

GCSE

Business Studies

Unit **A292**: Business and People

General Certificate of Secondary Education

Mark Scheme for June 2017

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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 used in the detailed Mark Scheme.

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	Mark	Guidance
1	a	i	<p>Indicative content:</p> <p>Advantages</p> <ul style="list-style-type: none"> • The firms are usually small, and easy to set up. • Generally, only a small amount of capital needs to be invested, which reduces the initial start-up cost. • Retain all the profit • It is easier to keep overall control, because the owner has a hands on approach to running the business and can make decisions without consulting anyone else. • Quicker to repond, make all the decisions • Information kept private <p>Disadvantages</p> <ul style="list-style-type: none"> • The sole trader has no one to share the responsibility of running the business with. A good hairdresser, for example, may not be very good at handling the accounts. • Sole traders often work long hours and find it difficult to take holidays, or time off if they are ill. • Developing the business is limited by the amount of capital personally available. • There is the risk of unlimited liability, where the sole trader can be forced to sell personal assets to cover any business debts. <p>Exemplar response</p> <p><u>Advantage</u> It is easy control and make decisions (1) as there is only one owner (1)</p> <p><u>Disadvantage</u> Sole traders have unlimited liability (1) therefore the sole trader can be forced to sell personal assets to cover any business debts (1).</p>	4	<p>2x2</p> <p>One mark for identify One mark for explain or development</p> <p>Maximum 2 marks for each.</p>

1	a	ii	Income tax	1	One mark
1	b	(i)	Indicative content: Limited liability Easier to raise funds for expansion Easier to borrow money from banks Sell shares to family and friends Tax benefits	1	Do not accept to gain help with running the business. Answer must refer to benefits of incorporation
1	b	(ii)	Indicative content: : <ul style="list-style-type: none"> • to be able to compete with new competitors by offering a more comprehensive service • to make more money (profit) • to reduce costs (economies of scale) • greater market share • greater recognition/more well known/more established Exemplar response The obvious benefit of growing in size is that JFC Ltd is potentially making more profit (1) which it can use to further improve the business (1). The bigger you are able to compete with competitors as you can set more competitive prices (1) because you can buy supplies in bulk which lowers the costs (1)	4	2x2 One mark for identify One mark for explain Maximum 2 marks for each.

1	b	<p>(iii) Indicative context</p> <p><u>Advantages of autocratic leadership</u></p> <ol style="list-style-type: none"> 1. Motivation and reward for leaders: It provides strong motivation and reward for the owners. 2. Quick decision: Quick decision making is guaranteed because single person decides for the whole group. 3. Cheaper, less skilled sub-managers can be used as they will just be carrying out Gary's orders and will not be involved in decision-making. 4. No initiative required from other employees: Decision making, planning or organizing need no initiative. 5. Strong chain of command: Strict control and establishment of chain of command is possible. 6. Effective where chain of command is crucial: Most effective in organization where chain of command is crucial such as military, air force like organization. <p><u>Disadvantages of autocratic leadership</u></p> <ol style="list-style-type: none"> 1. People dislike it especially if it is extreme and the motivational style is negative. 2. Frustration, low morale, and conflict develop easily in Autocratic leadership because subordinates feel as if they are only working because they have to, and they are not fully motivated. They work half-heartedly. 3. Managers are poor motivators and employees hardly show creativity and judgment. <p>Exemplar response – L3</p> <p>It is clear Gary has an autocratic leadership style. This is good for making decisions quickly and reacting to customer demands but for the workers it could cause low morale especially if Gary (the manager/owner) is arguing with them. It also means to the worker that they have minimal say in the business and as a consequence do not feel valued and therefore become less motivated which may be a big problem especially if Gary does not spend much time with the customer as it is the workers</p>	<p>6</p> <p>Level 3 (3-6 marks) Reasoned judgement provided in order to gain 6th mark</p> <p>Explanation of both an advantage and disadvantage of autocratic leadership style linked to Gary</p> <p>Other leadership styles may be referenced and should be awarded L3</p> <p>Level 2 (2 marks) Explanation of either advantage OR disadvantage of autocratic leadership style linked to Gary (the business/organisation/he/the owner etc.)</p> <p>Level 1 (1mark) Basic understanding of an autocratic leadership style.</p> <p>Note: L1 1mark, L2 1 mark, L3 4 marks</p>
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			who know what the customer wants. Therefore, despite JFC being successful I recommend Gary changes his leadership style and becomes less autocratic.											
1	c		<p>Indicative context</p> <p><u>Location A</u> Cheap rent saves costs Scenic means it is a pleasant place to work Low population means there will not be much passing trade therefore less sales Low population means less staff available</p> <p><u>Location B</u> Expensive rent increases costs Town centre means potential passing trade High population means high potential sales High population means more staff available</p> <p>Exemplar response – L3 I would choose Location B as being located on the high street means potential passing trade which means higher sales, and a high population means again higher potential sales profits. Whilst Location A is cheaper than Location B, sales must be lower although we don't know exactly the difference in population sizes. There is cheap rent which reduces costs. Despite there being a low population as it is in a scenic location it will attract tourists who will visit the restaurant</p>	6	<p>SCORIS annotations: use L1, L2, and L3 where these have been awarded.</p> <p>Can select location A or B</p> <p>Level 3 – (5-6) At least 3 factors analysed and related to stated business. These three different factors (rent, population, scenic/town location) need to be referenced for level 3. This could include an additional 'other factor'.</p> <p>Judgement based on reasoned analysis for 6th mark.</p> <p>Level 2 – (3-4) Explaining an advantage or disadvantage of either location to stated business.</p> <p>Level 1 – (1-2) Basic knowledge of one factor.</p>									
1	d	(i)	<table border="1"> <thead> <tr> <th>Idea</th> <th>Job description</th> <th>Person specification</th> </tr> </thead> <tbody> <tr> <td>The person must serve food to the customer</td> <td>✓</td> <td></td> </tr> <tr> <td>The person has to have</td> <td></td> <td>✓</td> </tr> </tbody> </table>	Idea	Job description	Person specification	The person must serve food to the customer	✓		The person has to have		✓	3	3x1
Idea	Job description	Person specification												
The person must serve food to the customer	✓													
The person has to have		✓												

			good communication skills				
			The person will be responsible to the shop manager	✓			
1	d	(ii)	Indicative content: Interviews Presentations Group activity Role play Psychometric tests Exemplar response I would choose 'interview' (1) so I could see what they were like interpersonally (1) as they would be dealing with the public.			2	One mark for stated method. One mark for explanation Do not award answers such as "asking questions" as this is not a method Two marks may be awarded for explanation if the method is included in the explanation

1	e	<p>Indicative content: Question relates to benefit to JFC Ltd. Do NOT award responses relating to benefit to workers of greater flexibility of working hours, unless this is linked to benefitting JFC Ltd.</p> <p><u>Advantages of fixed salary</u></p> <ul style="list-style-type: none"> • Simplified payment systems • Easy to budget as it is fixed • Staff feel part of the business therefore are more motivated <p><u>Disadvantages of a fixed salary</u></p> <ul style="list-style-type: none"> • Business has to pay for workers even if there are few customers <p><u>Advantages of hourly pay</u></p> <ul style="list-style-type: none"> • The company saves money by not paying them when there is no work to do, • Hourly employees generally earn significantly less than their salaried counterparts do. This enables the company to achieve its goals at a lesser cost. <p><u>Disadvantages of hourly pay</u></p> <ul style="list-style-type: none"> • Hourly employees may feel less secure in their jobs, especially if you schedule full-time workers for less than 40 hours. • These workers tend not to feel part of the business therefore are not motivated <p>and it takes the chance that another business will hire away its most talented workers.</p> <p>Exemplar response I wouldn't change as I would say that paying workers a salary is a very easy payment system as the amount paid to workers does not change whereas it would with an hourly payment system. It is also easy to budget as it is fixed. An additional problem with hourly pay is that workers feel less part of the business therefore maybe less motivated for the business and provide a poor service.</p>	5	<p>Level 2 (4-5 marks) Analysis of both payment systems linking to stated business</p> <p>Level 1 (1-3 marks) Explained advantage or disadvantage of either payment system.</p> <p>For 'pay by hour' do not allow working longer or harder.</p> <p>For fixed salary allow 'motivated to work harder as they feel part of the company'.</p>
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Question			Answer	Mark	Guidance
2	a	i	<p>MT plc is run to make a profit /expansion/survival etc.(1) whereas a social enterprise run to support a cause (1)</p> <p>Allow one mark for a social enterprise being a 'non-profit organisation'</p>	2	<p>1x2</p> <p>Do not accept simply 'provide a service' for the social enterprise objective, without reference to an example of some form of charitable service. This can be implicit.</p>
2	a	ii	<p>If one of the owners dies / has ill health / retires / leaves the business / sells the business (1) the business continues (1)</p>	2	1x2
2	c		<p>Shareholders and local residents may be in conflict as shareholders want to maximise profit (1) which may mean increased pollution levels in the local area which harms local residents (1)</p>	2	<p>1x2</p> <p>Accept residents as consumers or employees</p>
2	b		<p>Indicative content:</p> <p>Indicative content:</p> <ul style="list-style-type: none"> • Recruitment • Selection of staff • Pay/remuneration • Discipline • Trade union negotiation • Organise training • Induction • Conflict • Motivation • Job rotation <p>Exemplar response:</p> <p>Human Resources deals with the recruitment (1) and selection (1) to provide the best workers for the firm (1).</p>	3	<p>One mark for the correct identification of one way in which the functional area contributes to the running of MT plc plus a further two marks for development.</p> <p>Allow 'HR looks after workers (1)'.</p> <p>Do not reward 'making sure workers are doing their job'.</p> <p>Allow 3 x 1 or 1 x 3</p>

2	d	<p>Indicative content:</p> <ul style="list-style-type: none"> • cheaper labour costs abroad • cheap imports • less regulation abroad • robotics/mechanisation <p>Exemplar response: Labour costs are high in the UK (1) in comparison to labour costs in some countries abroad, therefore, UK prices tend to be higher, therefore, lower sales which mean fewer businesses operate in the secondary sector hence lower employment (1).</p>	<p>4</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 award issues based simply on worker preferences such as ‘people do not like working in dirty factories’.</p> <p>Do not allow wages are higher in Tertiary Sector or deindustrialisation.</p> <p>Allow ‘decline in raw materials’ if extended to secondary sector.</p>
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2	e	<p>Indicative content: Candidates can analyse any of the benefits Equality Act (ref to race, gender, disability); Health and Safety; Minimum wage</p> <p>Allow reference to</p> <ul style="list-style-type: none"> • Good reputation • Staff treated better therefore more motivated staff <p>Allow 'if MT plc did not comply then the company would get bad publicity or be sued or fined</p> <p>Exemplar response The good thing for businesses following laws is that it means all businesses compete on a level playing field (1) eg.,they will all have to have the same level of health and safety (1) so workings conditions should be the same meaning no one business can save and make bigger profits because they cut on safety controls (1).</p> <p>Exemplar response If MT plc did not follow health and safety then workers may get injured or killed (1) and then the business would get fined (1) or prosecuted and this would be very bad for its reputation (1) and sales.</p> <p>Employees feel more motivated (1) as they are treated better (1) so will work harder (1)</p>	3	<p>3x1 or 1x3</p> <p>Candidates do not need to know the name of any act.</p> <p>Do NOT award advantages to employees unless linked to the benefits of more motivated employees.</p>
2	f	<p>(i) Pressure Groups are organised groups of people/workers who come together (1), with a common cause with the intention of influencing businesses (1).</p> <p>Allow 'they put pressure on employers (1) by taking industrial action (1)'. Allow 'they put pressure on employers (1) to get better working conditions(1)'. Allow 'they put pressure on the government (1) to get changes to government decisions (1)'.</p>	2	2x1

2	f	(ii)	<p>Indicative content:</p> <p><i>Higher wages</i> <i>Better working conditions</i> <i>Workers reinstated</i> <i>More holidays</i> <i>Better pension</i> <i>Improved toilets</i> <i>Support workers</i> <i>Fight for rights</i></p> <p>Exemplar response Wages can be bid up (1) as the union will collectively bargain on behalf of the workers (1).</p> <p>Trade unions seek to influence employers in order to increase employees pay(1) and provide them with better working conditions (1).</p>	2	<p>One mark for identify One mark for explain</p> <p>Allow treated in the right way (1)</p>
2	g		<p>Indicative content:</p> <p>Reference to any ICT developments</p> <ul style="list-style-type: none"> • Email • Video conferencing inc skype, laptop camera • Allow reference to 'mobile phones' <p>Impact can include</p> <ul style="list-style-type: none"> • Time savings • Enables working from home <p>Exemplar response – L2</p> <p>There have been many ICT developments in the work place. Email (L1) is still fairly new and it has greatly improved the speed with which employees within MT plc can communicate. Also the ability of using your phones / computers to see visually workers who may be miles away have significantly helped reduce business costs</p>	4	<p>Level 2 – (3-4) Analysis of the impact of ICT developments on business</p> <p>Level 1 –(1-2) Knowledge of ICT development; link to stated business required for the second mark.</p> <p>Do NOT award any reference to MT plc making computer components as question refers to the effect of Information Communication Technology (ICT) on working practices.</p>

		and saved time (L2)		
2	h	<p>Indicative content:</p> <p>Lateral integration takes place when two businesses integrate that have related goods but they do not compete directly with each other e.g., a sports clothing shop integrating with a sports shoe shop</p> <p>Lateral integration occurs when the firms that combine provide different products but these products still have some common feature.</p> <p>Benefits of lateral integration include:</p> <ul style="list-style-type: none"> • the company can diversify its products or services therefore more potential profit • bigger range of products mean the business has products to fall back on if other of its products fail • sell those products or services to a larger market <p><i>Accept other reasonable answers e.g., economies of scale</i></p> <p>Exemplar response – L2 Lateral integration takes place when two businesses integrate that have related goods but they do not compete directly with each other (L1) e.g., a sports clothing shop integrating with a sports shoe shop. By laterally integrating MT plc can now target different customers therefore have more potential profit (L2)</p> <p>Exemplar response – L2 Lateral integration is when a business merges with another business with a related product at the same stage of production. An advantage of this is they can diversify products sold which can lead to higher sales, as customers can see that there is a range of products to buy (L2).</p>	4	<p>Level 2 – (3-4) Analysis of at least one benefit to MT plc with clear understanding of the term lateral integration.</p> <p>Level 1 –(1-2) Explanation of integration benefits</p>

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