

Applied Business

General Certificate of Secondary Education

Unit **A241**: Business in Action

Mark Scheme for June 2012

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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
	Benefit of Doubt
	Context
	Cross
	Level 1
	Level 2
	Level 3
	Not answered question
	Own figure rule
	Repeat
	Noted but not given
	Too vague
	Tick
	Development of point

Question		Answer	Marks	Guidance
1	(a)	<p>Possible responses may include:</p> <ul style="list-style-type: none"> • Manufacturing/ making • Production/ designing • Operations • Secondary sector • Tertiary sector • Sells plates/souvenirs. 	1	Annotations ✓ or ✕
1	(b)	<p>One mark for each correct identification. Possible responses may include:</p> <ul style="list-style-type: none"> • to be their own boss • to make a profit • noticed a gap in the market / unique ideas / USP • use their skills • increased motivation / enjoyment 	2	<p>Annotations ✓ or ✕</p> <p>Note this is a 'state' question.</p> <p>Only one reason from each bullet pointed line can be used, otherwise this is repetitive.</p> <p>Do not allow answers relating to expanding.</p>
1	(c)	<p>One mark for each identification and one for each development. Max one mark for identification. Possible responses may include:</p> <ul style="list-style-type: none"> • There is nothing written down about what happens if one of them wants to leave the business (1) so if this happens the business will have to end (1) • No record of profit sharing agreement (1) which could cause disputes (1). • Lead to disagreements in the future 	2	<p>Annotations ✓ ✓+ or ✕</p> <p>Application of knowledge</p>

Question			Answer	Marks	Guidance	
					Content	Levels of response
1	(d)	*	<p>Indicative content:</p> <ul style="list-style-type: none"> Stay as they are – not risky but limited opportunities Take on more partners – more finance, more ideas but decision making slows down and may be out voted Become an Ltd – gain limited liability, more finance, could lose control. <p>There is no correct answer – candidates can select any option to gain top marks.</p> <p>The business is currently a partnership so Amita and Yi both have unlimited liability (L2). This means that they would have to sell their personal assets if the business went into debt. If they took option 1 this disadvantage would still remain (L2). Option 1 is low risk as they are not doing anything different (L2) but it might be difficult for them to expand (CONTEXT) as they won't have any additional finance.</p>	10	<p>It must be clear that the candidate is applying their answer to Amita and Yi to move above L2 4 marks. An applied answer can go straight to L2 as it is not expected that the candidate includes theory in their answer. See page 5.</p> <p>QWC is embedded into the levels. See page 6.</p> <p>Context allowed - must make link to expansion to award context marks.</p> <p>Note: If candidate only analyses, with no appropriate conclusions, a maximum of 8 marks can be awarded.</p> <p>For 10 marks, the best way to expand must be evaluated and the reasons why other ways are not the best need explaining.</p> <p>0 marks = no response or response does not address the question.</p>	<p>Annotations L1, L2, L3, CONT, ✓+ (use this annotation when decision has been made).</p> <p>Level 3 (7-10 marks): Candidate makes reasoned judgements and presents appropriate conclusions about which option is the best way to expand.</p> <p>It is the advantages and disadvantages of the options to Amita and Yi which need to be analysed.</p> <p>7 marks – 1 option analysed. 8 marks – 2 or 3 options analysed. 9 marks – makes decision/judgement based on previous analysis of 2 or 3 options. Needs to have correctly analysed the option they have chosen.</p>

Question		Answer	Marks	Guidance	
				Content	Levels of response
		<p>If they know people who want to join their business then they could take on additional partners, these would have unlimited liability as well (L2). This would bring money into the business but these new partners might want a say in running the business and it might not be what Amita and Yi want (L2), this could lead to arguments (L3).</p> <p>As a private limited company, the owners Orion Designs have the benefits of limited liability so they can only lose the amount of money that they invested in the company (L2). So the owners of the business would have more security (L2). If Orion Designs want to expand and have new ranges then they will need more money (CONTEXT) if they become Ltd they could raise the money they need by having shareholders (L2). This would be an advantage to Orion Designs. At the moment all profits go to Amita and Yi, (L2) if they were to become a private limited company they could receive less profits themselves as they would have to pay dividends to all shareholders (L3).</p> <p>At the moment there are only two partners, Amita and Yi so they will be limited to the amount of money they can invest (L2) but they can make all of the decisions themselves (L2). If it were to</p>			<p>10 marks – makes decision and fully justified and analysed. There needs to be some ranking of the options - evaluating which option will have the greater impact on the business and why.</p> <p>Level 2 (3-6 marks): Candidate applies knowledge about which option is the best way to expand.</p> <p>3 marks – an explanation not in context of one option (no development). 4 marks – an explanation not context of two to three options. 5 marks – an explanation in context of at least one option. 6 marks – an explanation in context of two to three options.</p> <p>Level 1 (1-2 marks): Candidate describes method(s) of expansion.</p> <p>1 mark – shows knowledge of one option. 2 marks – shows knowledge of two or three options.</p>

Question			Answer	Marks	Guidance	
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			<p>become Ltd then the other shareholders would be able to make decisions and Amita and Yi would lose some control of their business (L2) There are legal formalities involved in becoming a Ltd which would take time and cost money (L2).</p> <p>In order to secure the future of the business and expand I recommend that Orion Designs takes option 2 and stays as a partnership but invites other partners to invest in the business. This way they get the advantages of more capital in the business but do not have to spend a lot of time and money becoming an Ltd (L3).</p>			

Question		Answer	Marks	Guidance
1	(e)	<p>An increase in consumer spending.</p> <p>One mark for correct identification and one for development or two marks for two correct identifications. Possible responses may include:</p> <ul style="list-style-type: none"> • At Debenhams people will buy more clothes from Debenhams (1) if there is an increase in consumer spending so there will be more revenue (1) • If consumers are spending more money then Debenhams will have to have less sales (1) so they are selling clothes at full price (1) • McDonalds saw an increase in sales when consumer spending decreased (1) therefore if consumer spending goes up customers might move back to eating in restaurants and away from McDonalds (1). <p>New competitors entering the market.</p> <p>One mark for correct identification and one for development or two marks for two correct identifications Possible responses may include:</p> <ul style="list-style-type: none"> • Tesco is a very powerful business (1) and if a new supermarket entered the market Tesco might find that it loses customers (1) • If another supermarket opened near to Tesco then Tesco might reduce its prices even more (1) it would do this so that it didn't lose out on customers (1). 	4	<p>Annotations ✓ ✓+ or ✗</p> <p>Must name a business. If no name and no activity then maximum one mark for each way.</p> <p>Application in context of chosen business.</p> <p>Candidate can make the assumption that an increase in consumer spending will increase sales in the business.</p>

Question		Answer	Marks	Guidance
2	(a)	<p>One mark for each correct identification of an appropriate stakeholder group up to a maximum of 3 marks. For each appropriate group named there are 2 marks for an explanation of their interest – one mark for correct identification and one for development. Possible responses may include:</p> <ul style="list-style-type: none"> • (Local) community (1) – as they live near the industrial estate they won't want too much noise and litter in the area (1) as this might make their area unattractive (1) • Employees (1) – they will want a good wage and good working conditions from OD (1) because without that they might go and get a job somewhere else (1) • Customers (1) – they will want good deals from OD (1) they could go to another business if they don't get this from OD (1). <p>Possible stakeholder groups:</p> <ul style="list-style-type: none"> • Owners / partners / Amita and Yi / employers /managers • Pressure groups / trade unions • Government / local government / council • Suppliers • Investors / financiers / bank 	9	<p>Annotations ✓ ✓+ or ✗</p> <p>Application of knowledge of stakeholder groups.</p> <p>Do not allow shareholders.</p> <p>Only one stakeholder group from each bullet pointed line can be used, otherwise this is repetitive.</p> <p>In order to award marks for the explanation, the correct stakeholder group must be named.</p> <p>If the stakeholder group is incorrect then the explanation cannot gain credit.</p>

Question			Answer	Marks	Guidance
2	(b)	(i)	<p>This has to be a realistic conflict but does not necessarily have to be real. One mark for correct identification of a conflict and one for development. Possible responses may include:</p> <p>Luxury Cottages, Cottage owners and customers.</p> <p>There has been a decrease in the number of people booking holidays this year and cottage owners have had vacancies in their cottages. The owners of LC have tried to solve this problem by offering cheaper deals to customers on last minute bookings (1). This has meant that cottage owners are getting less money per booking and have not been happy about this (1).</p> <p>Luxury Cottages, existing cottage owners and LC staff</p> <p>When a cottage is first taken on by LC it has lots of advertising and a good place in the brochure, this is decided by the staff of LC (1). If an existing cottage owner does not have good bookings one year they might feel that they are not getting such good advertising from LC (1).</p>	2	<p>Annotations ✓ ✓+ or ✗</p> <p>Must name a business and stakeholder groups. If no name and no activity given then maximum 1 mark.</p> <p>Application of knowledge.</p> <p>Must link the stakeholder groups to the possible conflict. 'How' or 'why' there is conflict.</p> <p>The stakeholder groups in their answer must be the same as on the introductory lines otherwise 1 mark.</p>
2	(b)	(ii)	<p>One mark for identification and one for development. Possible responses may include:</p> <p>* If cottage owners are not happy they may stop using Luxury Cottages to book their cottage for them (1) this would mean LC have less cottages to meet their customers' needs (1).</p> <p>* If cottage owners are not happy then they may not be as amenable to LC's requests (1) and so LC may lose some bookings as they are unable to meet customer requirements. (1)</p>	2	<p>Annotations ✓ ✓+ or ✗</p> <p>Application of knowledge.</p> <p>Must be the same conflict as mentioned in 2(b)(i) and the conflict must have been awarded at least 1 mark, otherwise maximum 1 mark for this question.</p>

Question		Answer	Marks	Guidance
3	(a)	F - internet A - email C - database E - local area network (LAN) D - spreadsheet	5	Annotations ✓ or ✗ Candidate can put in types of ICT rather than letters.
3	(b)	One mark per correct identification. Possible responses include: <ul style="list-style-type: none"> • Frequent breaks • Adjustable chair • Everything at the right height • Anti glare screen • Training • Safe working environment (accept examples) 	2	Annotations ✓ or ✗ Do not allow – no food or drink, passwords
3	(c)	Possible responses: <ul style="list-style-type: none"> • Human resources • Personnel. 	1	Annotations ✓ or ✗

Question		Answer	Marks	Guidance
3	(d)	<p>One mark for correct identification and one for development. Possible responses may include:</p> <ul style="list-style-type: none"> Someone has to check the quality of all the plates and mugs made at Orion Designs (1) they do this by watching the production line and picking up items to check them (1) Someone is in charge of the raw materials needed in the production process, making sure that there are enough plates and mugs to print on (1) they could use just in time and a computer to say when more plates need ordering (1). <p>Other tasks: Quality of mugs arriving from suppliers Are the transfers straight? Producing the hand drawn designs</p>	4	<p>Annotations ✓ ✓+ or ✗</p> <p>Generic answers acceptable.</p> <p>This question requires a description of TWO tasks, not a list of many different tasks. Explanation is not needed – a developed description is asked for.</p> <p>'How' or 'why' they do the task.</p> <p>Designing and making are 2 separate tasks</p>

Question	Answer	Marks	Guidance
3	(e) One mark for correct identification and one for development. Possible responses may include: <ul style="list-style-type: none"> • Answering the reception phone is carried out by the administration functional area (1) there will always be someone manning the phones and transferring calls to the relevant department (1) • All general filing is carried out by the administration functional area (1) someone makes sure that all paperwork is filed away alphabetically so it can easily be found if you need to look at it (1). Other tasks: Reception / phones Security / CCTV ICT Paperwork Post/mailroom Reprographics Dealing with visitors Keeping track of diaries	4	Annotations ✓ ✓+ or ✗ Generic answers acceptable. This question requires a description of TWO tasks, not a list of many different tasks. Explanation is not needed – a developed description is asked for. ‘How’ or ‘why’ they do the task.

Question			Answer	Marks	Guidance	
					Content	Levels of response
3	(f)	*	<p>Indicative content:</p> <ul style="list-style-type: none"> Advantages and disadvantages of option 1 – if not up to standard don't have to accept it, no need to invest in ICT, other business is specialist Advantages and disadvantages of option 2 – cost of ICT, training or recruit employees already trained, breakdowns, not enough use being made of machines, could lease out machines, more income. <p>Either option is correct as long as it is justified.</p> <p>At the moment Amita and Yi spend a lot of money getting another business to put the designs onto the computer (CONTEXT) they have to work closely with this other business to make sure everything is as they want it but they don't have to spend money on ICT equipment (L2). If Amita and Yi were to do this themselves and go with option 2 they would have to spend a lot of money buying the ICT, they would have to recruit people to run this side of the business for them and this would also cost money (L2). They could offer their machines to other business to use and this could bring in some money (L2) but they would want priority over the use of</p>	10	<p>It must be clear that the candidate is applying their answer to Orion Designs to move above L2 4 marks. An applied answer can go straight to L2 as it is not expected that the candidate includes theory in their answer. See page 5</p> <p>QWC is embedded into the levels. See page 6.</p> <p>Context allowed – designs being transferred onto a computer, expansion.</p> <p>Note: If candidate only analyses, with no appropriate conclusions, a maximum of 8 marks can be awarded.</p> <p>0 marks = no response or response does not address the question.</p>	<p>Annotations L1, L2, L3, CONT, ✓+ (use this annotation when decision has been made).</p> <p>Level 3 (7-10 marks): Candidate makes reasoned judgements and presents appropriate conclusions about which option would be the best for Orion Designs.</p> <p>7 marks – 1 option analysed. 8 marks – both options analysed. 9 marks – makes decision/judgement based on previous analysis of both options. 10 marks – the best option must be evaluated and the reason why other option is not the best needs explaining.</p>

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		<p>the machines if they are trying to expand (CONTEXT). They would not be benefitting from this investment in technology is they could not use the machines when they wanted to (L2).</p> <p>If something goes wrong with a design when they are paying the other business to do it as in option 1, they just say we don't want it and don't pay until it is perfect (L2) they can't do this if they owned the machines as every one made would cost them money even if the quality was not up to standard so OD would be losing money (L3).</p> <p>It is probably very specialised work to run these computers and it might be difficult to find someone to do it (L2) this would leave Amita and Yi with a big bill for the machines but they are not being used fully as Amita and Yi don't know how to use them so wasting money (L3).</p> <p>Overall I think they should stay as they are with option 1 as there are more risks involved in taking on option 2 (L3).</p>			<p>Level 2 (3-6 marks): Candidate applies knowledge about which option will be the best for Orion Designs.</p> <p>3 marks – an explanation not context of 1 option. 4 marks – an explanation not in context of both options. 5 marks – 1 option need explaining in context. 6 marks – both options need to be explained in context.</p> <p>Level 1 (1-2 marks): Candidate describes option(s) or describes the ways of expanding.</p> <p>1 mark – shows knowledge of one option. 2 marks – shows knowledge of both options.</p>

Question		Answer	Marks	Guidance
4	(a)	<p>One mark for each correct identification. Possible responses may include:</p> <ul style="list-style-type: none"> • Coming up with new ideas • Taking part in new projects • Being flexible in the way you work/ team work • Work longer hours to help get an order out on time (candidate must make a link between working longer to get work completed – not just doing overtime). • Employees invest in the business 	2	<p>Annotations ✓ or ✘</p> <p>Do not credit ways that are normal work expectations (eg: working hard, being punctual, doing overtime).</p> <p>Must be <u>employees</u></p>
4	(b)	<p>One mark for each correct identification and one for development. Possible responses may include:</p> <ul style="list-style-type: none"> • Orion Designs could have an improved reputation (1) as customers know they sell high quality plates and mugs and let their friends know (1) • If the designs for new plates and mugs are innovative there could be increased sales (1) as customers want to try something new (1). 	4	<p>Annotations ✓ ✓+ or ✘</p> <p>Application of knowledge.</p> <p>Benefits to Orion Designs and not employees.</p> <p>An example can be used to develop the explanation. Do not credit an example on its own.</p>
4	(c)	<p>Ethics are a written and unwritten code (1) of principles and moral (1) values.</p>	2	<p>Annotations ✓ or ✘</p>

Question		Answer	Marks	Guidance
4	(d)	<p>One mark for each correct identification and one for development. Possible responses may include:</p> <ul style="list-style-type: none"> Exodus holiday company donates money to charity each time someone books a holiday (1) this means that they are helping the people in the areas where people go on holiday Body shop do not use products tested on animals (1) so customers know that no animals were harmed during the production of their products (1) By charging for plastic bags (1) this influences people to bring their own which is better for the environment.(1) Producing goods fit for purpose Not employing child labour Treating all customers / employees the same Supporting charities or local community projects 	4	<p>Annotations ✓ ✓+ or ✗</p> <p>Must name a business. If no name and no activity then maximum one mark for each way.</p> <p>Application must be in context of business studied.</p> <p>'How' or 'why' the business can be seen to be operating in an ethical manner.</p> <p>Allow suggestions (could) as well as things the business actually does (can).</p> <p>Do not allow: Turn off lights Recycling Unnecessary printing Using emails instead of posting letters</p>

Question			Answer	Marks	Guidance	
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4	(e)	*	<p>Indicative content:</p> <ul style="list-style-type: none"> If go to China then have to make production staff redundant – is this fair? Will the products be up to the standard of the UK supplied mugs and plates? Is this year a one off and so demand will decrease next year? Is there enough time to get production moved before the major events? Should they think twice about taking on such contracts? Not ethical to make this move? <p>Candidate can answer either yes they should go to China or no they should not and still reach the top levels.</p> <p>Orion Designs has got big orders for this year's major events so wants to earn as much money as they can if they buy mugs in the UK they might not be able to buy them as cheap as in China (CONTEXT) (L2) so they might be losing some of their profit by buying in the UK (L2). They won't know about the quality of the mugs or the conditions in the factory (L2), the workers may not be looked after as well as they would in the UK (L2). Amita and Yi have to decide whether this is important to them. I think</p>	10	<p>It must be clear that the candidate is applying their answer to Orion Designs to move above L2 4 marks. An applied answer can go straight to L2 as it is not expected that the candidate includes theory in their answer.</p> <p>Context allowed – pros and cons of moving production to China, making its production staff redundant and no longer buying mugs and plates from its current UK supplier, supplying for major events.</p> <p>Allow assumption that whole business moves to China.</p> <p>Note: If candidate only analyses, with no appropriate conclusions, a maximum of 8 marks can be awarded.</p> <p>0 marks = no response or response does not address the question.</p>	<p>Annotations L1, L2, L3, CONT, ✓+ (use this annotation when decision has been made).</p> <p>Level 3 (7-10 marks):</p> <p>Candidate makes reasoned judgements and presents appropriate conclusions about which option would be the best for Orion Designs.</p> <p>7 marks – 1 option analysed. 8 marks – both options analysed. 9 marks – makes decision/judgement based on previous analysis of both options. 10 marks – the best way to transfer their designs must be evaluated and the reason(s) why the other way is not the best when expanding need to be explained. and both options analysed.</p> <p>Level 2 (3-6 marks):</p> <p>Candidate applies knowledge about which option will be the best for Orion Designs.</p> <p>3 marks – an explanation not context of 1 option. 4 marks – an explanation not in context of both options.</p>

Question		Answer	Marks	Guidance	
				Content	Levels of response
		<p>it is important as it is not ethical to sell goods that have not been made in factories with good conditions are the workers (L3).</p> <p>It would not be ethical to make their production staff redundant (CONTEXT). It would not be illegal (L2) but if they have worked hard with Amita and Yi to build up the business it does not seem ethical to just get rid of them when they want to earn a bit more money (L3).</p> <p>If the mugs are souvenirs then the customers won't think about where they are made so it won't matter to the customers whether or not Orion Designs has acted in an ethical manner (L2).</p> <p>I think that they should consider acting in an ethical manner and keeping the business as it is. When people are losing their jobs and businesses are closing down Orion Designs won't want any bad publicity if they are to blame for this (L3).</p>			<p>5 marks – one option needs explaining in context. 6 marks – both options need to be explained in context.</p> <p>Level 1 (1-2 marks): 1 mark – shows knowledge of one option. 2 marks – shows knowledge of both options.</p>

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