



ADVANCED SUBSIDIARY (AS)
General Certificate of Education
2018

Business Studies
Assessment Unit AS 1
assessing
Introduction to Business
[SBU11]
FRIDAY 18 MAY, AFTERNOON

**MARK
SCHEME**

General Marking Instructions

Introduction

The main purpose of the mark scheme is to ensure that examinations are marked accurately, consistently and fairly. The mark scheme provides examiners with an indication of the nature and range of candidates' responses likely to be worthy of credit. It also sets out the criteria which they should apply in allocating marks to candidates' responses.

Assessment objectives

Below are the assessment objectives for GCE Business Studies.

Candidates should be able to:

- AO1** Demonstrate knowledge of terms, concepts, theories, methods and models to show an understanding of how individuals and organisations are affected by and respond to business issues.
- AO2** Apply knowledge and understanding to various business contexts to show how individuals and organisations are affected by and respond to issues.
- AO3** Analyse issues within a business, showing an understanding of the impact on individuals and organisations of external and internal influences.
- AO4** Evaluate quantitative and qualitative information to make informed judgements and propose evidence-based solutions to business issues.

Quality of candidates' responses

In marking the examination papers, examiners should be looking for a quality of response reflecting the level of maturity which may reasonably be expected of a 17- or 18-year-old which is the age at which the majority of candidates sit their GCE examinations.

Flexibility in marking

Mark schemes are not intended to be totally prescriptive. No mark scheme can cover all the responses which candidates may produce. In the event of unanticipated answers, examiners are expected to use their professional judgement to assess the validity of answers. If an answer is particularly problematic, then examiners should seek the guidance of the Supervising Examiner.

Positive marking

Examiners are encouraged to be positive in their marking, giving appropriate credit for what candidates know, understand and can do rather than penalising candidates for errors or omissions. Examiners should make use of the whole of the available mark range for any particular question and be prepared to award full marks for a response which is as good as might reasonably be expected of a 17- or 18-year-old GCE candidate.

Awarding zero marks

Marks should only be awarded for valid responses and no marks should be awarded for an answer which is completely incorrect or inappropriate.

Marking Calculations

In marking answers involving calculations, examiners should apply the 'own figure rule' so that candidates are not penalised more than once for a computational error. To avoid a candidate being penalised, marks can be awarded where correct conclusions or inferences are made from their incorrect calculations.

Types of mark schemes

Mark schemes for tasks or questions which require candidates to respond in extended written form are marked on the basis of levels of response which take account of the quality of written communication.

Other questions which require only short answers are marked on a point for point basis with marks awarded for each valid piece of information provided.

Levels of response

In deciding which level of response to award, examiners should look for the 'best fit' bearing in mind that weakness in one area may be compensated for by strength in another. In deciding which mark within a particular level to award to any response, examiners are expected to use their professional judgement.

The following guidance is provided to assist examiners.

- **Threshold performance:** Response which just merits inclusion in the level and should be awarded a mark at or near the bottom of the range.
- **Intermediate performance:** Response which clearly merits inclusion in the level and should be awarded a mark at or near the middle of the range.
- **High performance:** Response which fully satisfies the level description and should be awarded a mark at or near the top of the range.

Quality of written communication

Quality of written communication is taken into account in assessing candidates' responses to all tasks and questions that require them to respond in extended written form. These tasks and questions are marked on the basis of levels of response. The description for each level of response includes reference to the quality of written communication.

For conciseness, quality of written communication is distinguished within levels of response as follows:

- Level 1: Quality of written communication is basic.
- Level 2: Quality of written communication is satisfactory.
- Level 3: Quality of written communication is good.
- Level 4: Quality of written communication is excellent.

In interpreting these level descriptions, examiners should refer to the more detailed guidance provided below:

Level 1 (Basic): The candidate makes only a basic selection and use of an appropriate form and style of writing. The organisation of material may lack clarity and coherence. There is little use of specialist vocabulary. Presentation, spelling, punctuation and grammar may be such that intended meaning is not clear.

Level 2 (Satisfactory): The candidate makes a satisfactory selection and use of an appropriate form and style of writing. Relevant material is organised with some degree of clarity and coherence. There is some use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are satisfactory enough to make meaning clear.

Level 3 (Good): The candidate makes a good selection and use of an appropriate form and style of writing. Relevant material is organised with good clarity and coherence. There is good use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are sufficiently competent to make meaning clear.

Level 4 (Excellent): The candidate successfully selects and uses the most appropriate form and style of writing. Relevant material is organised with a high degree of clarity and coherence. There is widespread and accurate use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are of a sufficiently high standard to make meaning very clear.

1 (a) Explain the term stakeholder group and explain how one such group might have an interest in Dale Farm Ltd. (AO1, AO2)

AVAILABLE MARKS

A person who has a direct interest in the operations of a business and who may be influenced by the business. Examples in this case include:

- Suppliers – 1300 dairy farmers who supply milk to the company
- Customers – consumers who consume 2200m litres of milk annually
- Management team – managers who take key decisions to run the business, e.g. investment in solar facilities
- Local community – those residents who may be impacted by the actions of Dale Farm, e.g. in Cookstown, near the solar energy project

[4]

4

Marking:

- Good, accurate knowledge and detailed explanation of the term stakeholder group [2]
- Basic knowledge and explanation of the term stakeholder group [1]
- Good use of relevant source material to support detailed explanation of the term stakeholder group [2]
- Limited use of relevant source material to support detailed explanation of the term stakeholder group [1]
- Answers not worthy of credit [0]

(b) (i) Calculate the percentage change in the average price of milk (pence per litre) paid to farmers in Northern Ireland between 2014 and 2015. You must show your workings and state your answer to the nearest whole number. (AO1, AO2, AO3)

(£0.3294 - £0.2641) 100

$$\begin{aligned}
 & \text{£0.3294} & * & 1 \\
 & = -\text{£0.0653}/\text{£0.3294} & = & -19.82\% \\
 & = -20\%
 \end{aligned}$$

[2]

2

Marking:

- statement of correct figures ($-\text{£0.0653}/\text{£0.3294}$) (AO1) [1]
- statement of correct answer -20% (AO2) [1]
- statement of incorrect answer [0]

(ii) Analyse two factors which might have influenced the supply of milk in Northern Ireland between the period 2014 and 2015.

- Due to more cows, this increases the supply 312,000 from 294,000
- Technology: innovation in terms of investment in new equipment (e.g. solar energy) and/or new product lines (e.g. Dale Farm Protein Milk) may influence the supply of milk;
- Subsidies: availability of subsidies to farmers and/or Dale Farm may influence the supply of milk;
- Natural and physical conditions: farming is a seasonal business and milk prices are subject to seasonal fluctuations, hence this will influence the supply of milk;

- Costs of Production: the cost of production or milk processing will impact supply of milk – Dale Farm did suffer a lower net profit suggesting that production costs were higher in the period, therefore this will influence the supply of milk.
- Price - if farmers get an increase in price, and it can increase their revenue, then supply could be increased.

AVAILABLE MARKS

Marking:

Level 3 [5]–[6]

A excellent response demonstrates:

- Well-focused and sound analysis of two factors which might have influenced the supply of milk in Northern Ireland between the period 2014 and 2015.
- Comprehensive and relevant, accurate knowledge and understanding of two factors which might have influenced the supply of milk in Northern Ireland between the period 2014 and 2015.
- Thorough and detailed use of relevant source material to analyse two factors which might have influenced the supply of milk in Northern Ireland between the period 2014 and 2015.

Level 2 [3]–[4]

A good response demonstrates:

- Focused analysis of two factors which might have influenced the supply of milk in Northern Ireland between the period 2014 and 2015.
- Good, accurate knowledge and understanding of two factors which might have influenced the supply of milk in Northern Ireland between the period 2014 and 2015.
- Good use of relevant source material to analyse two factors which might have influenced the supply of milk in Northern Ireland between the period 2014 and 2015.

Level 1 [1]–[2]

A basic response demonstrates:

- Basic analysis of the factors which might have influenced the supply of milk in Northern Ireland between the period 2014 and 2015.
- Basic knowledge and understanding of the factors which might have influenced the supply of milk in Northern Ireland between the period 2014 and 2015.
- Limited use of relevant source material to analyse the two factors which might have influenced the supply of milk in Northern Ireland between the period 2014 and 2015.

Answers not worthy of credit **[0]** marks.

[6]

6

(c) Analyse three factors which appear to influence innovation in Dale Farm Ltd. (AO1, AO2, AO3)

- Market research – customer reviews can inspire innovation
- Finance available for innovation
- Position: Dale Farm Ltd. needs to improve competitiveness if it is to grow/ survive – turnover has declined £22m in one year;

- Products: Dale Farm Ltd. needs to continually introduce new products or update existing products in order to compete effectively, e.g. Dale Farm Protein Milk
- Costs: innovative technology is required in order to reduce costs – e.g. solar energy project planned for Cookstown will reduce electricity costs in the long run;
- Corporate Social Responsibility/Environmental Issues: Dale Farm Ltd. wishes to reduce its carbon footprint and act in a socially responsible manner.
- Brexit/economic conditions, uncertainty. If Dale Farm is unsure about the future then they put off innovation.
- Culture within Dale Farm
- Process: the investment of £4.3m of capital expenditure in business processes/equipment and the recent acquisitions of 2 businesses (Mullins Ice Cream/Anchor Manor Cheese) will enhance innovation in terms of alternative business practices and new product lines available for customers which will increase market share.
- Competition.

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MARKS

Marking:

Level 3 [8]–[10]

An excellent response demonstrates:

- Well-focused and sound analysis of three factors which appear to influence innovation in Dale Farm Limited.
- Comprehensive and relevant, accurate knowledge and understanding of all three factors which appear to influence innovation in Dale Farm Limited.
- Thorough and detailed use of relevant source material to analyse all three factors which appear to influence innovation in Dale Farm Limited.
- An excellent quality of written communication.

Level 2 [4]–[7]

A good response demonstrates:

- Focused analysis of up to three factors which appear to influence innovation in Dale Farm Limited.
- Good, accurate knowledge and understanding of up to three factors which appear to influence innovation in Dale Farm Limited.
- Good use of relevant source material to analyse up to three factors which appear to influence innovation in Dale Farm Limited.
- A good quality of written communication.

Level 1 [1]–[3]

A basic response demonstrates:

- Basic analysis of the appropriate factors which appear to influence innovation in Dale Farm Limited.
- Basic knowledge and understanding of the appropriate factors which appear to influence innovation in Dale Farm Limited.
- Limited use of relevant source material to analyse one, two or three factors which appear to influence innovation in Dale Farm Limited.
- A basic quality of written communication.

Answers not worthy of credit **[0]** marks.

The question requires an analysis of three factors which appear to influence innovation in Dale Farm Limited. Any additional factors discussed will not attract any marks. [10]

AVAILABLE MARKS

10

(d) Evaluate how the management team of Dale Farm Ltd can make effective use of social media to provide information to consumers. (AO1, AO2, AO3, AO4)

- Increases consumer awareness: provides information about new and existing product lines, healthy eating products;
- Innovation: highlights the nutritional value of dairy products to human health
- Product development: customer reviews on key products assist product development
- Aids market research – use of surveys.
- Promotion: brand awareness can be increased across brand names, e.g. Dromona, Dale Farm, Mullins Ice Cream etc.
- Limitation: only restricted to the use of Facebook and Instagram – many more social media channels are available – e.g. Pinterest, Twitter and others which limits the profile for Dale Farm Ltd.
- Limitation: cost – the use of social media requires extensive IT Support which will increase cost for Dale Farm Ltd.
- Limitation – privacy and security concerns over personal data.

Final Judgement – management's use of social media in Dale Farm Ltd. appears to be limited in nature and should be developed further to enhance effectiveness.

Marking:

Level 4 [14]–[18]

An excellent response demonstrates:

- Comprehensive and relevant, accurate knowledge and understanding, and detailed evaluation of how Dale Farm Limited's management team can effectively use social media facilities to provide information to consumers.
- Highly appropriate, clear and logical judgement of how Dale Farm Limited's management team can effectively use social media facilities to provide information to consumers.
- Thorough use of relevant source material to address how Dale Farm Limited's management team can effectively use social media facilities to provide information to consumers.
- An excellent quality of written communication.

Level 3 [10]–[13]

A good response demonstrates:

- Sound, good, accurate knowledge and understanding, and evaluation of how Dale Farm Limited's management team can effectively use social media facilities to provide information to consumers.
- An appropriate, clear and logical judgement of how Dale Farm Limited's management team can effectively use social media facilities to provide information to consumers.
- Good use of relevant source material to address how Dale Farm Limited's management team can effectively use social media facilities to provide information to consumers.
- A good quality of written communication.

Level 2 [6]–[9]

A satisfactory response demonstrates:

- Satisfactory knowledge and understanding and application of how the management team of Dale Farm Ltd can make effective use of social media to provide information to consumers
- A suitable, appropriate judgement of how the management team of Dale Farm Ltd can make effective use of social media to provide information to consumers
- A satisfactory quality of written communication

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MARKS

Level 1 [1]–[5]

A basic response demonstrates:

- Basic knowledge and understanding, with unfocused evaluation of how Dale Farm Limited's management team can effectively use social media facilities to provide information to consumers.
- Basic or no judgement based on limited analysis of how Dale Farm Limited's management team can effectively use social media facilities to provide information to consumers.
- Limited use of relevant source material to address how Dale Farm Limited's management team can effectively use social media facilities to provide information to consumers.

Answers not worthy of credit [0] marks.

[18]

18

2 (a) Explain the term **Continuing Professional Development (CPD)** and identify one way in which it might improve staff motivation at Top Insurance Limited. (AO1, AO2)

- CPD is the process of identifying, completing and monitoring the ongoing training and development needs of staff, upon completion of initial training/induction. Can be undertaken in a number of ways, including completion of online courses, attendance at professional development workshops, seminars 1-day courses etc.
- In Top Insurance Limited the completion of courses such as Customer Support, Financial Services Awareness, Complaints Management and Teamworking Tips.
- Completion of CPD courses might motivate staff as they are likely to be more competent, complete more challenging tasks, and provide a variety of tasks as part of their duties, e.g. customer support and complaints management.
- Completion of CPD courses might encourage staff to stay with Top Insurance Ltd., since labour turnover appears to have fallen to 5.1% [4]

4

Marking:

- Good, accurate knowledge and detailed explanation of Continuing Professional Development (CPD) [2]
- Basic knowledge and explanation of Continuing Professional Development (CPD) [1]
- Good use of relevant source material to support detailed explanation of Continuing Professional Development (CPD) [2]
- Limited use of relevant source material to support detailed explanation of Continuing Professional Development (CPD) [1]
- Answers not worthy of credit [0]

(b) Analyse **two** ways in which Herzberg's motivational theory might benefit Top Insurance Limited. (AO1, AO2, AO3)

- Motivators: Workers are motivated to work harder, e.g. more responsibility, more interesting/challenging work – Top Insurance Ltd. provide this through a variety of tasks, e.g. staff members can undertake training for customer support, complaints management and product knowledge, i.e. financial services awareness; labour turnover has declined to 5.1%; extra responsibility/recognition/promotion/praise
- Hygiene Factors: to maintain motivation, workers need good pay, improved working conditions and good working relationships, e.g. Top Insurance Ltd. provide staff with courses on teamworking, and have announced improvements in canteen facilities (working conditions). Pay/safe working conditions/relationship with colleagues. If not present then can de-motivate.

Marking:

Level 3 [6]–[8]

An excellent response demonstrates:

- Well-focused and sound use of **two** ways in which Herzberg's motivational theory might benefit Top Insurance Limited.
- Comprehensive and relevant, accurate knowledge and understanding of **two** ways in which Herzberg's motivational theory might benefit Top Insurance Limited.

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MARKS

- Thorough and detailed use of **two** ways in which Herzberg's motivational theory might benefit Top Insurance Limited.

AVAILABLE
MARKS

Level 2 [3]–[5]

A good response demonstrates:

- Focused analysis of up to **two** ways in which Herzberg's motivational theory might benefit Top Insurance Limited.
- Good, accurate knowledge and understanding of **two** ways in which Herzberg's motivational theory might benefit Top Insurance Limited.
- Good application of **two** ways in which Herzberg's motivational theory might benefit Top Insurance Limited.

Level 1 [1]–[2]

A basic response demonstrates:

- Basic analysis of ways in which Herzberg's motivational theory might benefit Top Insurance Limited.
- Basic knowledge and understanding of ways in which Herzberg's motivational theory might benefit Top Insurance Limited.

Answers not worthy of credit **[0]** marks.

[8]

8

(c) Analyse **three** benefits to Top Insurance Limited of outsourcing the canteen facilities to Dan Smith. (AO1, AO2, AO3)

- Reduce capital expenditure
- Cost: Top Insurance Ltd. may reduce operating costs by outsourcing such facilities – in this case the contractor has cited a cost reduction of up to 50%, making the company more efficient
- Professional: the outsourcing of such facilities would provide a professional service for the benefit of all staff, which would meet their needs and improve motivation
- Specialist: specialist knowledge is required to operate catering facilities and meet health and safety regulations, therefore minimise risk for Top Insurance Ltd.
- Quality: the use of a specialist contractor is likely to improve product/service quality and improve motivation of staff
- Risk: Top Insurance Ltd. can minimise risk since the outsourcing is subject to a legal contract which can be terminated or renewed at an agreed date with no further obligations to staff, contractors and provides an easier way of managing complaints/improving quality.

Marking:

Level 3 [8]–[10]

An excellent response demonstrates:

- Well-focused and sound discussion of **three** benefits to Top Insurance Limited of outsourcing the canteen facilities.
- Comprehensive and relevant, accurate knowledge and understanding of **three** benefits to Top Insurance Limited of outsourcing the canteen facilities.
- Thorough and detailed use of relevant source material of **three** benefits to Top Insurance Limited of outsourcing the canteen facilities.
- An excellent quality of written communication.

Level 2 [4]–[7]

A good response demonstrates:

- Focused discussion of up to **three** benefits to Top Insurance Limited of outsourcing the canteen facilities.
- Good, accurate knowledge and understanding of up to **three** benefits to Top Insurance Limited of outsourcing the canteen facilities.
- Good use of relevant source material to discuss up to **three** benefits to Top Insurance Limited of outsourcing the canteen facilities.
- A good quality of written communication.

AVAILABLE
MARKS

Level 1 [1]–[3]

A basic response demonstrates:

- Basic discussion of the appropriate use of **the** benefits to Top Insurance Limited of outsourcing the canteen facilities.
- Basic knowledge and understanding of the appropriate use of the benefits to Top Insurance Limited of outsourcing the canteen facilities.
- Limited use of relevant source material to discuss appropriate benefits to Top Insurance Limited of outsourcing the canteen facilities.
- A basic quality of written communication.

Answers not worthy of credit **[0]** marks.

The question requires a discussion of **three** benefits to Top Insurance Limited of outsourcing the canteen facilities to an independent catering contractor. Any additional benefits discussed will not attract any marks. [10]

10

(d) Evaluate the proposal to implement a system of People Investment Planning (PIP) within Top Insurance Limited. (AO1, AO2, AO3, AO4)

People Investment Planning (PIP) would enable Helen to:

- Complete an Employee skills audit: this identifies which staff are competent in Complaints Management or Customer Support, for example and she can match the skills available to the objectives of the company
- Formulate a plan to meet staff training requirements: identifies potential skills gaps in the workforce, e.g. teamworking skills for new and existing staff, which when actioned will improve staff motivation and provide better quality customer experiences
- Facilitates succession planning for middle managers: contingency or succession planning enables senior managers to plan for future roles and the recruitment of the appropriate talented/qualified/experienced staff to fulfil the roles
- Retention: the PIP system will enable Top Insurance Ltd. to retain staff and reduce labour turnover statistics – this has fallen to 5.1% in one year;
- Reputation: Top Insurance Ltd. won an Employer of The Year Award, thus have developed a reputation as an employer of choice, that staff would want to work for – this should help the company pursue its objectives
- Cost: the strategy/PIP system will take money and investment to fund and has no guarantee of success in the short term
- Time: the implementation of a PIP system is time consuming and requires commitment from both staff and managers to ensure success, which is not guaranteed.
- Hard to predict/determine when staff will leave
- De-motivates staff in redundancies, etc.

Marking:**Level 4 [14]–[18]**

A excellent response demonstrates:

- Comprehensive and relevant, accurate knowledge and understanding, and detailed evaluation of the proposal to implement a system of People Investment Planning (PIP) in Top Insurance Limited.
- Highly appropriate, clear and logical judgement of the proposal to implement a system of People Investment Planning (PIP) in Top Insurance Limited.
- Thorough use of relevant source material to address the proposal to implement a system of People Investment Planning (PIP) in Top Insurance Limited.
- An excellent quality of written communication.

AVAILABLE MARKS

Level 3 [10]–[13]

A good response demonstrates:

- Sound, good, accurate knowledge and understanding, and evaluation of the proposal to implement a system of People Investment Planning (PIP) in Top Insurance Limited.
- An appropriate, clear and logical judgement of the proposal to implement a system of People Investment Planning (PIP) in Top Insurance Limited.
- Good use of relevant source material to address the proposal to implement a system of People Investment Planning (PIP) in Top Insurance Limited.
- A good quality of written communication.

Level 2 [6]–[9]

A satisfactory response demonstrates:

- Some knowledge and understanding and application of the proposal to implement a system of People Investment Planning (PIP) in Top Insurance Limited.
- A suitable appropriate judgement of implementing a system of People Investment Planning (PIP) in Top Insurance Limited.
- A satisfactory quality of written communication.

Level [1]–[5]

A basic response demonstrates:

- Basic knowledge and understanding, with unfocused evaluation of the proposal to implement a system of People Investment Planning (PIP) in Top Insurance Limited.
- Basic or no judgement based on limited analysis of the proposal to implement a system of People Investment Planning (PIP) in Top Insurance Limited.
- Limited use of relevant source material to address the proposal to implement a system of People Investment Planning (PIP) in Top Insurance Limited.
- A basic quality of written communication.

Answers not worthy of credit [0] marks.

[18]

18

Total

80