



Rewarding Learning

**General Certificate of Secondary Education
2014**

Business and Communication Systems

Unit 2: The Business Environment

[GBC21]

WEDNESDAY 18 JUNE, AFTERNOON

**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 Today an announcement has been made that a new telecommunications company called LAM plc is to be located in Limavady. This company will create 150 new jobs.

(a) Identify **two** stakeholder groups and explain their interest in LAM plc.

- **Employees/Managers** – The employees of LAM plc are those who work in LAM plc. The reward which employees get from LAM plc is a wage or salary. They want LAM plc to be a success. Managers are the second layer of authority below the directors, and they have responsibility for the day-to-day running of LAM plc. Managers oversee the work being done in LAM plc and the workers and supervisors report to them. Managers are rewarded with a salary and they have a great interest in the success of LAM plc since their employment depends on it.
- **Shareholders** – Shareholders are people who invest money in LAM plc which is a limited company. Their investment is in the form of shares and this makes them part owners of LAM plc. Shareholders do not take any part in the management of LAM plc although they are entitled to attend the annual general meeting and vote for the Board of Directors. The reward which shareholders receive from LAM plc is in the form of a dividend which is a share of the annual profit. They will receive a dividend from the amount they have invested in LAM plc.
- **Directors** – Directors are appointed to the Board of LAM plc and their function is to be responsible for the overall running of the company. Directors make the policy decisions and have the ultimate power in LAM plc. The award which a director receives from LAM plc is in the form of a salary although it is possible for directors also to be shareholders, in which case they would also receive a dividend. Directors want LAM plc to be a successful company and to have a job for a very long time.
- **Producers/Suppliers** – Producers/suppliers of materials to LAM plc also have a stakeholding in it and want to see it succeed. This is because producers/suppliers do not want to lose any of their customers but want to ensure that they are prosperous and able to pay their accounts. Producers are rewarded by high levels of sales which add to the profits of their own businesses.
- **Consumers** – Consumers have a stake in LAM plc and will support it if it supplies goods/services at suitable prices. They also have an interest in seeing that the LAM plc succeeds because they have a greater number of firms to deal with which improves the competition and the variety of goods/services on offer.
- **Government** – Taxpayers have an indirect stake holding at LAM plc and therefore wish to see general LAM plc prosperity. Everyone pays tax in some way. Those who are earning pay income tax and we all have to pay value added tax (VAT) on most purchases.
- **Trade Unions** – A trade union is an organisation which represents the interests of the workers at LAM plc and negotiates with management on their behalf. The trade union has an interest in seeing LAM plc succeed because it ensures the safety of its member's jobs. If LAM plc loses profits or fails altogether, it will have to make workers redundant. Those workers would then depend on the trade union to try to save their jobs or find them work elsewhere.
- **Competitors**
(AO1 [2], AO2 [2])

[4]

(b) Discuss how important customers will be to LAM plc.

LAM plc customers are vital to its success. LAM plc depends on customers for its income and needs them to purchase its goods and services. If customers do not buy its products or services, LAM plc will experience a loss and may eventually have to close.

(AO3 [2])

[2]

(c) Explain **one** advantage and **one** disadvantage of on-the-job training. Give one example of how LAM plc could use on-the-job training.

Advantage:

- The content of the course is designed specifically for LAM plc.
- It is usually more economical because the work of LAM plc is not interrupted.
- Training is given to each individual.
- It will be low cost, LAM plc does not require the development of potentially expensive training materials or classroom/computer-based instruction.
- Since on-the-job training is performed at LAM plc, training tends to be focused on performing real job tasks.
- Employees feel at home in their own surroundings.

Disadvantage:

- Inconsistent: On-the-job training relies heavily on an experienced employee to provide the instruction 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 as the trainer.
- 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 observes and may adopt the trainers habits and attitudes about all aspects of the job including safety, quality, customer service, and relationship with management. Poorly selected trainers can have many consequences.
- Normal working patterns disturbed.
- Mistakes – damage reputation.
- Speed – slower work rate.

Example:

- Work shadow, role play, observation

(AO1 [3], AO3 [2])

[5]

(d) Tina is a supervisor and is paid a wage. Her manager is paid a salary.

Explain the difference between a wage and salary.

Wage:

- Someone who is paid wages receives a pay rate per hour, multiplied by the number of hours worked.
- Paid weekly.

Salary:

- Someone who is paid a salary is paid a fixed amount each month, with the total of these fixed payments over a full year summing to the amount of the salary.

(AO2 [4])

[4]

(e) LAM plc will pay their employees using BACS.

(i) What does BACS stand for?

- Banks Automated Clearing System

(AO1 [1])

[1]

(ii) Describe **two** benefits to Tina of being paid using BACS.

- It gives Tina cleared funds guaranteed to be available on pay day. No risk of postal delay. No need to wait for cheques to be cleared through the banking system.
- Secure.
- There is no threat to Tina from payroll robbery, or the loss or theft of wage packets.
- There is no need for Tina to collect or pay in wages or salaries. Her money is automatically credited to her account on known dates, even when they are sick, on holiday or on shift work outside normal hours.
- If Tina opens a bank or building society account in order to receive her pay directly, she may find it easier to budget for savings and expenses.

(AO2 [4])

[4]

(f) The management of LAM plc will be using email to communicate with staff.

Explain what an email is.

- Electronic Mail (Email) is the term given to an electronic message, that a user types at a computer system and is transmitted over some form of computer network to another user, who can read it.

(AO2 [2])

[2]

- (g) Describe **one** benefit to LAM plc of using email.
- Emails can be sent to one person or several people.
 - Emails are delivered extremely fast when compared to traditional post.
 - Emails can be sent 24 hours a day, 365 days a year.
 - Emails can be sent and received from any computer anywhere in the world, that has an Internet connection.
 - Cheap – when using broadband, each email sent is effectively free. Dial-up users are charged at local call rates but it only takes a few seconds (for conventional email, e.g. text only) to send an email.
 - Environmentally friendly.

(AO2 [2])

[2]

24

2 Jamie is the ICT Director for a Multinational company called Fizzy Drinks. The ICT department are in the process of redesigning the letterhead for Fizzy Drinks.

- (a) Name **three** pieces of information that should be included in Fizzy Drinks letterhead.

- Company logo
- The name of the company
- The registered office
- The registered number
- The correspondence address, if other than the registered office
- Telephone, Fax numbers
- The general nature of the company's business unless obvious from the name
- The VAT number
- Details of Directors
- Email address
- Web address
- Social network, e.g. Facebook, Twitter

(AO1 [3])

[3]

- (b) Identify **one** software application that the ICT department would find useful in creating the letterhead.

- Word Processor
- Graphics packages
- DTP

(AO1 [1])

[1]

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

Advantage:

- template
- spellchecker
- electronically
- documents are always legible
- documents can easily be sent electronically
- easy to erase, fix mistakes and edit text/graphics

Any other relevant information

Disadvantage:

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

Any other relevant information

(AO3 [4])

[4]

- (d) Jamie is updating Fizzy Drinks' website and needs to outline the legal implications of e-business to the Board of Directors. Explain the following legal implications for Fizzy Drinks.

Data Protection:

- The Data Protection Act 1998 governs the use of personal information through the eight data protection principles. These principles require that personal information collected by Fizzy Drinks is: processed fairly and lawfully, processed for limited purposes, adequate, relevant and not excessive, accurate and up to date, not kept for longer than is necessary, processed in line with the rights of individuals, secure, not transferred to other countries without adequate protection

Copyright, Designs and Patents:

- In terms of the Copyright, Designs and Patents Act 1988, copyright is a property right which is granted to an owner in terms of certain "works".
 - The owner of copyright has exclusive right to:-
 - ◆ copy the work
 - ◆ issue copies of the work to the public
 - ◆ perform, show or play the work in public
 - ◆ broadcast the work
 - ◆ make an adaptation of the work.
- e.g. logo, slogans, name, music, shape of bottles, etc.

Computer Misuse:

- The Act identifies three specific offences:
 1. Unauthorised access to computer material (that is, a program or data).
 2. Unauthorised access to a computer system with intent to commit or facilitate the commission of a serious crime.
 3. Unauthorised modification of computer material.
e.g. employees not to use computers for their own use, use of firewall

Payment Security over the Internet:

- The on-line payment systems are e-commerce businesses allowing money transfers to be made only through the Internet. They function as a fast and secure electronic alternative to traditional methods as cheques and money orders, e.g. Fizzy Drinks to ensure https & padlock/encryption on their website

(AO2 [8])

[8]

(e) The management of Fizzy Drinks always stress the importance of effective communication. Discuss the likely consequences of poor communication.

- Loss of customers and therefore business
- Demotivation
- Poor working relationships
- Misinformation and misinterpretation

Any other suitable alternative responses.

Level 0

Candidate's answer is not worthy of credit.

Level 1 ([1]–[3])

The candidate gives a limited discussion of the likely impact of poor communication. 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 gives a satisfactory discussion of the likely impact of ineffective communication. 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 gives a good discussion of the likely impact of poor communication. Candidate demonstrates a 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.

(AO1 [2], AO3 [6])

[8]

24

3 Two friends, Peggy Sue and Martha, are planning to open a cafe called The Golden Tea Pot in Omagh. They plan to carry out a survey to find out if there is a demand for their business.

(a) What type of business ownership will The Golden Tea Pot be?

- Partnership

(AO1 [1])

[1]

AVAILABLE
MARKS

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

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Advantage:

- There is more capital in the business of The Golden Tea Pot which allows it to expand.
- Specialisation is possible as the two partners (Peggy Sue and Martha) may bring different skills to the business.
- The two owners (Peggy Sue and Martha) can share responsibility for decision making and discuss the problems which occur in the business.
- If one partner is ill or on holiday the business The Golden Tea Pot can carry on.
- The financial affairs of the partnership within The Golden Tea Pot do not have to be published although tax authorities must have access to them.

Disadvantage:

- A partnership like The Golden Tea Pot has unlimited liability. This means that if the partners (Peggy Sue and Martha) do not have enough money in their business to pay their bills, they have to use their own private money. This puts their private possessions at risk. Each partner is liable in this way, even if the debt was created by one of the other partners.
- The partners (Peggy Sue and Martha) have to raise their own capital.
- If one partner is dishonest or inefficient, all partners (Peggy Sue and Martha) are held liable for that partner's actions or decisions. It is important, therefore that partnerships are formed only between people who know each other well and trust each other totally.
- There is the possibility of conflict between the partners (Peggy Sue and Martha).
- When compared to a large company, the amount of capital in a partnership business like The Golden Tea Pot is small. They have the same difficulty as a sole trader in borrowing money from banks and cannot take advantage of economies of scale.
- The death or bankruptcy of one partner may cause the breakup of the business (The Golden Tea Pot). Otherwise the remaining partner has to 'buy her out'. This is known as 'lack of continuity'.

(AO3 [4])

[4]

(c) What is the name of the legal document that would be recommended for this type of business ownership to complete?

- Deed of Partnership

(AO1 [1])

[1]

(d) What method of market research do the owners plan to use?

- Primary Research/Field Research

(AO1[1])

[1]

- (e) Identify and explain **two** methods of sampling that The Golden Tea Pot could use.

Method 1:

Random Sampling

A random sample is where people are randomly selected and asked for their opinions. The random sample may be taken as every tenth person who walks down the street or every fiftieth name in the telephone directory.

Method 2:

Quota Sampling

Quota sampling is where interviews are held with a set number of people who fall into predetermined categories. For example, a quota sample might consist of 50% males and 50% females or one-third teenagers, one-third middle-aged people, and one-third elderly people.

(AO1 [2], AO2 [2])

[4]

- (f) Peggy Sue and Martha both need to think about promoting The Golden Tea Pot. Define the following methods of promotion giving an example, in each case, for this business.

Advertising:

Advertising is any paid form of non-personal presentation and promotion of ideas, goods and services through media such as newspapers, magazines, local radio.

Sales Promotion:

An activity designed to boost the sales of a product or service. It may include an advertising campaign, increased PR activity, a free-sample campaign, offering free gifts or trading stamps, arranging demonstrations or exhibitions, setting up competitions with attractive prizes, temporary price reductions.

Publicity:

A type of public relations in the form of a news item or story which conveys information about a product, service, or idea in the media.

(AO2 [6])

[6]

- (g) The owners of The Golden Tea Pot hope their business will be recognised as a social enterprise.

(i) Explain the role of a social enterprise.

- A social enterprise is a business that trades for a social and/or environmental purpose. It will have a clear sense of its 'social mission': which means it will know what difference it is trying to make, who it aims to help, and how it plans to do it. It will bring in most or all of its income through selling goods or services. And it will also have clear rules about what it does with its profits, reinvesting these to further the 'social mission'.

(AO2 [2])

[2]

(ii) Analyse how the aims of a social enterprise can differ from those of other business organisations.

- Social enterprises are set up to specifically make a difference/ where a business is set up to make a profit/to a local community
- Reinvest the profits they make in their social mission/profits of a business may go to owners
- Have a clear social and/or environmental mission set out in their governing documents/this may be a subsidiary issue in a business
- Be majority controlled in the interests of the social mission
- Be accountable and transparent

Other issues:

- Survival
- Growth and differentiation
- Profit improvement
- Corporate image
- Care for the environment
- Staff development
- Services to the community

Any other suitable alternative responses.

Level 0

Candidate's answer is not worthy of credit.

Level 1 ([1]–[3])

The candidate gives a limited discussion of how the aims of a social enterprise can differ from those of other business organisation. 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 gives a satisfactory discussion of how the aims of a social enterprise can differ from those of other business organisation. 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 gives a good discussion of how the aims of a social enterprise can differ from those of other business organisation. Candidate demonstrates a 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]

27

Total

75

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