grammar. The meaning of the text is clear most of the time. The candidate demonstrates a satisfactory level of writing, form and style appropriate to the purpose of the question. The organisation of the work is satisfactory.

Level 3 ([7]–[8])

The candidate has made a good analysis and evaluation of the benefits and drawbacks of ICT for communications within Wonderful Magical Toys. Candidate makes good use of specialist terms. Candidate demonstrates a good level of accuracy in spelling, punctuation and grammar. The meaning of the text is always clear. The candidate demonstrates a good level of writing, form and style appropriate to the purpose of the question. The organisation of the work is good.

(AO2 [2], AO3 [6])

[8]

25

3 Jane is planning to open Jazzy Jewellery in November 2013 as an online business which will cater for males and females. Jane plans to carry out some market research to discover potential customer's needs.

(a) (i) Explain and give an example of what is meant by "primary research".

Primary research is also known as field research. Primary research is the collection of original information and is carried out by making direct contact with customers and members of the public who may become customers of Jazzy Jewellery. An example of primary research for Jazzy Jewellery would be questionnaires/interviews/observations/consumer panels and testing of her projects to potential customers.

(AO2 [3])

[3]

(ii) Explain and give an example of what is meant by "secondary research".

Secondary research is also known as desk research. Secondary research is done by using published statistics, data and other information which had been collected previously. This makes secondary research very suitable for use by smaller businesses. An example of secondary research for Jazzy Jewellery would be government publications, newspapers, trade journals and the Internet to see if there is a trend on certain fashion.

(AO2 [3])

[3]

(b) Identify and explain **two** methods of promotion that Jazzy Jewellery could use.

Methods of promotion that Jazzy Jewellery could use are:

- advertising – advertising is an important aspect of promotion and one in which Jazzy Jewellery is likely to invest large sums of money. Jazzy Jewellery would do this in order to introduce a new product to the public and encourage sales; target a new segment of the market, thereby increasing Jazzy Jewellery's share; remind the public about an existing product and boost its sales and provide information about products or events at Jazzy Jewellery
- sales promotion – sales promotion is an overall term covering all methods which are used to persuade the customer to purchase product(s). Jazzy Jewellery could use various types of sales promotions, eg special offers, discounts, free gift, competitions, customer loyalty cards, point-of-sale displays
- public relations – public relations is where the public's awareness of Jazzy Jewellery is raised and Jazzy Jewellery are seen to be generous. Creating a good impression in this way creates a loyalty with members of the public who will then be more likely to buy from Jazzy Jewellery.

(AO1 [2], AO2 [2])

[4]

- (c) Jane is aware that all products have a life cycle. Describe **two** stages of the product life cycle.

The stages of the product life cycle are:

- research and development – this takes place before the jewellery is put on the market. During this stage market research would be carried out on the jewellery and it would also be tested. This is an expensive stage for Jane. Research is expensive and no income is being received, so the jewellery is in a loss-making position at the research and development stage
- introduction or launch – at this stage emphasis is placed on marketing and promotion in order to make the public aware of the jewellery and to create a desire to buy it. The jewellery would still not be in a profit-making position at this introductory stage because sales would not yet be great enough to cover the costs incurred in the first research and development stage
- growth – at this stage sales grow rapidly as most people would be aware of the jewellery by now, many would have tried it and it would be starting to achieve a degree of customer loyalty. Sometimes prices can be reduced, especially if other producers start to provide competition by putting similar jewellery on the market
- maturity – at this stage sales levels are maintained and the jewellery has an established place in the market. However, the competition becomes very intense at this stage and it is more difficult to increase the volume of the product's sales any further. In an attempt to do so the jewellery may be advertised intensively once again
- saturation – this stage is the highest point in the life of the jewellery. Although competition is intense, there are unlikely to be any new competitors at this stage. Sales have been pushed as far as possible and new customers cannot be found. Some may be attracted to the jewellery because of decreased prices or extra advertising
- decline – this is the final stage in the life of a product. Sales have fallen to such an extent that they are not covering the manufacturing costs and the jewellery is therefore unprofitable. Further advertising or price reductions would not be successful and the jewellery should be withdrawn from the market when this stage is reached. Jazzy Jewellery, which has prepared for this stage, will have a second jewellery ready for introduction to the market to replace the declining jewellery.

(AO2 [4])

[4]

(d) Jane needs to think about pricing her jewellery. Define the following pricing policies.

- value-based pricing – the setting of jewellery’s price, based on the benefits it provides to consumers. Companies that offer unique or highly valuable features or services are better positioned to take advantage of value-based pricing than companies whose jewellery are relatively indistinguishable from those of their competitors. A jewellery company that sold designer 9ct gold necklaces could use value-based pricing and sell its necklaces at a higher price, because it provides something unique and valuable to their consumers
- competitor-based pricing – competitor-based pricing involves the setting of prices based on what rival jewellery companies are charging. If there is strong competition in the jewellery market, customers are faced with a wide choice of who to buy from. They may buy from the cheapest provider or perhaps from the one which offers the best customer service. But customers will certainly be mindful of what is a reasonable or a normal price in the market
- cost-plus pricing – a method of pricing in which a mark-up is added to the total product/service cost. Cost-plus pricing involves working out Jazzy Jewellery’s total fixed and variable costs and then adding on a percentage profit. Jazzy Jewellery also has to consider the total number of items which it plans to produce and sell.

(AO1 [3], AO2 [3])

[6]

(e) Evaluate the impact a website is likely to have on Jazzy Jewellery.

Positive impacts to Jazzy Jewellery:

- it will attract more customers from a wider area to Jazzy Jewellery
- Jazzy Jewellery will have the potential to sell to a wide market, eg via ordering online
- it will improve the image of Jazzy Jewellery
- there will be a contact point for customers of Jazzy Jewellery at any time
- 24/7.

Negative impacts to Jazzy Jewellery:

- Jazzy Jewellery website will need to be updated and managed regularly
- it will be costly to set up and maintain for Jazzy Jewellery
- getting priority with search engines may be difficult for Jazzy Jewellery.

Level 0 [0]

Candidates answer is not worthy of credit.

Level 1 ([1]–[3])

The candidate has made a limited analysis and evaluation of the positive and negative impacts of a website. Candidate makes limited use of specialist terms. Candidate demonstrates a limited level of accuracy in spelling, punctuation and grammar. The meaning of the text is clear some of the time. The candidate demonstrates a limited level of writing, form and style appropriate to the purpose of the question. The organisation of the work is limited.

Level 2 ([4]–[6])

The candidate has made a satisfactory analysis and evaluation of the positive and negative impacts of a website. Candidate makes satisfactory use of specialist terms. Candidate demonstrates a satisfactory level of accuracy in spelling, punctuation and grammar. The meaning of the text is clear most of the time. The candidate demonstrates a satisfactory level of writing, form and style appropriate to the purpose of the question. The organisation of the work is satisfactory.

Level 3 ([7]–[8])

The candidate has made a good analysis and evaluation of the positive and negative impacts of a website. Candidate makes good use of specialist terms. Candidate demonstrates a good level of accuracy in spelling, punctuation and grammar. The meaning of the text is always clear. The candidate demonstrates a good level of writing, form and style appropriate to the purpose of the question. The organisation of the work is good.

(AO2 [2], AO3 [6])

[8]

28

Total

75