

Cambridge National
Business and Enterprise

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

Cambridge National Level 1/2 Award/Certificate

Mark Scheme for January 2016

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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
	Benefit of doubt
	Context
	Cross
	Level 1
	Level 2
	Level 3
	Level 4
	Not answered question
	No use of text
	Repetition
	Point has been noted, but no credit has been given (big)
	Tick
	Too vague

Needs R for research present

Question		Answer	Mark	Guidance
1	a	A business with unlimited liability	1	One mark for the correct identification. Only mark first tick. NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.
1	b	Reasons might include: <ul style="list-style-type: none"> • increased availability of finance • shared decision making • more skills • shared risk • shared responsibility <p>Exemplar responses:</p> <p>A partnership can raise more finance (1) from each partner (1). This can be used to help develop the new dog day care service. (1)</p>	3	One mark for a correct reason, one mark for a correct explanation and one mark for use of the context. Accept limited liability (limited partnerships) NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.

Question		Answer	Mark	Guidance
1	c	<p>Reasons might include:</p> <ul style="list-style-type: none"> • limited liability • shareholders therefore more finance • continuity • more access to finance from banks <p>A private limited company can raise finance through the sale of shares (1) which means that Kennis might be able to pay for the increased costs of new premises for the dog day care business (1)</p> <p>A private limited company would have limited liability (1) which means that some of the increased risk of expansion of the dog day care and food business is reduced in that the shareholders can only lose the money invested in the business and not their personal possessions (1).</p>	2	<p>One mark for a correct reason and one mark for a correct explanation.</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p>
2	a	<p>Objectives might include:</p> <ul style="list-style-type: none"> • sales • effective service • customer satisfaction • profit • survive • break even • Competing with other businesses <p>Exemplar response:</p> <p>Ken could also have the objective of breaking even (1) at the start of his business. This is because it is important for a new business to be able to cover the costs of running the kennel with the amount of sales it makes so that it doesn't make a loss (1)</p>	2	<p>It is important that this is at the start of the business.</p> <p>No reward for growth/expansion</p> <p>One mark for a relevant objective, plus one mark for an explanation.</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p>

Question		Answer	Mark	Guidance
2	b	<p>Response may include following reasons for business planning:</p> <ul style="list-style-type: none"> • to raise finance • to measure progress • to help avoid making mistakes. • To plan resources • To prepare accounts <p>There should be some identification that this is a small business and a partnership.</p> <p>Exemplar response:</p> <p>A small partnership business such as Kenns should prepare a business plan when taking major business decisions because such planning will consider a number of factors such as time, costs, external factors which might affect the decision such as a change in the economic conditions (Level 2). In the case of Kenns this might involve the costs of building premises, investment in stock of animal food and other resources, as well as organising marketing and recruitment. Business plans are especially important for a small business in order to reduce the risk of failure and unlimited liability. (Level 3).</p>	6	<p>Level 3 – Analysis (5-6 marks) An analysis, with reference to some research, of the importance of business planning when making business decisions for small businesses.</p> <p>Maximum of 5 marks if no context/research</p> <p>Analysis with research 6 marks</p> <p>Level 2 – Application (3-4 marks) An understanding of business planning for small businesses shown by research. Maximum of 3 marks if no context/research/ no ref to small businesses Application with research 4 marks</p> <p>Level 1 (1-2 marks) Generic knowledge of business planning.</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p>
3	a	<p>Advertising Employees Power</p>	3	<p>One mark for each correct identification up to a maximum of three identifications.</p> <p>Only mark first three ticks</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p>

Question		Answer	Mark	Guidance
3	b	<p>Reasons should emphasise that something has changed, or when the business started some miscalculation occurred</p> <p>Reasons might include:</p> <ul style="list-style-type: none"> • Less sales • Increased costs • Less customers • Economic reasons • Competition • Poor research on dog ownership/inadequate marketing • Prices set too high <p>Exemplar: More kennels may have set up (1) and are charging more competitive prices (1)</p> <p>Might get less sales (1) because people cannot afford to put their pets into kennels. (1)</p>	2	<p>One mark for the correct identification of a reason plus one mark for the explanation of why profit might be less than planned in context.</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p>
4	a	Marketing is identifying and satisfying consumer wants.	1	<p>One mark for correct identification.</p> <p>Only mark first tick.</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p>

Question		Answer	Mark	Guidance
4	b	<p>Market segmentation is when the total market is divided into parts or segments with similar characteristics.</p> <p>Reasons for market segmentation might include:</p> <ul style="list-style-type: none"> • Reduced costs of promotion • Identification of target markets • Able to identify where and how to promote <p>Exemplar response: Market segmentation is when the total market is divided into parts or segments with similar characteristics such as age, occupation, social class, location, culture, religion etc. (Level 1).</p> <p>Kenns is a small business and will probably have a limited budget to spend on advertising. Market segmentation allows Kenns to target small segments of the market which they think will be their main customers. They may have done a survey of their existing customers in order to find out the potential market. A local kennels nearby us has already opened a dog day care business and their main customers are young working people who just leave their animals during the working day. By identifying a specific segment like this Ken will be able to tot put leaflets and notice in local businesses for example or in local newspapers. (Level 2) This will reduce the costs of promotion and hopefully target the right part of the market. (Level 3)</p>	6	<p>Level 3 – Analysis (5-6 marks) Analysis of the implications /using own research. Max 5 marks for no research.</p> <p>Level 2 – Application (3-4 marks) Knowledge of how promotion will be affected by market segmentation using examples and/or the local area. Max 3 marks for no research.</p> <p>Level 1 – Knowledge (1 -2 mark) Knowledge/simple identification market segmentation/promotion.</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p>
5	a	<p>It is the production of a large amount of dog food, which is then changed to the production of a large amount of cat food</p>	1	<p>One mark for correct identification</p> <p>Only mark the first tick</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p>

Question		Answer	Mark	Guidance
5	b	<p>Methods might include:</p> <ul style="list-style-type: none"> • Inspection • Observation • Sampling • Customer feedback <p>Exemplar:</p> <p>Staff could inspect the food (1) by checking at each stage of production (1) specially to ensure that the food contained no additives or preservatives. (1)</p>	3	<p>One mark for the correct identification of a method plus one mark for explanation and one mark for context.</p> <p>Allow pet food/organic as context.</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p>
6	a	<p>Advantages of external recruitment might include:</p> <ul style="list-style-type: none"> • Large choice of candidates • New ideas • Wider range of experience <p>Exemplar response:</p> <p>Ken and Jess would be able to attract a wide range of applicants (1) with a number of skills and experience with dogs (1)</p>	2	<p>One mark for correct advantage plus one mark for development.</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p>

Question		Answer	Mark	Guidance
6	b	<p>Suggestions might include:</p> <ul style="list-style-type: none"> • Induction • Internal/external • On the job • Off the job e.g. college • Work shadowing 	1	<p>One mark for a correct identification,</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p>
6	c	<p>Reasons might include:</p> <ul style="list-style-type: none"> • Already trained • Familiar with owners/ other staff, customers and animals. • Consistent level of service • Better motivated • Difficult recruiting new employees • Cost/time to recruit <p>Exemplar response:</p> <p>It is important for a Kenns to keep its existing employees as they are familiar (1) with the staff, owners a, customer and animals (1) and will therefore offer a consistent service. (1)</p>	4	<p>One mark for each reason plus one mark for explanation in context</p> <p>1+1x2</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p>

Question		Answer	Mark	Guidance
6	d	<p>Methods of assessing performance:</p> <ul style="list-style-type: none"> • Regular appraisals • Punctuality • Response of animals • Response to animals • Customer service • Cleanliness <p>Exemplar response: He could do this by observation (L1) and seeing how the animals react to the staff(L1). At our local kennels the owner uses questionnaires and feedback forms form customers to get an idea about how staff is performing (L2) In this way the likelihood of accidents and upset customers is reduced. (Level3). However, the success of any assessment does depend on the attitude of the staff and the owner (Level 4)</p>	10	<p>Level 4 – Evaluation (8-10 marks) A discussion of the different ways in which performance in a caring profession can be assessed. Use of context is essential. Evaluation will come from the selection of the best method. Max 8 marks for evaluation but no research.</p> <p>Level 3 – Analysis (5-7marks) Analysis of the implications of methods of performance assessment in context. Max 5 marks for analysis but no research.</p> <p>Level 2 – Application (3-4 marks) Knowledge of different performance assessment methods using examples and the local area. Max 3marks for no research.</p> <p>Do not reward the reasons for appraisal.</p> <p>Level 1 – Knowledge (1-2 mark) Knowledge of methods of assessing performance</p> <p>NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit.</p>

Question	Answer	Mark	Guidance
7	<p>Indicative content:</p> <ul style="list-style-type: none"> • Change in working population • Change in local population • Change in number of people owning dogs • Change in age of working population • Change in culture of care for animals • Change in holiday patterns- people leaving dogs whilst away • Social media comments <p>Exemplar response: Kenns offer its service to several different markets. If the population (1) changes in the local area for instance, it may follow that there are less dog (1) owners and therefore sales would fall. (1)</p>	3	<p>One mark for the correct identification of an effect, plus a further one mark for an explanation, plus an additional one mark for context.</p> <p>Do not accept minimum wage as a social factor</p>

Question	Answer	Mark	Guidance
8	<p>Impacts might include:</p> <ul style="list-style-type: none"> • economic – recession, unemployment, inflation, high interest rates, taxation, luxury service, disposable income • environmental – effects of building the premises, effects of noise, traffic, weather, pollution etc. <p>Exemplar response:</p> <p>Economic factors will impact on Kenns because it offers a service which is a luxury and therefore it will depend on whether the market can afford it. (Level 1) Customers may be hit by rises in VAT, income tax or interest rates or even unemployment (Level 2) which will reduce their disposable income which may in turn, reduce the number of potential sales which a small business like Kenns' could make. Our local kennels have definitely seen a fall in the number of older people using the kennels and have had to look further afield for new customers. (Level 3)</p> <p>Environmental – People can become very worried about keeping animals and the number of buildings which are required in an area (Level 2). This can also be a problem in terms of the noise level which can be very loud. It will be particularly important for Kenns to negotiate with the local council and residents in order to comply with environmental standards. This may result in increased expenditure in terms of sound proofing. (Level 3)</p>	10	<p>Level 4 – Evaluation (8-10 marks) An evaluation of the impact based on an analysis of both external factors.</p> <p>Evaluation with one factor and research 9 marks. With 2 factors and research 10 marks.</p> <p>Max 8 marks for evaluation but no research.</p> <p>Evaluation with one factor</p> <p>Level 3 – Analysis (5-7 marks) Analysis with two factors and research 7 marks</p> <p>Analysis with one factor and research 6 marks.</p> <p>Max 5 marks for analysis but no research</p> <p>Level 2 – Application (3-4 marks) Application of knowledge of one or more of the external factors in the context of the kennels. Max 3 marks for no context.</p> <p>Level 1 – Knowledge (1-2 marks) Knowledge of external factors.</p> <p>Emphasis should be on the effects on the business itself of external factors</p>

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