

Cambridge National
Business and Enterprise

Unit **R061/01**: Introduction to Business

Cambridge National Level 1/2 Award/Certificate

Mark Scheme for January 2017

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

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

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

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Question		Answer	Mark	Guidance
1	a	<p>Answer</p> <p>A plc can sell its shares to the public on the stock exchange</p>	3	<p>One mark for each correct identification up to three marks.</p> <p>NR must be given where there is no response. 0 marks should be given for a response which is not worthy of credit.</p>
1	b	<p>Answer</p> <p>Limited liability means that if a business incurs debts then investors are only liable for the debt (1) to the extent of their investment (1).</p>	2	<p>One mark for reference to the liability for any debt being limited and one mark for mention of debt/business failing etc.</p> <p>NR must be given where there is no response. 0 marks should be given for a response which is not worthy of credit.</p>
1	c	<p>Answer</p> <p>Disadvantages might include:</p> <ul style="list-style-type: none"> • loss of control • responsibility to shareholders • dividend payment • decisions at AGM • loss of ownership • takeover • publish accounts/sales records, profit and loss etc • poor communication <p>Exemplar response: A public limited company such as H-tel plc may have many shareholders (1). This means that there is a greater risk of losing control of the company if shareholders do not agree with their actions such as increasing the number of bedrooms. (1).</p>	2	<p>One mark for a correct disadvantage and one further mark for explanation.</p> <p>NR must be given where there is no response. 0 marks should be given for a response which is not worthy of credit.</p>

Question		Answer	Mark	Guidance
2	a	<p>Answer</p> <p>Objectives might include :</p> <ul style="list-style-type: none"> • sales • effective service • customer satisfaction • profit • survive • break even • corporate image • market share • Open another hotel – growth 	1	<p>One mark for identification of a relevant objective.</p> <p>NR must be given where there is no response 0 marks should be given for a response which is worthy of no credit.</p>
2	b	<p>Answer</p> <p>Response may include following reasons for business planning:</p> <ul style="list-style-type: none"> • to raise finance • to measure progress • to help avoid making mistakes. • To plan resources • To prepare accounts <p>Exemplar response: A business such as H-tel plc should prepare a business plan because planning will consider a number of factors such as time, costs, external factors(1) which might affect any future business decisions(1) such as expansion of the number of rooms(1)</p>	3	<p>One mark for a correct reason, one mark for explanation and one mark for context</p> <p>Reward is 1+2. Only reward one reason and explanation of that reason not 3x1.</p> <p>NR must be given where there is no response 0 marks should be given for a response which is worthy of no credit.</p>

Question		Answer	Mark	Guidance												
2	c	<p>Answer:</p> <p>Reasons:</p> <ul style="list-style-type: none"> • to achieve sales • to maintain reputation • to get good reviews • to market the business • to get repeat customers • to avoid complaints • to compete • to save training costs <p>Exemplar response: It is very important in the hotel and hospitality industry that the customer is satisfied because there is a lot of competition (L1) and with online bookings (L2) and choice customers can read number of reviews which can determine which hotel they choose. A hotel in my area, Pine Lodge, prides itself on giving excellent service by training its employees to a high standard,(L2) this results in a great deal of repeat business from the same customers returning year after year. This means that the hotel can try to maintain a constant level of sales and hence profit assuming costs do not rise too much and prices remain the same (L3).</p>	6	<p>Level 3 – Analysis (5-6 marks) Analysis of the implications /using own research. Max 5 marks for no research.</p> <p>Level 2 – Application (3-4 marks) Explanation of how business will be affected by good/bad customer service. Max 3 marks for no research.</p> <p>Level 1 – Knowledge (1 -2 mark) Knowledge/simple identification of reason/s for good customer service.</p> <p>NR must be given where there is no response. 0 marks should be given for a response which is worthy of no credit.</p>												
3	a	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Costs</th> <th style="text-align: center;">Tick two boxes</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Food supplies</td> <td style="text-align: center;">✓</td> </tr> <tr> <td style="text-align: center;">Furniture</td> <td></td> </tr> <tr> <td style="text-align: center;">Heating/lighting</td> <td style="text-align: center;">✓</td> </tr> <tr> <td style="text-align: center;">Kitchen equipment</td> <td></td> </tr> <tr> <td style="text-align: center;">Salaries</td> <td></td> </tr> </tbody> </table>	Costs	Tick two boxes	Food supplies	✓	Furniture		Heating/lighting	✓	Kitchen equipment		Salaries		2	<p>One mark for each correct identification up to two correct identifications.</p> <p>Only mark first two ticks.</p> <p>NR must be given where there is no response. 0 marks should be given for a response which is worthy of no credit</p>
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3	b	<p>Exemplar responses</p> <p>The break-even point is where total costs(1) are the same as total revenue(1)</p> <p>No profit(1) no loss(1)</p> <p>The break-even point is when the money you put into the business(1) is equal to the money coming out of the business(1)</p>	2	<p>Up to two marks for a correct explanation</p> <p>NR must be given where there is no response. 0 marks should be given for a response which is worthy of no credit</p>
4	a	<p>Markets might include:</p> <ul style="list-style-type: none"> • international business • holiday makers /tourists • local businesses • families • business people • OAPs • married couples • age/gender (need to be specific) 	2	<p>One mark for each correct identification up to two correct identifications</p> <p>NR must be given where there is no response. 0 marks should be given for a response which is worthy of no credit</p>

Question		Answer	Mark	Guidance
4	b	<p>Methods of promotion might include:</p> <ul style="list-style-type: none"> • trade magazines • social media • website • local newspaper • travel review sites • television • loyalty schemes • discount deals • point of sale promotions <p>Exemplar response H-tel plc should use a number of ways to promote the new rooms in order to target a number of different markets. For example a local hotel in my area , Pine Lodge(R), pays some of the hotel review sites such as Trivago (L1) to promote its rooms and to offer specific deals on late rooms. This means that customers can give their reviews after they have stayed in the hotel (L2). This allows other potential customers to be aware of the different activities and amenities on offer and whether it is a good hotel for them. This might increase sales and hence profit (L3). Nevertheless the success of such advertising in this competitive industry depends upon whether the hotel can make the hotel distinctive from others for example by offering a loyalty scheme or targeting specific market segments (L4).</p>	8	<p>Level 4 – Evaluation (7-8 marks) A discussion of the different ways in which promotion methods can be used in the hotel business. Use of context is essential. Evaluation will come from the selection of the best method/s and a reasoned judgement. Max 7 marks for evaluation but no research.</p> <p>Level 3 – Analysis (5-6 marks) Analysis of the implications of methods of promotion in context. Max 5 marks for analysis but no research.</p> <p>Level 2 – Application (3-4 marks) Explanation of different promotion methods. Max 3 marks for explanation but no research.</p> <p>Level 1 – Knowledge (1-2 marks) Knowledge/ simple identification methods of promotion.</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p>

Question		Answer	Mark	Guidance
5		<p>Quality control methods could include:</p> <ul style="list-style-type: none"> • Quality assurance • Feedback forms • Online feedback on restaurant • Trade magazine reviews • Well trained staff/ hire good staff • Fresh produce/well cooked/hotel cleanliness /hygiene • Mystery shopper • TQM • Quality control manager • Things they can do e.g. training send chef on course etc. • Targets for improvement <p>Exemplar response: H-tel plc can make sure it buys the freshest and seasonal produce (1) to make the food in the restaurant. This is important as people who go to hotels often want a high standard of food(1)</p>	4	<p>One mark for a correct way and a valid explanation up to a maximum of two marks for each way.</p> <p>Can reference service or products</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p>
6	a	TRUE - External recruitment	1	<p>One mark for TRUE.</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p>
6	b	<p>Reasons for retention of temporary staff:</p> <ul style="list-style-type: none"> • Lower recruitment costs • Lower training costs • Familiarity • Consistency and continuity <p>Exemplar: It is particularly important in a hotel to have a high standard of customer service (1). Retaining the same staff will lower training costs (1) as the staff will be familiar with the objectives of the business (1).</p>	3	<p>One mark for correct reason. One mark for explanation and one mark for application to H-tel plc.</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p>

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6	c	<p>Advantages to employees not hotel</p> <p>Possible areas to include: Decision depends on: (this will indicate evaluation)</p> <ul style="list-style-type: none"> • Type of employee - temporary, student? • Length of service • Type of work • Comparative wage rates at other hotels • Level of training • Which working conditions?? • Legislation <p>Advantages of pay:</p> <ul style="list-style-type: none"> • Higher income • Valued • Is it motivational <p>Disadvantages of pay:</p> <ul style="list-style-type: none"> • Short term • Type of work <p>Advantages of working conditions:</p> <ul style="list-style-type: none"> • Better working environment • Long term benefits • Staff feel wanted • Business cares <p>Disadvantages of working conditions</p> <ul style="list-style-type: none"> • No extra income • No distinction between status of employees <p>Exemplar response: A large Premier Inn in my area takes on temporary staff especially at Christmas (R). They said that about 30% of the staff they take on each year return. Businesses like Premier rely on these temporary staff and think that they offer a good rate of pay and also good working conditions. (L2). Recently Premier has announced that it will be offering all of its employees the 'living' wage. This puts pressure on other hotels to do the same or</p>	8	<p>Level 4 – Evaluation (7-8 marks) A discussion of both pay and working conditions as motivators for a potential employee in the hotel sector. Use of context is essential. Evaluation will come from the selection of the best method following a reasoned judgement.. Max 7 marks for evaluation but no research.</p> <p>Level 3 – Analysis (5-6marks) Analysis of the implications of both methods of motivation in context. Max 5 marks for analysis but no research/context/ only one analysed.</p> <p>Level 2 – Application (3-4 marks) Explanation of one or both methods of motivation using examples and the local area. Max 3 marks for no research.</p> <p>Level 1 – Knowledge (1-2 marks) Knowledge of methods of motivation.</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p>

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	<p>people will prefer to work for Premier (L3). In most cases temporary employees will only be interested in the rate of pay that they receive as they are only working for a short time and therefore would be able to put up with the working conditions. In Premier, the environment is already very good and employees are provided with good facilities such as a canteen and a clean working environment. In this case pay might be the most important factor.(L4) Obviously the decision to work for an employer depends on a number of factors but in terms of temporary employees pay is probably the most important as it is only short term employment for seasonal workers such as students.(L4)</p>																
<p>7</p>	<table border="1" data-bbox="398 611 1099 1070"> <thead> <tr> <th data-bbox="398 611 878 647">Examples</th> <th data-bbox="878 611 1099 647">Tick(one box)</th> </tr> </thead> <tbody> <tr> <td data-bbox="398 647 878 715">Change in government</td> <td data-bbox="878 647 1099 715">✓</td> </tr> <tr> <td data-bbox="398 715 878 796">Improved quality</td> <td data-bbox="878 715 1099 796"></td> </tr> <tr> <td data-bbox="398 796 878 863">Increase in minimum wage</td> <td data-bbox="878 796 1099 863">✓</td> </tr> <tr> <td data-bbox="398 863 878 930">Increase in sales</td> <td data-bbox="878 863 1099 930"></td> </tr> <tr> <td data-bbox="398 930 878 997">Increase in taxation</td> <td data-bbox="878 930 1099 997">✓</td> </tr> <tr> <td data-bbox="398 997 878 1070">Increased use of child labour</td> <td data-bbox="878 997 1099 1070"></td> </tr> </tbody> </table>	Examples	Tick(one box)	Change in government	✓	Improved quality		Increase in minimum wage	✓	Increase in sales		Increase in taxation	✓	Increased use of child labour		<p>3</p>	<p>One mark for the correct identification of each correct example.</p> <p>Mark first three boxes entered.</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p>
Examples	Tick(one box)																
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8	<p>Impacts might include:</p> <ul style="list-style-type: none"> • technological- reservation room systems ,payment system, website, social media, swipe door locks etc. • social – demographics, social media(bad reviews) ,changes in consumer attitude and lifestyle. Disability/tourism/ impact of terrorism. <p>Can reward even if there is a legal implication to either social of technological.</p> <p>Exemplar response: Technological – Websites and social media in particular (L1) would be very important in terms of advertising and booking rooms occupancy levels etc.(L2) Promotion and provisions of service are particularly important to customers. For example Pine Lodge Hotel (R) in my area did not provide free Wi-Fi to the customers and this meant that there were negative reviews on social media (L2). The hotel said that offering free Wi-Fi had significantly improved the reviews and the number of enquiries and therefore level of sales (L3). However travel websites change all the time and hotels in particular need to change in order to be competitive. Therefore the success of using technology still depends on whether the actual experience at the hotel is a good one.(L4)</p> <p>Social – changes in society such as an aging population (L1) that have more money to spend on holidays and hotels in particular will have a great impact on a hotel. Pine Lodge says that apart from its corporate business they had seen a high increase in older customers staying especially for long weekends and week breaks(L2). This has been good for sales especially at the weekends when the corporate business is much less(L3) Such changes in population, income and society have a large impact on hotels but it is important that business watches the trends and adapts accordingly. Therefore I think that changes in expectations of society are more important for the hotel as they generally have to maintain a high level of occupancy all the year round and technology is less likely to guarantee this.(L4)</p>	10	<p>Level 4 – Evaluation (8-10 marks) An evaluation of the impact based on an analysis and reasoned judgement of both external factors. Max 9 for one factor evaluated with research Max 8 marks for evaluation but no research.</p> <p>Level 3 – Analysis (5-7 marks) An analysis of at least one of the external factors. Max 6 marks for one factor analysed with research Max 5 marks for analysis but no research</p> <p>Level 2 – Application (3-4 marks) Application of knowledge of one or more of the external factors in the context of the hotel. Max 3 marks for no context.</p> <p>Level 1 – Knowledge (1-2 marks) Knowledge of external factors.</p> <p>Emphasis should be on the effects on the business itself of external factors</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p>

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