

Applied Business

General Certificate of Secondary Education **A241**

Business in Action

Mark Scheme for June 2010

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Mark schemes should be read in conjunction with the published question papers and the Report on the Examination.

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Question	Expected Answer	Mark	Rationale
1 (a)	<p>Complete the following sentences by inserting the correct words from the list below:</p> <p>One mark per correct word up to a maximum of four marks.</p> <p>Public limited companies are owned by SHAREHOLDERS who have LIMITED liability. They can vote at the ANNUAL General Meeting. They are paid DIVIDENDS on their shares.</p>	[4]	
(b)	<p>Identify the type of activity that C & D Bank plc is involved.</p> <p>For one mark.</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • providing a service; • finance; • banking; • sales; • mortgages; • investments; • lending money / loans; • insurance; • tertiary; • savings. 	[1]	DNA money, selling or retail.
(c)	<p>Marketing is very important to C & D Bank plc so that it can stay competitive. Describe tasks which may be carried out by the marketing department of C & D Bank plc.</p> <p>One mark for each correct identification up to a maximum of two identifications, plus a further one mark for each of two descriptions.</p> <p>The development could be how or why the task helps C & D Bank keep competitive or further description of the task itself.</p>	[4]	<p>Maximum one mark if not in context. The context is the bank and not the customers.</p> <p>Be careful of repetition.</p> <p>The 2 answers are discrete answers and must be marked separately.</p>

Question	Expected Answer	Mark	Rationale
	<p>Possible responses may include:</p> <ul style="list-style-type: none"> • By advertising on the television and in national newspapers (1) C & D Bank plc will attract new customers (1). • C & D Bank plc could put posters up in its branch (1) if there is a new type of account it needs to tell people about (1). • C & D Bank plc sends out letters to current and potential customers (1) telling them about any special offers available (1). 		<p>Be careful that it is an actual task of marketing and not a way of increasing customers.</p>
(d)	<p>Every business has to look after its employees. Describe <u>two</u> tasks carried out by the human resources functional area of a business you have studied.</p> <p>One mark for each correct identification up to a maximum of two identifications, plus a further one mark for each of two descriptions.</p> <ul style="list-style-type: none"> • At Helsor Hotel the human resources function is in charge of recruitment and selection (1) this means they decide what vacancies there are and then advertise for them (1). • People fill in an application form (1) and then HR interview the best ones (1). • When someone starts they get induction training (1) this is an introduction to the business so that they know how everything works (1). • If people do not do their job properly then they go to HR to be disciplined (1) they might get a warning so that they have to improve (1). <p>Other areas of HR which could be written about include:</p> <ul style="list-style-type: none"> • Health and safety at work • Appraisal • Motivation • Grievance procedures • Working conditions • Dismissal 	[4]	<p>Must name a business – if no name max 1 mark for each task unless there is context in the main body of the answer.</p> <p>The 2 answers are discrete answers and must be marked separately.</p>

Question	Expected Answer	Mark	Rationale
(e) (i)	<p>Identify two ways that employees could assist a business to operate in an enterprising way.</p> <p>One mark for each correct identification, up to a maximum of two identifications.</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • suggestion schemes / new ideas; • working on new projects; • being flexible in terms of their job; • teamwork; 	[2]	<p>Be careful of repetition.</p> <p>Make sure that they are ways the employees can assist a business to operate in an enterprising way.</p> <p>DNA things that the employee should be doing as part of their job eg: good customer care, turn up to work.</p>
(ii)	<p>Other than through marketing, explain two ways in which a business such as C & D Bank plc could be seen to operate in an enterprising way.</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 in context. (Does not have to be context of C & D).</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • C & D could offer flexible working (1) this would help to keep and motivate current staff and encourage new people to apply to work for them (1); • C & D could extend their opening hours (1) if they opened in the evening or Saturday afternoons then they may attract new customers who only come in to town at those times (1). • C & D is careful about who it invests money with (1) and this could attract other customers who think the same way (1); <p>Other ways could include:</p> <ul style="list-style-type: none"> • Ethical ways • Being environmentally friendly • Working practices • Taking risks • Sustainability 	[4]	<p>Be careful of repetition.</p> <p>Make sure that they are ways that the business could be seen to operate in an enterprising way.</p> <p>The 2 answers are discrete answers and must be marked separately.</p>
		Total [19]	

Question	Expected Answer	Mark	Rationale						
2 (a) (i)	<p>Two other business aims of C & D Bank plc are to make a profit and to expand. For each of these aims, suggest <u>one</u> suitable objective.</p> <table border="0" data-bbox="367 411 1435 512"> <tr> <td style="padding-right: 40px;">Aim</td> <td>Objective</td> </tr> <tr> <td>To make a profit</td> <td>To make £1 million profit in 2010</td> </tr> <tr> <td>To Expand</td> <td>To increase the number of branches to 20 by 2011</td> </tr> </table> <p>One mark for each correct identification, up to a maximum of two identifications.</p>	Aim	Objective	To make a profit	To make £1 million profit in 2010	To Expand	To increase the number of branches to 20 by 2011	[2]	Must be SMART and linked to aim. Could be comparative eg: than last year.
Aim	Objective								
To make a profit	To make £1 million profit in 2010								
To Expand	To increase the number of branches to 20 by 2011								
(ii)	<p>Explain <u>two</u> reasons why it is important for a business you have studied to set objectives.</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 in the context of a named business.</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • <i>Helsor hotel's objective is to make £50 000 profit each year. It sets this objective so that everyone in the business knows what Helsor is trying to achieve (1). When department are making decisions about targets they are make sure that they don't waste money on food or the business as a whole might not make a profit (1).</i> • <i>Everyone at Helsor Hotel is focused on how much profit they need to make to achieve the objective (1) so they work better as a team when running the hotel (1).</i> 	[4]	<p>Must name a business. If no business named then max 1 mark per reason unless there is context in the main body of the answer.</p> <p>Check for repetition.</p> <p>Theoretical answers – max 1 mark per reason.</p> <p>The 2 answers are discrete answers and must be marked separately.</p>						

Question	Expected Answer	Mark	Rationale
(b)	<p>Explain the meaning of the term sustainability</p> <p>Up to two marks.</p> <p>The world not running out of resources (1).</p> <p>Sustainability means meeting the needs of today (1) without compromising the ability of future generations to meet their needs (1).</p>	[2]	<p>Brief explanation (1), fully developed explanation (2).</p> <p>Candidate includes reference to now (1) and future (1).</p>
(c)	<p>C & D Bank plc aims to be environmentally friendly. Identify two ways that a business such as C & D Bank plc can be environmentally friendly.</p> <p>One mark for each correct identification up to a maximum of two identifications.</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • recycle paper etc; • reduce carbon emissions; • send statements by email/ paperless office; • turn down the heating; • make sure lights are switched off overnight; • do not leave computers on standby. 	[2]	<p>Allow recycle on its own but DNA reduce or reuse on their own.</p> <p>Be careful of repetition. Two examples of recycling with 1 max.</p>
(d) *	<p>Choose a business which you have studied which operates in an ethical manner.</p> <p>This could have been achieved because of the following factors:</p> <ul style="list-style-type: none"> • Paying workers a reasonable wage; • Not employing child labour; • Goods/service which provide value for money; • Any other factor(s) relevant to the business you have studied. <p>Which of these factors do you think was the most important in giving your chosen business its good ethical reputation? Give reasons for your answer, explaining why the other factors were less important.</p>	[10]	<p>Annotate using levels.</p> <p>JU – annotate where they write which is the most important factor. This could be at the beginning of their answer.</p> <p>Max L1 if no context. If no business has been named but there is context in the main body then higher levels can be awarded.</p>

Question	Expected Answer	Mark	Rationale
	<p>Level 3 (7-10 marks) Candidate makes reasoned judgements and presents appropriate conclusions about how the business can be seen to be operating in an ethical manner.</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 most important factor must be evaluated and the reasons why the other factors were less important explained.</p> <p>Candidate shows ability to present relevant material in a well planned and logical sequence. Material is clearly structured using appropriate industry terminology confidently and accurately. Sentences, consistently relevant, are well structured in a way which directly answers the question. There will be few, if any, errors of grammar, punctuation and spelling.</p> <p>Level 2 (3-6 marks) Candidate applies knowledge about how the business can operate in an ethical manner.</p> <p>Candidate shows ability to present relevant material in a planned and logical sequence. Appropriate industry terminology is used. Sentences, for the most part, are presented in a balanced, logical and coherent manner which addresses the question. There will be occasional errors of grammar, punctuation and spelling.</p> <p>Level 1 (1-2 marks) Candidate identifies ways in businesses can operate in an ethical manner.</p> <p>Candidate shows ability to communicate at least one point using some appropriate industry terminology. Sentences have limited coherence and structure, often being of doubtful relevance to the main focus of the question. Errors of grammar, punctuation and spelling may be noticeable and intrusive.</p> <p>0 marks = no response or response does not address the question</p>		<p>If 'lift' bullet points with no correct description = max 1 mark.</p> <p>If 'lift' bullet points and limited explanation can award 2 marks.</p> <p>L2 3 -4 marks – for weak application in context.</p> <p>L2 5 -6 marks – for good or specific application in context.</p> <p>Context required – ethical factors that relate specifically to the business.</p> <p>At the lowest level, the application/context must be applicable to a business in the same sector. (IE; if you took away the name of the business would you know if it was a primary, secondary or tertiary business? – if not L1 max.)</p>

Question	Expected Answer	Mark	Rationale
	<p>Name of business: The Body Shop <i>Community trade is like fair trade (L1) where the producers are looked after and paid a fair wage for their goods (L1.) This helps less developed countries to earn more money. The Body Shop has a number of ethical policies and values and these are used in all areas of the business. The products that it sells are not tested on animals (L2) it includes this on its advertising so that customers are aware of this and can make ethical decisions when buying beauty products (L2). As well as this. The Body Shop is involved in campaigns to promote ethical issues such as protecting our planet and supporting community trade (L2). This will attract more customers who feel the same way (L2). The Body Shop also looks after its employees well. It pays them a reasonable wage, and sees them as a valuable asset to the business (L2). These factors show that the business is ethical because these are extra things that it does not have to do (L3). The products it sells are also value for money, you do not have to be rich to afford Body Shops (L3). It does these things because it believes they are the right things to do for the world and not just to make more money (L3). I think that the most important factor is not testing on animals because this is what Body Shop says in all of its advertising, so it makes money by being ethical (L3)</i>JU 9 marks.</p>		
		Total [20]	

Question	Expected Answer	Mark	Rationale
3 (a)	<p>Identify <u>three</u> different types of ICT which might be used within a business such as C & D Bank plc.</p> <p>One mark for each correct identification up to a maximum of three identifications.</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • personal computers; • spreadsheets; • word-processing; • databases; • Internet; • e-commerce; • email • phones / mobile phones • fax • cash machines • till 	[3]	<p>DNA – CCTV, alarms, calculators.</p> <p>Candidate can name software eg: access, word, excel instead of a type of ICT but can't get 2 marks for writing access and database.</p>
(b) *	<p>Evaluate the benefits and drawbacks to a business you have studied of upgrading its current ICT equipment.</p> <p>The context is upgrading / getting new ICT and a business they have studied. It is not about current ICT provision.</p> <p>Level 3 (7-10 marks) Candidate makes reasoned judgements and presents appropriate conclusions about the benefits and drawbacks to the business of upgrading its current ICT equipment.</p> <p>Note: If candidate only analyses, with no appropriate conclusions, a maximum of 8 marks can be awarded.</p> <p>For 10 marks, there must be a justified judgement saying whether the benefits outweigh the drawbacks or the drawbacks outweigh the benefits.</p>	[10]	<p>Annotate using levels.</p> <p>L1 marks max if no context. If no business has been named but there is context in the main body then higher levels can be awarded.</p> <p>Theory of advantages / disadvantages of ICT max Level 1</p> <p>L2 3 -4 marks – for weak application in context.</p>

Question	Expected Answer	Mark	Rationale
	<p>Candidate shows ability to present relevant material in a well planned and logical sequence. Material is clearly structured using appropriate industry terminology confidently and accurately. Sentences, consistently relevant, are well structured in a way which directly answers the question. There will be few, if any, errors of grammar, punctuation and spelling.</p> <p>Level 2 (3-6 marks) Candidate applies knowledge about the benefits and drawbacks to the business of upgrading its current ICT equipment. Candidate shows ability to present relevant material in a planned and logical sequence. Appropriate industry terminology is used. Sentences, for the most part, are presented in a balanced, logical and coherent manner which addresses the question. There will be occasional errors of grammar, punctuation and spelling.</p> <p>Level 1 (1-2 marks) Candidate identifies the benefits and drawbacks to a business of upgrading its current ICT equipment.</p> <p>Candidate shows ability to communicate at least one point using some appropriate industry terminology. Sentences have limited coherence and structure, often being of doubtful relevance to the main focus of the question. Errors of grammar, punctuation and spelling may be noticeable and intrusive.</p> <p>0 marks = no response or response does not address the question</p> <p>Name of business: ABC Corner Shop <i>This business has recently installed a new stock monitoring system which allows it to see at a click what it has in the shop, the value of the stock and what it needs to order (L2). This has meant that the owner no longer needs physically to count the stock and make calculations (L2) which saves time (L3). It does not over order stock (L2) so that there is less wastage (L3). The owner can also see the stock in all of his shops (L2). The equipment was very expensive (L2) which meant that the owner could not make other improvements to his shops (L3). In conclusion, the new stock monitoring system gives the owner more time to focus on other aspects of business practice (L3) and, hopefully, it will enable the business to expand/become more</i></p>		<p>L2 5 -6 marks – for good application or specific examples in context.</p> <p>L3 7 – analyse benefits or drawbacks.</p> <p>L3 – 8 analyse benefits and drawbacks.</p> <p>Context is upgrading / getting new ICT <u>and</u> a business they have studied. It is not about current ICT provision.</p> <p>At the lowest level, the application/context must be applicable to a business in the same sector. (IE; if you took away the name of the business would you know if it was a primary, secondary or tertiary business? – if not L1 max.)</p>

Question	Expected Answer	Mark	Rationale
	<i>profitable (L3). On balance, I think the money spent on this ICT equipment was worthwhile because, in the long run, the corner shop will be able to save time and money when the system works effectively (JU 9 marks).</i>		

Question	Expected Answer	Mark	Rationale
(c)	<p>State <u>two other</u> acts and explain how each affects the way businesses operate.</p> <p>One mark for correctly naming each of two Acts, plus a further one mark for each of two appropriate explanations.</p> <p>Acts specifically named in this unit of the specification are:</p> <ul style="list-style-type: none"> • Employment Rights • Sex Discrimination • Race Relations • Disability Discrimination <p>Any other act relevant to the way a business operates can be credited eg:</p> <ul style="list-style-type: none"> • Trade Descriptions • Health and Safety at Work (DNA health and safety on its own) • Weights and Measures • Working Time (directive) • Equal Pay • Control of substances hazardous to health/COSHH • Sale of Goods • Consumer Credit • Human Rights • Companies <p>The Sex Discrimination Act (1) means that the business has to pay men and women the same if they are doing the same job (1).</p> <p>The Race Relations Act (1) means that the business cannot turn someone down for a job because of their race (1).</p>	<p>[4]</p> <p>Total [17]</p>	<p>The name of the act must be correct.</p> <p>If the name is incorrect but the explanation is correct then 1 mark can be awarded.</p> <p>No marks for writing about Data Protection.</p> <p>Date of act not needed.</p>

Question	Expected Answer	Mark	Rationale
4 (a)	<p>Other than customers, identify <u>three</u> different stakeholder groups of C & D Bank plc. State the interest of each stakeholder group which you have identified.</p> <p>One mark for each appropriate stakeholder group identified up to a maximum of three identifications, plus a further one mark for each of three interests correctly identified.</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • suppliers – C & D’s suppliers will want to make sure they get paid on time • employees – the bank staff will want job security, to be well paid • managers – the bank managers want to be able to make decisions • shareholders/ owners/ employers – they will want a dividend at the end of the year when C & D make a profit • local community – might want to get a job at the bank, the bank could sponsor local events • other banks/ competitors – to know what C & D is doing • Bank of England – to make sure that C & D is acting within the law • government – to make sure that C & D do not need money from it / act within the law / acting ethically. • pressure groups / trade unions – will be checking to make sure C & D are acting ethically. 	[6]	Be careful of repetition eg: cannot award pressure groups and trade unions.
(b) *	<p>Evaluate the possible consequences to a business you have studied of <u>not</u> listening to its stakeholder groups.</p> <p>Level 3 (7-10 marks) Candidate makes reasoned judgements and presents appropriate conclusions the consequences to the business of not listening to its stakeholder groups.</p> <p>Note: If candidate only analyses, with no appropriate conclusions, a maximum of 8 marks can be awarded.</p> <p>For 10 marks, candidate needs to evaluate what could happen if the business did not listen and whether this is a risk worth taking.</p>	[b]	<p>Annotate using levels.</p> <p>L1 marks max if no context. If no business has been named but there is context in the main body then higher levels can be awarded.</p> <p>L2 3 -4 marks – for weak application in context.</p> <p>L2 5 -6 marks – for good application or specific examples</p>

Question	Expected Answer	Mark	Rationale
	<p>Candidate shows ability to present relevant material in a well planned and logical sequence. Material is clearly structured using appropriate industry terminology confidently and accurately. Sentences, consistently relevant, are well structured in a way which directly answers the question. There will be few, if any, errors of grammar, punctuation and spelling.</p> <p>Level 2 (3-6 marks) Candidate applies knowledge about the consequences to the business of not listening to its stakeholder groups.</p> <p>Candidate shows ability to present relevant material in a planned and logical sequence. Appropriate industry terminology is used. Sentences, for the most part, are presented in a balanced, logical and coherent manner which addresses the question. There will be occasional errors of grammar, punctuation and spelling.</p> <p>Level 1 (1-2 marks) Candidate identifies consequences to a business of not listening to its stakeholder groups. Candidate shows ability to communicate at least one point using some appropriate industry terminology. Sentences have limited coherence and structure, often being of doubtful relevance to the main focus of the question. Errors of grammar, punctuation and spelling may be noticeable and intrusive.</p> <p>0 marks = no response or response does not address the question.</p> <p>Name of business: Tesco <i>Tesco has many different stakeholder groups and they will all want different things. The employees will want job security and a good working environment and good pay if Tesco does not give this, then employees will not be happy (L2) and might leave (L2). It is not good for a business to have a lot of staff leaving because it has to keep training new ones and this can cost a lot of money (L3). The shareholders will want to big dividend rather than have all the profits put back in to the business (L2). If they do not get a big dividend they might sell their shares (L2) this could make Tesco look bad and people lose confidence in the business (L2). The local community will want jobs from Tesco but not a lot of noise or litter around their area.</i></p>		<p>in context.</p> <p>Context - specific stakeholder groups for named business.</p> <p>At the lowest level, the application/context must be applicable to a business in the same sector. (IE; if you took away the name of the business would you know if it was a primary, secondary or tertiary business? – if not L1 max.)</p>

Question	Expected Answer	Mark	Rationale
	<p><i>If the local community complains, Tesco must listen (L1) because they are also its customers (L2) and if they are not happy they will stop buying from Tesco and the business will suffer with less sales and profits (L3). Tesco needs to listen to the different stakeholder groups because if they are not happy with Tesco they can act and Tesco could get bad publicity or lose money (L3). It is a lot easier for Tesco to listen to its stakeholders because then they will be happy with Tesco and will continue to shop there (L3 JU 9 marks).</i></p>		
(c) (i)	<p>Explain <u>two</u> effects of rising interest rates on Baileys Luxury Boat Builders.</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 in the context of Baileys Luxury Boat Builders.</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • <i>BLBB might see a decrease in sales (1) as it is selling luxury boats and as the interest rate has gone up people find it more expensive to borrow money (1).</i> • <i>On the other hand it is aiming at rich people (1) so might not be affected as these people might not need a loan to buy the boat (1).</i> • <i>If BLBB have a mortgage on its premises it will find that the amount it has to pay has gone up (1) so the profits might decrease(1)</i> 	[4]	<p>The 2 answers are discrete answers and must be marked separately.</p> <p>The effect has to be on BLBB and not the bank or customers.</p> <p>Allow answers which refer to BLBB having savings.</p>
(ii)	<p>Explain <u>two</u> effects of a falling value of the pound (£) on Baileys Luxury Boat Builders.</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 in the context of Baileys Luxury Boat Builders</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • <i>As BLBB sells most of its boats abroad the falling value of the pound will mean that the price charged to the overseas customer has fallen (1) so sales should increase (1).</i> 	[4]	<p>The 2 answers are discrete answers and must be marked separately.</p> <p>The effect has to be on BLBB and not customers.</p>

Question	Expected Answer	Mark	Rationale
	<ul style="list-style-type: none"> <li data-bbox="353 212 1444 276">• <i>If BLBB have to import raw materials the price of these will have increased (1) so BLBB will have to increase the price it charges (1).</i> <li data-bbox="353 316 1444 411">• <i>Some boats are sold in the UK and the price of these will not be affected (1) as long as BLBB does not import its raw materials, so sales should not be affected (1).</i> <li data-bbox="353 451 1444 547">• <i>If the £ is low more British will stay in Britain for their holidays so more people may buy boats (1) increasing BIBB sales and revenue and meaning higher profits (1).</i> 	Total [24]	

Paper total [80]

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