

Applied Business

General Certificate of Secondary Education

Unit **A241**: Business in Action

Mark Scheme for June 2011

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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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Any enquiries about publications should be addressed to:

OCR Publications
PO Box 5050
Annesley
NOTTINGHAM
NG15 0DL

Telephone: 0870 770 6622
Facsimile: 01223 552610
E-mail: publications@ocr.org.uk

Question		Expected Answer	Mark	Rationale
1	(a)	<p>For one mark</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • Farming (or any form of farming eg: dairy, crops, poultry etc) • Primary (sector) • Tertiary (sector) • Agriculture • Retail (farm shop) / sales / selling / supplying 	[1]	Annotations ✓ or ✗
1	(b)	<p>One mark for each word.</p> <p>A partnership consists of two and twenty partners. Partnerships have unlimited liability. When setting up a partnership, the partners are advised to draw up a legal document known as a deed of partnership.</p>	[4]	Annotations ✓ or ✗
1	(c)*	<p>Indicative content:</p> <ul style="list-style-type: none"> • Advantages and disadvantages of partnership, sole trader and private limited company. • Apply to family situation and size of business. • Risk factor in agricultural business • Need for limited liability? • Candidate can write that partnership is best or change to private limited company or should have had one brother set up as sole trader and other as manager/employee. <p>Quality of written communication is embedded into the level descriptors. Please see page 4 for details.</p> <p>Level 3 (7-10 marks) Candidate makes reasoned judgements and presents appropriate conclusions about which is the best form of ownership for Gorse Hill Farm.</p>		<p>Annotations L1, L2, L3, CONT, ✓+ (use this annotation when decision has been made).</p> <p>Do not award reference to public limited company.</p> <p>Check for context first: Currently partnership Farm Support two families Small business Derek and John</p> <p>Level 3 – Must be in context see page 4 7 marks – one form of ownership analysed. 8 marks – minimum two forms of ownership analysed.</p>

Question	Expected Answer	Mark	Rationale
	<p>Level 2 (3-6 marks) Candidate applies knowledge about the best form of ownership for Gorse Hill Farm.</p> <p>Level 1 (1-2 marks) Candidate identifies features of different form(s) of ownership</p> <p>0 marks = no response or response does not address the question</p> <p><u>Exemplar response:</u></p> <p>Within a partnership the partners have unlimited liability, meaning they are responsible for all the debts of the business (L1). This is the same if it was a sole trader (L1). A private limited company would have limited liability, so this would be an advantage for Gorse Hill Farm as each family's debts would be limited to the amount they had invested (L2). If only one of the brothers had wanted to own the farm, then he could have been a sole trader but if there is more than one owner as in this example, then it could not have been a sole trader (L2). If the brothers wanted to keep their accounts secret, then a partnership would be a better idea as with a private limited company the public can have access to your accounts (L3). The brothers might not need a large amount of money as they are already set up so they do not need lots of shareholders (L3). I think that setting up as a partnership was the best idea because it kept the business in the family and it was not complicated to set up as a private limited company would have been (L3).</p>	<p>[10]</p>	<p>9 marks – makes decision / judgement based on previous analysis. Needs to have correctly analysed the form of ownership they have chosen.</p> <p>10 marks – makes decision and fully justified and all three types of ownership analysed. Evaluating which form of ownership will have be the best for GHF and why.</p> <p>Max 8 marks if candidate makes a decision based on analysis of their chosen form of ownership with no analysis of rejected one(s).</p> <p>Level 2 – Must be in context see page 4</p> <p>3 marks – explanation of one form of ownership (no development).</p> <p>4 marks – an explanation of two forms of ownership or one form of ownership developed.</p> <p>5 marks – minimum two forms of ownership need explaining and only one needs developing.</p> <p>6 marks – minimum two forms of ownership need to be developed.</p> <p>Level 1</p> <p>1 mark – identifies features of one form of ownership.</p> <p>2 marks – shows knowledge of minimum two forms of ownership or shows some development of knowledge of one form of ownership.</p>

Question		Expected Answer	Mark	Rationale
2	(a)	<p>One mark for each identification, plus one development mark for each explanation. Max two marks for identification. Possible responses may include:</p> <ul style="list-style-type: none"> When the owners of the farm set aims, it gives a framework for everyone to work within (1) all of the family and employees know what the farm is trying to achieve (1). The farm will now have a focus (1) so that objectives can be set to make sure that the aims are met (1). 	[4]	<p>Annotations ✓ ✓+ or ✗ Development marks awarded for – application of knowledge. (See page 4).</p> <p>Examples not awarded.</p> <p>Beware repetition.</p>
2	(b)	<p>One mark for each identification, plus one development mark for each explanation.</p> <p>Possible responses may include:</p> <p>Local community – they could be customers of the shop (1), so will want to know when it will open and what it will sell (1). There will be more cars in the area (1) which will cause pollution (1).</p> <p>Bank manager – Derek might need to borrow money from the bank, so the manager might want to look at his financial forecasts (1) to see if he will be able to pay the bank back (1).</p> <p>Employees – employees of the farm might want to know if they could work in the shop instead (1), maybe to gain more money or a promotion (1).</p>	[6]	<p>Annotations ✓ ✓+ or ✗ Development marks awarded for – application of knowledge in context of farm shop / local business expanding.</p> <p>Interest MUST be different.</p> <p>Employees – this refers to people who are already employed by GHF. Do not credit people looking for a job (this could be credited though if under local community).</p>

Question		Expected Answer	Mark	Rationale
2	(c)	<p>One mark for the identification of a conflict, plus one mark in each case for relating this conflict to each stakeholder. One mark for the identification of a conflict</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> The managers at Ryan air wanted employees to work long hours for little pay (1) whereas the employees wanted either less hours or more pay for the hours they do (1). This caused the employees to go on strike (1). The owners of Tesco want to maximum profits (1). This may result in them raising prices, however, customers want low prices (1) and a raise in pricing could lose the business customers (1). 	[3]	<p>Annotations ✓ ✓+ or ✗</p> <p>Interest of one stakeholder group (1), interest of second stakeholder group (1) conflict /consequence of conflict (1)</p> <p>Conflict mark cannot be awarded unless the interests of both stakeholder groups are evident.</p> <p>Do not need to complete boxes at the beginning as long as it is clear in the answer what the stakeholder groups are.</p>
3	(a)	<p>One mark for each identification, plus one development mark for each description.</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> Finance – create a profit and loss account (1) which could be used for future forecasting as in setting budgets (1). Human resources – any new employees at the farm shop will need training (1). The person in charge of human resources will do on the job training so they know how to work in the shop (1). Administration – there will be, for example, a record kept of all of the suppliers (1). Someone in administration will be in charge of updating this, so if something runs out then they will be able to contact the correct supplier quickly (1). 	[6]	<p>DO NOT FORGET TO SCROLL DOWN FOR LAST ANSWER</p> <p>Annotations ✓ ✓+ or ✗</p> <p>Development marks awarded for – application of knowledge. There must be development of one task. This could be how or why they do the task.</p> <p>Ensure that tasks awarded under administration are clearly a task of that functional area and not finance (paying wages) or human resources (sending out letters to recruits).</p>

Question	Expected Answer	Mark	Rationale
3	<p data-bbox="250 204 309 236">(b)*</p> <p data-bbox="405 204 667 236">Indicative content:</p> <ul data-bbox="405 276 1272 547" style="list-style-type: none"> • Even though small business all functional areas will still exist but not necessarily as separate departments. • Importance of operating together – getting the job done, avoiding repetition. • Staff morale / motivation. • Profits for owners. • Meaning of efficient operation in relation to a farm – apply to what the farm does. <p data-bbox="405 587 1249 651">Quality of written communication is embedded into the level descriptors. Please see page 4 for details.</p> <p data-bbox="405 691 689 722">Level 3 (7-10 marks) Candidate makes reasoned judgements and presents appropriate conclusions about the likely consequences to the efficient operation Gorse Hill Farm if the functional areas do not operate together</p> <p data-bbox="405 858 674 890">Level 2 (3-6 marks) Candidate applies knowledge of likely consequences to Gorse Hill Farm if the functional areas do not operate together.</p> <p data-bbox="405 994 674 1026">Level 1 (1-2 marks) Candidate identifies likely consequences to Gorse Hill Farm if the functional areas do not operate efficiently.</p> <p data-bbox="405 1129 1279 1161">0 marks = no response or response does not address the question.</p> <p data-bbox="405 1201 674 1233">Exemplar response:</p> <p data-bbox="405 1265 1301 1401">Although it is a small business, Gorse Hill Farm and shop still has all of the functional areas and all of the tasks need to be done otherwise the farm will not be successful (L2). If the human resources person does not speak to everyone else then he/she might not know when</p>		<p data-bbox="1440 204 2011 268">Annotations L1, L2, L3, CONT ✓+ (use this annotation when decision has been made).</p> <p data-bbox="1440 308 1765 339">Check for context first:</p> <p data-bbox="1440 371 1995 475">Correct inter-relationship between human resources, finance, administration /ICT, operations, marketing</p> <p data-bbox="1440 483 1496 515">OR</p> <p data-bbox="1440 515 1944 547">Partnership – now farm and farm shop</p> <p data-bbox="1440 547 1921 579">Two families – brothers run business</p> <p data-bbox="1440 579 1843 611">Freya (John’s wife) – accounts</p> <p data-bbox="1440 611 1899 643">Natasha (Derek’s wife) – runs shop</p> <p data-bbox="1440 643 2011 675">Employ ten members of staff all year round.</p> <p data-bbox="1440 715 1995 746">Level 3 – Must be in context see page 4</p> <p data-bbox="1440 746 2067 842">7 marks – analyses one consequence to the efficient operation of GHF if the functional areas do not operate together.</p> <p data-bbox="1440 850 1883 914">8 marks – analyses minimum two consequences.</p> <p data-bbox="1440 914 2051 1010">9 marks – makes a decision as to most likely consequence based on previous analysis of at least two consequences.</p> <p data-bbox="1440 1018 2040 1114">10 marks – fully justified, evaluating which consequence will have the greatest impact on the business.</p> <p data-bbox="1440 1153 1995 1185">Level 2 – Must be in context see page 4</p> <p data-bbox="1440 1185 2056 1249">3 marks – explanation of one consequence to GHF.</p> <p data-bbox="1440 1257 2063 1321">4 marks – explanation of two consequences or develops one consequence.</p> <p data-bbox="1440 1329 2033 1393">5 marks – minimum two consequences need explaining and one needs to be developed.</p>

Question		Expected Answer	Mark	Rationale
		<p>someone has left and would not recruit a replacement (L2) so the farm might be short staffed (L3). Any staff need to be paid, so human resources has to talk to finance to make sure they are paid or else the staff might not be happy and may leave (L2) , meaning the brothers have more work to do (L3). Everyone has to make sure all of the animals are healthy and report to one of the brothers if they think the vet needs calling or else a cow, for example, might be ill (L2). Farmers do not always have a lot of staff, but still have a lot of different jobs to do. They need to make sure that all of the different functional areas are completed properly so that the farm is successful and the animals do not suffer (L3).</p>	[10]	<p>6 marks – minimum two consequences need to be developed in context.</p> <p>Level 1 1 mark – one consequence stated/identified. 2 marks – minimum two consequences state/identified.</p>
3	(c)	<p>One mark for each identification.</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • The Employment Rights (Act) • The Sex Discrimination (Act) • The Race Relations (Act) • The Disability Discrimination (Act) • The Age Discrimination (Act) • Equal Pay (Act) • Working Time Directive • (National) Minimum Wage • Human Rights (Act) • Equality Act 	[2]	<p>Annotations ✓ or ✗ Dates not needed</p> <p>Equality Act – do not allow “equality” on its own. Can gain 2 marks if mention correctly another act which comes under the framework of the Equality Act eg: Equality Act (1) Sex Discrimination Act (1).</p> <p>Do not allow Health and Safety at Work Act or Race <i>Discrimination</i> Act.</p> <p>Must be a law and not an action. Eg: do not accept “offer” minimum wage.</p>

Question		Expected Answer	Mark	Rationale
3	(d)	<p>One mark for each identification, plus one development mark for each explanation. Possible responses may include:</p> <ul style="list-style-type: none"> • Derek could offer training to all of his staff (1). This would mean that everyone would be doing the job to the best of their abilities and staff would feel valued (1). • Derek could have meetings with all of his staff (1). This would mean everyone would know what was going on and they would have a chance to have their say (1). • A lot of the work on a farm is done outside but Derek could make sure that the physical working conditions are good (1) the tractors could all have heating so that the workers don't get cold and unhappy in the winter (1). • Derek could give free/discounted food to the staff from the farm shop (1). This would save the staff time and money not having to shop elsewhere (1). • Appraisals • Social events • Uniform • Team building • Pay a fair wage 	[4]	<p>Annotations ✓ ✓+ or ✗ Development marks awarded for – application of knowledge. How or why the ways could develop a good working relationship.</p> <p>Do not award repeats of development mark.</p> <p>Do not accept examples that are 'operating within the law'.</p>

Question			Expected Answer	Mark	Rationale
3	(e)		<p>One mark for each identification. Possible responses may include:</p> <ul style="list-style-type: none"> • (Personal) computers / laptops • Networks • Word-processing, Word • Databases, Access • Internet / website • E-commerce • Email • Telephone / mobile • Fax • Tills • PowerPoint / presentation • Publisher 	[2]	<p>Annotations ✓ or ✗</p> <p>Do not accept spreadsheets, Excel, CCTV, security cameras.</p>
3	(f)	(i)	<p>One mark for identification plus one development mark for an explanation.</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • The accounts can be done on the computer rather than by hand meaning that they should be accurate (1) because spreadsheets use formulae (1). • If they had a website then people could buy things from the shop online (1). Gorse Hill Farm could increase the number of customers throughout the year by doing this (1). 	[2]	<p>Annotations ✓ ✓+ or ✗</p> <p>Development mark awarded for – application of knowledge in context of business introducing ICT.</p> <p>Do not allow “quick and easy” unless explained.</p>

Question			Expected Answer	Mark	Rationale
3	(f)	(ii)	<p>One mark for identification plus one development mark for an explanation.</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • Everyone will need to be trained to use ICT (1). This will take time when staff should be doing other things such as milking the cows (1). • It will cost a lot of money to buy the equipment in the first place (1) the farm could need a new tractor but instead the money has been spent on computers. 	[2]	<p>Annotations ✓ ✓+ or ✗</p> <p>Development mark awarded for – application of knowledge in context of a business introducing ICT.</p>
4	(a)		<p>One mark for each identification, plus one development mark for each explanation.</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • The shop will be selling its own produce in most cases. If it cannot get something and has to go to a wholesaler Gorse Hill Farm must say (1) or else this will be misleading it's customers (1). • If it needs extra help during the harvest it must not get cheap labour from abroad (1) they need to make sure all staff are legally entitled to work and pay them a fair wage (1). • The food that it produces and sells must be fit for purpose (1). If it did not do this it would not be treating it's customers ethically (1). • Fair trade • Organic • Animal welfare ./ free range 	[4]	<p>Annotations ✓ ✓+ or ✗</p> <p>Development marks awarded for – application of knowledge. How or why the way suggested makes GHF be seen to be ethical.</p> <p>Do not award ways that are eco / environmentally friendly.</p>

Question	Expected Answer	Mark	Rationale
4	<p data-bbox="248 204 304 236">(b)*</p> <p data-bbox="405 204 667 236">Indicative content:</p> <ul data-bbox="405 276 1301 592" style="list-style-type: none"> • Explain meaning of behaving in an ethical manner. • Possible consequences of not behaving in an ethical manner: • Loss of customers • Loss of profit • Poor reputation • Competitors increase their market share • Likelihood of these happening to named business • Consequence can be what the business has to do to rectify the situation eg: inspections, monitoring, advertising. <p data-bbox="405 628 1249 692">Quality of written communication is embedded into the level descriptors. Please see page 4 for details.</p> <p data-bbox="405 729 689 761">Level 3 (7-10 marks) Candidate makes reasoned judgements and presents appropriate conclusions about the likely consequences to the business of not behaving in an ethical manner.</p> <p data-bbox="405 898 674 930">Level 2 (3-6 marks) Candidate applies knowledge of likely consequences to the business of not behaving in an ethical manner.</p> <p data-bbox="405 1035 674 1067">Level 1 (1-2 marks) Candidate identifies likely consequences to the business of not behaving in an ethical manner.</p> <p data-bbox="405 1171 1279 1203">0 marks = no response or response does not address the question.</p> <p data-bbox="405 1240 667 1272">Exemplar response:</p> <p data-bbox="405 1308 860 1340">Name of business: The Body Shop</p>		<p data-bbox="1442 204 2011 268">Annotations L1, L2, L3, CONT, ✓+ (use this annotation when decision has been made).</p> <p data-bbox="1442 304 1756 336">Check for context first</p> <p data-bbox="1442 373 2024 501">Level 3 - Must be in context see page 4 7 marks – analyses one consequence to the business if it did not behave in an ethical manner. 8 marks – analyses minimum two consequences. 9 marks – makes a decision as to most likely consequence based on previous analysis of at least two consequences. 10 marks – fully justified, evaluating which consequence will have the greatest impact on the business.</p> <p data-bbox="1442 815 2056 1118">Level 2 - Must be in context see page 4 3 marks – explanation of one consequence to the business. 4 marks – explanation of two consequences or develops one. 5 marks – minimum two consequences need explaining and one needs to be developed. 6 marks – minimum two consequences need to be developed.</p> <p data-bbox="1442 1155 2024 1283">Level 1 1 mark – one consequence stated/identified. 2 marks – minimum two consequences state/identified.</p>

Question			Expected Answer	Mark	Rationale
			Businesses which do not behave in an ethical manner cannot expect to have a strong customer base (L1) as people today are very aware of issues such as the effect on the environment of producing goods, child labour, etc (L1). The Body Shop has a number of ethical policies, and values. If the Body Shop does not follow these values and policies it risks losing customers (L2) as it would no longer have a good reputation (L2) and consequently business' profits would reduce (L3) because the business, at the moment, is seen to be environmentally friendly and unwilling to test on animals. This could also lead to cash flow problems (L2) and the business may no longer be able to pay its bills (L2). The Body Shop may then have to close some or all of its shops (L3), making staff redundant (L3) and eventually it may have to cease trading (L3).	[10]	
5	(a)	(i)	<p>One mark for identification plus one development mark for an explanation.</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> It is an easy way to expand their business (1) because they are not having to pay the full cost of opening a new shop (1) They can open other branches a long way from their home because someone else is in charge of it (1) and they don't need to go there every week to check everything is ok (1). 	[2]	<p>Annotations ✓ ✓+ or ✗</p> <p>Development marks awarded for – application of knowledge.</p> <p>Make sure advantage to franchisor.</p>

Question			Expected Answer	Mark	Rationale
5	(a)	(ii)	<p>One mark for identification plus one development mark for an explanation.</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> It is more likely to be successful than setting up on your own (1) because you have the backing of the franchisor to help you (1). You can get a lot of advice about running the business (1) because the franchisor will be there to tell you how to run the business to be a success. (1) 	[2]	<p>Annotations ✓ ✓+ or ✗</p> <p>Development marks awarded for – application of knowledge.</p> <p>Make sure advantage to franchisee.</p>
5	(b)		<p>One mark for each identification, plus one development mark for each explanation.</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> Luxury cottages got all of its cottages registered with the Welsh Tourist Board (1). This meant it could increase the cost of a holiday as everyone recognised the higher standards (1). Luxury cottages extended the hours that it has employees answering the telephones (1) they should increase their bookings as most people want to book a holiday in the evening after they have come home from work(1). Expanding Change in business ownership 	[4]	<p>Annotations ✓ ✓+ or ✗</p> <p>Development marks awarded for – application of knowledge. Award for how or why the way could benefit the business or what is the risk to the business.</p> <p>This question is testing knowledge of being enterprising. Do not be concerned about whether or not the business has already done the ideas suggested.</p> <p>Do not accept reference to offering franchises or ways that are part of standard business practice (eg: having a sale).</p>
5	(c)		<p>One mark for each identification.</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> Suggestion schemes / offer new ideas Working on new projects / taking on additional work Being flexible in terms of their job Employees could invest money in the business Social networking / word of mouth / face book / twitter / employees advertising. 	[2]	<p>Annotations ✓ or ✗</p> <p>Do not accept ways that are standard employee practice (eg: doing their job well, being on time, doing overtime, doing extra hours).</p>

OCR (Oxford Cambridge and RSA Examinations)
1 Hills Road
Cambridge
CB1 2EU

OCR Customer Contact Centre

14 – 19 Qualifications (General)

Telephone: 01223 553998

Facsimile: 01223 552627

Email: general.qualifications@ocr.org.uk

www.ocr.org.uk

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OCR (Oxford Cambridge and RSA Examinations)
Head office
Telephone: 01223 552552
Facsimile: 01223 552553

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