

GCSE

Business Studies

Unit **A292**: Business and People

General Certificate of Secondary Education

Mark Scheme for June 2015

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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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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

Note

Every question and additional item must be annotated to show it has been considered.

Crossed Out Responses

Where a candidate has crossed out a response and provided a clear alternative then the crossed out response is not marked. Where no alternative response has been provided, examiners may give candidates the benefit of the doubt and mark the crossed out response where legible.

Multiple Choice Question Responses

When a multiple choice question has only a single, correct response and a candidate provides two responses (even if one of these responses is correct), then no mark should be awarded (as it is not possible to determine which was the first response selected by the candidate).

When a question requires candidates to select more than one option/multiple options, then local marking arrangements need to ensure consistency of approach.

Contradictory Responses

When a candidate provides contradictory responses, then no mark should be awarded, even if one of the answers is correct.

Short Answer Questions (requiring only a list by way of a response, usually worth only **one mark per response**)

Where candidates are required to provide a set number of short answer responses then only the set number of responses should be marked. The response space should be marked from left to right on each line and then line by line until the required number of responses have been considered. The remaining responses should not then be marked. Examiners will have to apply judgement as to whether a 'second response' on a line is a development of the 'first response', rather than a separate, discrete response. *(The underlying assumption is that the candidate is attempting to hedge their bets and therefore getting undue benefit rather than engaging with the question and giving the most relevant/correct responses.)*

Short Answer Questions (requiring a more developed response, worth **two or more marks**)

If the candidates are required to provide a description of, say, three items or factors and four items or factors are provided, then mark on a similar basis – that is downwards (as it is unlikely in this situation that a candidate will provide more than one response in each section of the response space.)

Longer Answer Questions (requiring a developed response)

Where candidates have provided two (or more) responses to a medium or high tariff question which only required a single (developed) response and not crossed out the first response, then only the first response should be marked. Examiners will need to apply professional judgement as to whether the second (or a subsequent) response is a 'new start' or simply a poorly expressed continuation of the first response.

Question			Answer	Mark	Guidance
1	a	i	<p>Indicative content:</p> <p><u>Advantage:</u></p> <ul style="list-style-type: none"> • Sell shares on stock market • Limited liability for owners <p>Accept other reasonable answers.</p> <p>Exemplar responses</p> <p>Shares can be sold (1) to raise capital (1)</p> <p>Sell shares to public on the stock exchange (1), therefore, can raise more money than private limited companies (1) which can only sell shares to family and friends (1).</p> <p>Indicative content:</p> <p><u>Disadvantage:</u></p> <ul style="list-style-type: none"> • Possibility of a hostile takeover as accounts are open to public scrutiny (1) therefore competitors can review and become more competitive (1) • Allow high cost of setting up • Make accounts public (1) competition can see how well firm is doing (1) <p>Accept other reasonable answers.</p> <p>Exemplar response:</p> <p>Shares are sold on the stock exchange, therefore, open to the possibility of a hostile takeover (1), whereas private limited companies can only sell shares to family and friends (1).</p>	4	<p>One mark for the correct identification of one of an advantage and one disadvantage, plus a further one mark for each of two explanations.</p> <p>Do not allow 'Command is hard as it is a big company'.</p> <p>Do not allow 'Lose control as there are many shareholders'.</p> <p>Allow 2x1 eg., two advantages of plc. – e.g., 'can raise capital easily, and the company has limited liability'</p>

Question	Answer	Mark	Guidance
ii	<p>Indicative content</p> <ul style="list-style-type: none"> • Profit provides capital • Growth requires finance <p>Exemplar responses</p> <p>Profits can be retained (1) and therefore reinvested in growth of company (1)</p> <p>Profit provides money (1) for growth and the more the business grows the more money which is available for the business to invest and to expand (1).</p> <p>Allow 'profit can be reinvested (1) e.g. to buy new machinery' (1)</p> <p>Allow 'profit needed for growth (1)</p> <p>Allow 'retained profit (1) to reinvest (1)'</p>	2	<p>Up to two marks.</p> <p>One mark for correctly referencing growth requiring finance.</p> <p>One mark for an explanation of how profit and growth are inter-related.</p> <p>Allow 'in order to grow you need profit'.</p>
iii	A tax on profits	1	<p>For one mark.</p> <p>If more than one answer is ticked award zero</p>
b	<p>Indicative content:</p> <ul style="list-style-type: none"> • Government interested in whether Transport plc has paid enough tax • Government interested in whether Transport plc has caused pollution • Allow 'Government interested in whether Transport plc creates employment / jobs / boosts <i>the local economy</i>' / <i>where the business is set up</i>. • Customers interested in the hiring of vans • Customers interested in the reliability of vans/services • Customers can get where they want to go if they don't have a car • Workers interested in whether they will be paid • Workers interested in whether they will have a job <p>Accept other reasonable answers.</p>	3	<p>One mark for each of three identifications.</p> <p>Accept only one interest per stakeholder.</p>

Question			Answer	Mark	Guidance
			<p>Exemplar response: The Government is interested in whether Transport plc has paid enough tax (1). Customers are interested in the hiring of vans from Transport plc (1). Workers are interested in whether Transport plc will pay them (1).</p>		
	c	i	<p>Three employees or '3' <i>Allow 'the supervisors' or 'the three supervisors'</i></p>	1	<p>Do not allow 'supervisors' if candidate states any number other than 3 (eg the '6 supervisors' or 3 supervisors and 2 workers - no marks)</p>

Question	Answer	Mark	Guidance
ii*	<p>Indicative content:</p> <p><u>Advantages of a narrow span of control</u></p> <ul style="list-style-type: none"> • A narrow span of control allows a manager to communicate quickly with the employees under them and control/supervise them more easily, as there are only 3 supervisors and not 6 • Feedback of ideas from the workers will be more effective, as managers are not being bombarded by 6 subordinates • It requires a higher level of managerial skill to control a greater number of employees, so there is less management skill required with only 3 subordinates rather than 6 • Closer monitoring of subordinates possible, as each manager has only 3. • Closer support of subordinates possible, as each manager has only 3. <p><u>Disadvantages of a narrow span of control</u></p> <ul style="list-style-type: none"> • Subordinates may feel over-supervised as there are only 3 of them. • More costly as each manager only manages three supervisors, so more managers will be required. <p><u>Advantages of a wide span of control</u></p> <ul style="list-style-type: none"> • It costs less money to run a wider span of control because a business does not need to employ as many managers. • More opportunity to delegate responsibilities • Subordinates (supervisors) feel more valued as they have more responsibility <p><u>Disadvantages of a wide span of control</u></p> <ul style="list-style-type: none"> • Supervision more difficult which may lead to inefficiency as some workers are not monitored or supervised. • Stress levels are higher as managers have more people to control <p>Exemplar response – Level 3 I suggest Transport plc does not introduce a wide span of control. A particular reason for this is that with a wide SOC supervision of workers is more difficult which may lead to inefficiency as some workers may not be monitored closely</p>	6	<p>Question is about span of control. Do not reward references to chain of command or layers in hierarchy or number of workers in the organisation.</p> <p>SCORIS annotations: Use L1, L2, and L3 where these can be credited.</p> <p>Level 3 (5-6 marks) Reasoned judgement Analysis of at least one advantage of the method chosen and one disadvantage of the method rejected. This analysis must include impact on stated business.</p> <p><i>Straightforward ideas have been expressed with some clarity and fluency. Arguments are generally relevant, though may stray from the point of the question. There will be some errors of spelling, punctuation and grammar but these are unlikely to be intrusive or obscure meaning.</i></p> <p>Level 2 (3-4 marks) Explain an advantage or disadvantage of either a wide or narrow SOC.</p> <p><i>Relatively straightforward ideas are expressed relatively clearly, legibly and appropriately. There will be some errors of spelling, punctuation and grammar which will be noticeable and intrusive.</i></p>

Question	Answer	Mark	Guidance
	<p>enough, therefore Transport plc will make less profit. In addition, a narrow span of control allows a manager to communicate quickly with the employees under them and control/supervise them more easily. In addition, feedback of ideas from the workers will be quick and this can lead to any problems being sorted efficiently, as there are fewer subordinates to control.</p> <p>Exemplar response – Level 2 Managers have more responsibility with a wider span of control as they have more people to supervise</p> <p>Exemplar response – Level 1 Span of control relates to how many people under someone’s charge.</p>		<p>Level 1 (1-2 marks) Basic knowledge of span of control demonstrated.</p> <p><i>Some simple ideas have been expressed. There will be some errors of spelling, punctuation and grammar which will be noticeable and intrusive.</i></p> <p>0 marks No response or no response worthy of credit.</p>

Question		Answer	Mark	Guidance
	d i	<p>Indicative content</p> <ul style="list-style-type: none"> • TV is a national method, and also expensive. • Job centre is local which is appropriate when targeting local labour. • Local newspaper is targeting local labour. <p>Exemplar response - Level 2 It is not a good idea to use all three methods as Transport plc wants to use local workers so why use national TV. Both the other methods are targeting local employees in that Transport plc intends to use a local newspaper and a local job centre.</p> <p>Exemplar response - Level 2 Local newspaper is a good idea as only local people will see it. As long as the job centre is local this would also be a good idea. National television would not be a good idea as the job is only intended for people in the local area. I therefore recommend the use of local newspaper and/or local job centre.</p> <p>Exemplar response - Level 1 Using a local newspaper is good as it is targeting local people.</p>	5	<p>Level 2 (4-5 marks)</p> <p>Developed analysis required for 5th mark.</p> <p>Each method correctly referenced in-light of whether the method is 'local' or not.</p> <p>Level 1 (1-3 marks) Basic statements linked to appropriate advertising methods.</p> <p>Level 1 to be awarded if any of the methods not correctly linked to 'local' e.g. Less people read newspapers</p>
	ii	<p>Indicative content: Recruiting sales staff, therefore, ability to communicate is vital. Seeing candidates interacting shows their interpersonal skills. The tasks should allow candidates to display their persuasive skills. Easy to compare</p> <p>Exemplar response: Watching applicants whilst doing a 'group activity' is good as you will be able to see their communication skills (1) which is particularly important for sales people as they need to communicate and persuade potential customers to buy their products (1)</p>	2	<p>For two marks the response must relate to the position available, 'for a sales person' / 'for this sort of job' / working with consumers</p> <p>Maximum one mark for an advantage of group activities, e.g. able to see if they speak well.</p>

Question		Answer	Mark	Guidance
	e i	<p>Indicative content:</p> <ul style="list-style-type: none"> • Phone – mobile or landline • Email • Fax • Skype • Letters • Text <p>Accept other reasonable answers.</p>	2	<p>One mark for each correct identification, up to a maximum of two identifications.</p> <p>Do not allow 'verbal' as the workers are away from the office.</p>
	ii	<p>Indicative content:</p> <ul style="list-style-type: none"> • Attitude of sender • Literacy of sender • Language barrier • Time zone • Size of the chain of command • Lack of a computer • Technical issues e.g., no internet / lack of signal • Not enough time to check emails <p>Accept other reasonable answers.</p> <p>Exemplar response: Breakdown in technology (1) means message cannot be sent (1).</p> <p>Language barrier (1) as some of the employees may not speak/write fluent English (1).</p>	2	<p>One mark for a correct identification, plus a further one mark for an explanation.</p>

Question			Answer	Mark	Guidance
2	a	i	<p>Indicative content: A separate legal entity (SLE) refers to a type of legal entity with detached accountability. A business can be set up as an SLE to legally separate it from the individual or owner, such as a limited liability company</p> <p>A company is a separate legal entity from its owners (shareholders) and can, for example, be sued.</p> <p>Exemplar response: Di-Tech Ltd has a separate legal identity which means it has detached accountability (1), therefore, if the business gets sued its owners do not lose their personal assets which are protected (1).</p> <p>The shareholders have limited liability (1) and, therefore, cannot be sued (1).</p>	2	<p>Up to two marks.</p> <p>One mark to be awarded for an understanding of SLE.</p> <p>One mark the advantage to the owners.</p> <p>Separate legal identity does not exist for a sole proprietor or a partnership and should not be credited.</p>

Question	Answer	Mark	Guidance
ii	<p>Indicative content: <u>Money related method of motivation</u></p> <ul style="list-style-type: none"> • Overtime • Bonus • Profit share – share of company profits • Fringe benefits - luncheon vouchers, free health insurance • Promotion (financial gain) • Pay / pay increase • Commission • Piece rate <p>Accept other reasonable answers.</p> <p>Exemplar response: An opportunity to earn overtime (1) may give them an incentive as they would be able to earn more money (1).</p> <p>Bonus (1) as workers will feel valued (1)</p> <p><u>Non-pay methods of motivation</u></p> <ul style="list-style-type: none"> • Promotion (employee feels more valued) • Job enrichment – giving more responsibility • Job rotation • Training (1) as the worker feels valued as the business is spending money on them (1) Verbal praise • Allow 'Fear' • Award scheme – employee of the month • Extra days off • Flexible working <p>Accept other reasonable answers.</p> <p>Exemplar response: If doing the same job 'day-in' workers may get bored, therefore, rotating their job (1) doing different duties will help keep interest (1).</p>	4	<p>One mark for a correct identification of a monetary method and one mark for a correct identification of a non-monetary method, plus an additional one mark for each of two explanations.</p> <p>For money related method of motivation – allow anything which is of monetary value..</p> <p>Note: Promotion can be both Monetary and non-monetary method. It can be rewarded twice if given for both categories. To obtain the explanation marks these must be appropriate.</p>

Question		Answer	Mark	Guidance
	b i	Indicative content: <ul style="list-style-type: none">• Tertiary• Secondary Exemplar response: <p>Di-Tech Ltd is in the tertiary sector (1) as it sells/provides computers (1).</p> <p>Di-Tech Ltd is in the secondary sector (1) as it makes (1) the computers.</p>	2	One mark for the correct identification of a sector plus a further one mark for an explanation.

Question	Answer	Mark	Guidance
ii	<p>Indicative content:</p> <p><u>Reasons for primary sector employment change</u></p> <ul style="list-style-type: none"> • Price of imports are cheaper • Reducing supply raw materials • Use of machinery replacing jobs <p>Accept other reasonable answers.</p> <p>Exemplar response: Primary sector has decreased (1). There are many reasons for this e.g., the use of machinery replacing jobs (1). As workers are expensive (1) there has been an increasing use of machinery in many aspects of the primary sector.</p> <p>Primary sector has decreased (1). There are many reasons for this e.g., foreign competition (1) has meant that businesses in UK cannot produce goods as cheaply as other countries e.g. coal (1).</p> <p><u>Reasons for tertiary sector employment change</u></p> <ul style="list-style-type: none"> • Increase leisure time • Rising population • Increased wealth of people • People living longer <p>Accept other reasonable answers.</p> <p>Exemplar response: Tertiary sector is increasing (1) due to an increase in population (1) which means more demand for teachers/nurses (1).</p> <p>Tertiary sector is increasing (1) due to people having more leisure time (1), therefore, they demand services such as entertainment/sports centres to occupy them (1).</p> <p>Tertiary sector is increasing (1), people are living longer (1), therefore, they demand services such as home helps (1).</p>	6	<p>One mark for describing primary sector change plus up to two marks for giving reasons for the change. Accept two different stated reasons.</p> <p>One mark for describing tertiary sector change plus up to two marks for giving reasons for the change. Accept two different stated reasons.</p> <p>Do not allow the following for the decrease in primary sector and rise in tertiary sector:</p> <ul style="list-style-type: none"> • <i>More jobs in the tertiary sector</i> • <i>More money paid in tertiary sector</i> • <i>Cleaner environment in the tertiary sector</i>

Question	Answer	Mark	Guidance
c	<p>Indicative content:</p> <p><u>Disadvantages of strike action to Di-Tech Ltd</u></p> <ul style="list-style-type: none"> • Decreases production • Harms reputation • Make less profit • Customers go elsewhere for product/service and ‘stay there’ • Allow poor morale • redundancy <p>Exemplar response: Decreases production (1), therefore, the Di-Tech has less to sell which means less profit (1).</p> <p><u>Disadvantages of strike action to employees</u></p> <ul style="list-style-type: none"> • Do not get paid, therefore, have difficulty paying for food etc. • If the firm suffers a loss of sales, the workers may be laid off/redundant (Do not accept ‘will / would lose jobs’ or ‘employer will sack them’). <p>Exemplar response: Do not get paid (1), therefore, have difficulty paying for food, etc (1). They lose a day’s work (1) therefore lose a day’s pay (1)</p>	4	<p>One mark for the correct identification of a disadvantage to Di-Tech and one mark for the correct identification of a disadvantage to its employees, plus a further one mark for each of two explanations.</p> <p>Responses must relate to the disadvantages of strike action.</p> <p>Allow 2x1 for both the disadvantage to Di-Tech and employees.</p>
d	<p>Indicative content:</p> <ul style="list-style-type: none"> • Health and safety • Minimum wage • Equality Act (gender, race, orientation, disability) <p>Accept other reasonable answers.</p> <p>Exemplar response: Minimum wage legislation (1) which stipulates that workers in the UK should not be paid less than a certain amount per hour (1).</p> <p>Health and safety legislation (1) which means that business must adhere to the legislation otherwise they may get fined (1)</p>	2	<p>One mark for a correct identification, plus a further one mark for an explanation. Explanation must match the law stated. Do not allow 1x2, ie 2 marks for simply stating two examples</p> <p>Exact name of legislation is not required. An explanation of the legal requirement is, however, expected.</p>

Question	Answer	Mark	Guidance
e*	<p>Indicative content:</p> <p>Cost of premises likely to be less in India, therefore, saving on costs and, possibly, increasing profits.</p> <p>Labour quality likely to be lower in India than in the UK as universities and education in UK are generally perceived to be better which is likely to have a direct impact on productivity and, hence, efficiency.</p> <p>Labour costs will be a lot lower in India than in the UK, therefore, total cost savings could be high, especially as wages account for two thirds of an average business' costs.</p> <p>Infrastructure is likely to be much worse in India than in the UK, hence, more difficult to distribute the computers which have been made.</p> <p><u>Possible other factors</u></p> <ul style="list-style-type: none"> • EU free trade – UK will experience no tariffs / import taxes when trading between EU countries, hence, cheaper than locating in India • Fewer employment laws in India which means costs are likely to be lower as less regulations need to be adhered to. • Being nationalistic – help protect jobs for the British. • Labour wage costs likely to be significantly lower in India than UK which will have a direct impact on total costs, hence, profitability. • Labour regulations are likely to be less severe in India than in the UK which means costs are likely to be lower as less regulations need to be adhered to. • Labour supply is likely to be much higher in India, therefore, it is likely wages will be much lower, which again lowers costs and helps to maximise profits. • Growth of Indian economy could give firm greater market share if locate in India • Allow, reference to 'image' as public perception is that workers are exploited in India. 	6	<p><u>SCORIS annotations:</u> Use L1, L2, and L3 where these have been awarded.</p> <p>Level 3 (5-6 marks) Candidate can argue in favour of either option.</p> <p>Analysis of at least two factors (which includes an advantage and disadvantage) related to stated business. This could include an additional 'other factor'.</p> <p>Weighted judgement based on reasoned analysis, balancing costs against quality, is needed for sixth mark.</p> <p><i>Straightforward ideas have been expressed with some clarity and fluency. Arguments are generally relevant, though may stray from the point of the question. There will be some errors of spelling, punctuation and grammar but these are unlikely to be intrusive or obscure meaning.</i></p> <p>Level 2 (3-4 marks) Explanation of at least two factors (which includes an advantage OR disadvantage) related to the stated business.</p> <p><i>Relatively straightforward ideas are expressed relatively clearly, legibly and appropriately. There will be some errors of spelling, punctuation and grammar which will be noticeable and intrusive.</i></p>

Question	Answer	Mark	Guidance
	<p>Exemplar response - Level 3</p> <p>The cost of premises likely to be significantly lower in India than in the UK which will mean costs are lower in India. However, the infrastructure in India, road and rail networks, will be worse than in UK which means the receiving of supplies may harm efficiency as well as the distribution of products to Di-Tech Ltd's customers who are around the world.</p> <p>Regarding other factors a major issue is labour quality. This is likely to be lower in India than in the UK as universities and education in the UK is perceived to be better which means if you locate in India productivity may be lower/quality of products may be lower.</p> <p>Overall I would choose the UK as the weighting of the factors, in particular the impact on productivity due to poor education suggests that moving to India could have a major impact on profitability and reputation.</p> <p>Exemplar response - Level 2</p> <p>I would choose India as it will be cheaper for Di-Tech Ltd because wages are cheaper.</p> <p>Exemplar response - Level 1</p> <p>I would always choose a place where wages are cheaper.</p>		<p>Level 1 (1-2 marks) Basic knowledge of one factor, not linked to stated business.</p> <p><i>Some simple ideas have been expressed. There will be some errors of spelling, punctuation and grammar which will be noticeable and intrusive.</i></p> <p>0 marks No response or no response worthy of credit.</p>

Question	Answer	Mark	Guidance
f	<p>Indicative content:</p> <ul style="list-style-type: none"> Graph showing home working on the increase – over a 2.5 million increase since 1995. BT article states that its homeworkers on average save it £6,000 a year each which would surely help recoup any losses incurred by installing and maintaining home links. BT article states that its workers are 20% more productive and take fewer sick days. Costs of installing and maintaining home links runs into thousands Which employees can it allow to work from home? Given it is a manufacturer clearly not many. <p>Exemplar response – Level 2 From the information provided it looks as if Di-Tech Ltd should allow some of its employees to work from home. The graph is showing home working on the increase – since 1995 over 2.5 million increase. Also the BT article states its homeworkers, on average, save it an average of £6,000 a year each which would surely help recoup any losses incurred by installing and maintaining home links. Obviously, before any decision, the business needs to think about how many employees it will allow because this will impact on costs, as well as, on the management of staff.</p> <p>Exemplar response - Level 1 More workers are working from home therefore Di-Tech Ltd workers should be allowed to work from home.</p>	6	<p>SCORIS annotations Use L1, and L2, where these have been awarded</p> <p>Level 2 (4-6 marks) For six marks a reasoned judgement made</p> <p>For five marks - explain both articles 5a and graph 5b required.</p> <p>For four marks -explain two pieces of information that is the whole of 5a (article 1 and article 2) or one of the articles and 5b</p> <p>Level 1 (1-3 marks) Candidate can state the impacts of one of element from Fig. 5</p> <p>Correct statements about homeworking not related to BT can be awarded L1 marks e.g. workers may get distracted working at home.</p>

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