

Cambridge National
Business and Enterprise

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

Cambridge National Level 1/2 Award/Certificate

Mark Scheme for June 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 |
| BOD | Benefit of doubt |
| CONT | Context |
|  | Cross |
| L1 | Level 1 |
| L2 | Level 2 |
| L3 | Level 3 |
| L4 | Level 4 |
| NAQ | Not answered question |
| NUT | No use of text |
| REP | Repetition |
| SEEN | Point has been noted, but no credit has been given (big) |
|  | Tick |
| TV | Too vague |

Add R for research present

| Question 1 | | Answer | Mark | Guidance |
|------------|---|---|------|--|
| 1 | a | Shareholders Public | 2 | One mark for each correct identification up to a maximum of two identifications. 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 | Exemplar: Limited stands for 'limited liability'(1) which means that if the business goes into debt(1) the shareholders of the company only lose what they invested(1) | 3 | One mark for a correct identification, one mark for a correct explanation plus one mark for the mention of debt/liability. Max 2 marks if candidate does not show "limited liability". NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit. |
| 1 | c | Benefits of a public limited company might include: <ul style="list-style-type: none"> • More shareholders/ more finance • Can sell shares on Stock Exchange/to public • Can buy and make in greater quantity and might have reduced costs • Can employ highly skilled specialists • Ability to grow/growth/expansion – however grow on own (0 marks) • Economies of scale Exemplar: Hik U would be able to raise more money (1) through the sale of shares on the stock market (1). | 2 | One mark for a correct benefit plus one mark for an explanation. Do not reward selling shares on its own. No second mark for second reason. NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit. |

| Question 1 | | Answer | Mark | Guidance |
|------------|---|---|------|---|
| 2 | a | <p>Reasons might include:</p> <ul style="list-style-type: none"> • To plan • To set targets • To arrange finance • To motivate workforce • To set a direction • To monitor progress • To show them what to do <p>Exemplar: Businesses should set objectives in order to have an aim or direction for the business and the workforce.(1) This would motivate the workforce(1) to increase productivity(1)</p> | 3 | <p>One mark for reason plus two marks for development of this one reason.</p> <p>Only one reason can be marked with explanation. If they give more than one reason, mark the first one only.</p> <p>No context required.</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 1 | | Answer | Mark | Guidance |
|------------|---|---|------|---|
| 2 | b | <p>How objectives are affected due to increase in demand:</p> <ul style="list-style-type: none"> • Review objectives • Produce more products • Increase price • Produce lower quality products and reduce costs • Employing more staff to produce products • Purchase more raw materials <p>Exemplar:</p> <p>Hik U is a large business with an established customer base (Level 2). However so are businesses such as Marks and Spencer and Tesco who have seen their market share (Level 1) fall in recent years. This is because they have not reacted to changes in fashion and changes in the demands of the customers (Level 3). Therefore it is very important that even established businesses continually look at the market and respond to changes by improving products, marketing and quality (Level 4).</p> | 6 | <p>Level 4 – Evaluation (6 marks) Makes a judgement as to the importance of changing objectives due to increasing demand. Must include research.</p> <p>Level 3 – Analysis (4-5 marks) Analysis of the implications of changing objectives due to increase in demand or over time using own research. Max 4 marks for no research.</p> <p>Level 2 – Application (2-3 marks) Knowledge of reasons for changing objectives over time. No reference to increasing demand required. Max 2 marks for no research</p> <p>Level 1 – Knowledge (1 mark) Knowledge/simple identification of factors affecting objectives/ knowledge of objectives.</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>Ways in which cash flow might be affected:</p> <ul style="list-style-type: none"> • Cash sales might be high/ low at certain times • Still need to pay costs out of season • More sales in high season • Increase trade <p>Exemplar</p> <p>More sales will take place in high season (1). This will lead to an increase in trade and therefore more money (cash) coming into the business (1).</p> | 2 | <p>One mark for understanding of cash flow, and second mark for seasonal reference.</p> <p>No reward for profit.</p> <p>No credit for more than one reason.</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 1 | | Answer | Mark | Guidance |
|------------|----------|--|------|--|
| | b | TRUE TRUE | 2 | One mark for each identification NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit. |
| 4 | a | Methods might include: <ul style="list-style-type: none"> Any relevant example of secondary information – any relevant example such as statistics, trends of sales, Any relevant example of primary sources such as questionnaires <p>Exemplar:</p> <p>Hik U could use secondary research about the likely demand for luggage (1) overseas (1). This is known as secondary information(1)</p> | 3 | One mark for identification of a relevant method , plus one mark for reference to EU/overseas relevant to method and one mark for relevant examples or explanation . NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit. |
| 4 | b | Factors might include: <ul style="list-style-type: none"> Cost Target market/age/ gender/ occupation Local/national/international Type of luggage Language EU regulations Competition Any external factor e.g. PESTLE, Culture <p>Exemplar</p> <p>Hik U Ltd needs to think about how advertising is done in the EU (1). For example it may be that the costs of advertising abroad are much higher 1).</p> | 2 | One mark for identification of a relevant factor, plus one mark for reference to advertising in EU No marks for more than one factor. Do not reward methods of advertising NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit. |

| Question 1 | | Answer | Mark | Guidance |
|------------|---|---|------|--|
| 4 | c | Manufacturer(1), <i>wholesaler</i> , retailer(1), consumer(1) | 3 | <p>One mark for each correct identification up to a maximum of three identifications.</p> <p>Only mark first two 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> |
| 5 | a | <p>Checking the production process is completed correctly (1)</p> <p>Ensuring the standard of the final product (1)</p> | 2 | <p>One mark for each correct identification, up to a maximum of two identifications.</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 1 | | Answer | Mark | Guidance |
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| 5 | b | <p>Ways in which resources might be controlled:</p> <ul style="list-style-type: none"> • Workforce planning • Stock control • Production methods • Logistics • Distribution • Credit control • Transportation from Sweden • Quality checks • Performance management (motivation and reward) • Just in Time • SMART objectives <p>Exemplar: Resources include anything which a business needs to make and sell its products (L1). In the case of Hik U it is important that demand is met without overstocking on raw materials for the luggage (L2) or without running out of materials (L3) A luggage manufacturer in our area has to make sure that the quality of the bags is up to a good standard. They always use the same suppliers and check the quality as it arrives. They assess the amount of raw materials they need by doing market research. This enables them to reduce their costs, meet demand and increase sales revenue and profit (L3).</p> | 10 | <p>Level 4 – Evaluation (8-10 marks) An evaluation based on an analysis of labour and raw materials of resource control with research = 10 marks An evaluation of one method of resource control with research = 9 marks. Max 8 marks for no research</p> <p>Level 3 – Analysis (5-7 marks) An analysis of labour and raw materials as resource control with research = 7 marks. Analysis of one method with research = 6 marks. Max 5 marks for no research</p> <p>Level 2 – Application (3-4 marks) An understanding of one or more resource control methods with research = 4 marks An understanding of one resource control method with no research = 3 marks.</p> <p>Level 1 (1 -2 marks) Generic knowledge of resources/factors of production/motivation.</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 1 | | Answer | Mark | Guidance |
|------------|---|--|------|--|
| 6 | a | Piece Rate | 1 | <p>One mark for 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 | b | <p>Ways might include:</p> <ul style="list-style-type: none"> • Pay – rates/system • Bonuses • Working conditions • Promotion • Smart/realistic targets • Participation • Praise • Awards <p>Exemplar: It is important Hik U assesses how much luggage they will need to make to meet demand and that the workforce is involved (L1) in the target setting. If the workforce is involved it is more likely that targets will be achieved (L2) as the employees will be more motivated and productivity and quality will be higher (L3). The workforce also hasn't had a pay rise in two years and this might be an important factor in motivating employees to meet targets.(L3)</p> | | <p>Level 3 – Analysis (5-6 marks) Analysis of one way of motivating workforce in terms of production targets/monetary benefits in context.</p> <p>Max 5 marks for no context related back to the research brief e.g. monetary reward.</p> <p>Level 2 – Application (3-4 marks) Knowledge and understanding of ways of motivating the employees. Max 3 marks for no context.</p> <p>Level 1 – Knowledge (1-2 mark) Knowledge/simple identification of factors affecting motivation of employees.</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 1 | | Answer | Mark | Guidance | | | | | | | | | | | | | | |
|--------------------------------|----------------------|--|-------------|----------------------|-----------------|---|--------------------------------|--|---------------------------|---|-------------------|---|---------------------|--|-----------|--|---|---|
| 7 | | Legislation is: <table border="1"> <thead> <tr> <th>Description</th> <th>Tick (✓) three boxes</th> </tr> </thead> <tbody> <tr> <td>Data protection</td> <td>✓</td> </tr> <tr> <td>Delaying payments to suppliers</td> <td></td> </tr> <tr> <td>Disability discrimination</td> <td>✓</td> </tr> <tr> <td>Health and safety</td> <td>✓</td> </tr> <tr> <td>High interest rates</td> <td></td> </tr> <tr> <td>Inflation</td> <td></td> </tr> </tbody> </table> | Description | Tick (✓) three boxes | Data protection | ✓ | Delaying payments to suppliers | | Disability discrimination | ✓ | Health and safety | ✓ | High interest rates | | Inflation | | 3 | One mark for the correct identification of legislation. Only mark the first three ticks. NR must be given where there is no response; 0 marks should be given for a response which is worthy of no credit. |
| Description | Tick (✓) three boxes | | | | | | | | | | | | | | | | | |
| Data protection | ✓ | | | | | | | | | | | | | | | | | |
| Delaying payments to suppliers | | | | | | | | | | | | | | | | | | |
| Disability discrimination | ✓ | | | | | | | | | | | | | | | | | |
| Health and safety | ✓ | | | | | | | | | | | | | | | | | |
| High interest rates | | | | | | | | | | | | | | | | | | |
| Inflation | | | | | | | | | | | | | | | | | | |

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|------------|--|------|--|
| 8 | <p>Impacts might include:</p> <ul style="list-style-type: none"> • Technological- CAD,CAM, payment system, website etc. • ethical – impact on forests, treatment of staff, accurate advertising, pricing policy, EU policy <p>Exemplar response:</p> <p>Technological – these would be very important in terms of advertising and production. Design, material standards and manufacturing techniques change all the time and Hik U need to change in order to be competitive.</p> <p>Ethical – the market has become much more aware of ethical issues such as accurate advertising and the treatment of labour. Hik U should ensure that the supply lines are using and paying fairly for labour. Failure to do this may result in a poor reputation and less sales revenue. (L3).</p> <p>Difficult to assess which has the greatest impact on the business. In the short term the greatest impact will be internal and whether the changes result in increased sales. (L4).</p> | 10 | <p>Level 4 – Evaluation (8-10 marks) An evaluation of the impact based on an analysis of both external factors with research = 10 marks An evaluation of the impact on one factor with research = 9 marks Max 8 marks for evaluation no research</p> <p>Level 3 – Analysis (5-7 marks) An analysis of both of the external factors with research = 7 marks An analysis of one external factor with research = 6 marks Max 5 marks for analysis 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 Hik U Ltd. Max 3 marks for no research</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> <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> |

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