



ADVANCED SUBSIDIARY (AS)
General Certificate of Education
2019

Business Studies

Assessment Unit AS 1
assessing
Introduction to Business

[SBU11]

THURSDAY 16 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 **quality** using an example from the case study.
(AO1; AO2)

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Quality includes ensuring the product is fit for purpose and is safe to use, will be reliable and last an appropriate time. Quality is concerned about the design of the product, the overall reliability of the product and ensuring that the product is properly checked while in the production stage.

Application:

MJM Group must ensure that all their work is top quality. They must build, refurbish, refit and fit out all the yachts, and ships to the highest of quality. It has secured contracts through its renowned quality and world class delivery, flexibility, creativity and a continued focus on improvement in business processes.

Cunard's Mary 2 ship is an example of the quality of its work, having been awarded a contract to refit parts of the ship's interior. MJM Group has successfully completed contracts across five continents. It has been awarded the following awards:

- UTV Business Eye Awards.
- Outstanding Business of the Year 2017, Belfast Telegraph Business Awards.
- Belfast Telegraph – Northern Ireland Business Awards. MJM Group were highly commended in both Exporting Achievement and Entrepreneurial Team Award for Excellence.
- Awarded ISO 9001 Quality Management Systems.

Marking:

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

[4]

(b) Analyse **two** benefits of job production to MJM Group.
(AO1; AO2; AO3)

Benefits of job production include:

- It can meet customer needs exactly, they can produce yachts and cruise ships to the exact requirements of customers.
- The quality of work that MJM group produce will be high. This means that the MJM group can charge a higher price for their cruise ships and yachts.
- It will be easier to motivate the 215 staff at MJM Group as they will feel a lot more pride in their work.
- There is flexibility to produce whatever is required.
- It is easier to add value due to the expertise put in by the employees.
- Little stock will be held. Expensive materials that goes into making cruise ships and yachts will not be stored in vast quantities.
- Job production also allows for greater flexibility meaning that MJM customers original marine plans can be adapted even after production has started.
- MGM require specialist labour for boat building which ultimately increases the average cost and price.

- Building a new yacht or cruise ship to the specification of its clients enables MJM Group to charge a premium price which increases total revenue for the firm.

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Marking:

Level 3 [7]–[8]

An excellent response demonstrates:

- Well-focused and sound analysis of **two** benefits of job production to MJM Group.
- Comprehensive and relevant, accurate knowledge and understanding of **two** benefits of job production to MJM Group.
- Thorough and detailed use of relevant source material to analyse **two** benefits of job production to MJM Group.

Level 2 [4]–[6]

A good response demonstrates:

- Focused analysis of **two** benefits of job production to MJM Group.
- Good, accurate knowledge and understanding of up to **two** benefits of job production to MJM Group.
- Good use of relevant source material to analyse **two** benefits of job production to MJM Group.

Level 1 [1]–[3]

A basic response demonstrates:

- Basic analysis of benefits of job production to MJM Group.
- Basic knowledge and understanding of benefits of job production to MJM Group.
- Limited use of relevant source material to analyse the benefits of job production to MJM Group.

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

[8]

(c) Analyse **three** key characteristics that Brian McConville possesses that have contributed to him being a successful entrepreneur.
(AO1; AO2; AO3)

Key characteristics:

- Hard-working – Brian McConville would have to have worked long hours since 1983.
- Competent – Brian needs to know what he is doing in relation to making yachts and cruise ships.
- Reliable – be able to produce the orders on time.
- Diligent – to be able to be conscientious in his day-to-day work.
- Sees an opportunity/vision – see the small company grow into a world leader.
- Creative and imaginative.
- Energy to work hard.
- Ability to work under pressure – it is very stressful being an entrepreneur. It takes long hours and time away from the family.
- Self-belief and confidence – to be able to believe that his business is the best.
- Leadership skills – be able to ensure that all 185 staff members work together as a team.
- Be able to take risks – to risk his own money and his reputation.
- Each manager is required to have a can-do attitude, craftsman, innovative, reliable, possess customer service excellence, and be a team worker. Brian, himself, is a risk-taker and in 2016 he diversified his business and invested £30 million on purchasing Newry's Damolly Retail Park.
- Organised.

Marking:**Level 3 [8]–[10]**

An excellent response demonstrates:

- Well-focused and sound analysis of three characteristics of an entrepreneur.
- Comprehensive and relevant, accurate knowledge and understanding of all three characteristics of an entrepreneur.
- Thorough and detailed use of relevant source material to analyse all three characteristics of an entrepreneur.
- An excellent quality of written communication.

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Level 2 [4]–[7]

A good response demonstrates:

- Focused analysis of up to three characteristics of an entrepreneur.
- Good, accurate knowledge and understanding of up to three characteristics of an entrepreneur.
- Good use of relevant source material to analyse up to three characteristics of an entrepreneur.
- A good quality of written communication.

Level 1 [1]–[3]

A basic response demonstrates:

- Basic analysis of the characteristics of an entrepreneur.
- Basic knowledge and understanding of the characteristics of an entrepreneur.
- Limited use of relevant source material to analyse one, two or three characteristics of an entrepreneur.
- A basic quality of written communication.

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

[10]

The question requires an analysis of three characteristics an entrepreneur that Brian McConville might possess. Any additional characteristics discussed will not attract any marks.

(d) Evaluate the issues to MJM Group of using interviews as a method of staff appraisal.

(AO1; AO2; AO3; AO4)

Appraisals will help MJM Group acquire details about the qualities of each of their 215 employees and assess how the employees are performing on a 1-2-1 basis. Appraisals are also forums to agree job objectives motivating the employee. Appraisals are used to identify training needs for future promotions in line with MJM's succession plans.

- Allows for two-way communication
- MJM Group help its employees build its individual performance development plans which help its managers support its career aspirations based on its development areas and interests.
- MGM provide coaching and support to help train its future leaders – ascertained via interviews.
- MJM Group believe in giving its employees the opportunities to progress in their career – discussed personally at interview.
- The tense interaction between supervisors and employees is likely to be heightened because of the close proximity interview situation, within which employees and supervisors often work in a small business setting.

- Intentional or unintentional biases can destroy the integrity of the interview-based performance-appraisal system. Biases occur when supervisors overlook poor employee performance during the early part of an evaluation period and focus solely on the most recent performance.
- Such performance appraisals don't always receive the priority they deserve. Employees must receive timely feedback to learn whether they're performing their job functions according to expectations – interviews are time-consuming.
 - Some people are not good at interviews.
 - Don't observe at actual workplace
 - Takes time to observe 130 employees
 - Downtime during interview
 - Interview is only carried out "annually".

Valid alternative answers accepted.

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Marking:

Level 4 [14]–[18]

An excellent response demonstrates:

- Comprehensive and relevant, accurate knowledge and understanding, and detailed evaluation of using interviews at MJM Group as a method of staff appraisal.
- Highly appropriate, clear and logical judgement of using interviews at MJM Group as a method of staff appraisal.
- Thorough use of relevant source material to address using interviews at MJM Group as a method of staff appraisal.
- An excellent quality of written communication.

Level 3 [10]–[13]

A good response demonstrates:

- Sound, good, accurate knowledge and understanding, and evaluation of using interviews at MJM Group as a method of staff appraisal.
- An appropriate, clear and logical judgement of using interviews at MJM Group as a method of staff appraisal.
- Good use of relevant source material to address using interviews at MJM Group as a method of staff appraisal.
- A good quality of written communication.

Level 2 [6]–[9]

A satisfactory response demonstrates:

- Satisfactory knowledge and understanding and application of using interviews at MJM Group as a method of staff appraisal.
- Satisfactory analysis and reasoning of the key points of using interviews at MJM Group as a method of staff appraisal.
- Satisfactory evaluation of using interviews at MJM Group as a method of staff appraisal but lacks balance from linked analysis.
- A satisfactory quality of written communication.

Level 1 [1]–[5]

A basic response demonstrates:

- Basic knowledge and understanding, with unfocused evaluation of using interviews at MJM Group as a method of staff appraisal.
- Basic or no judgement based on limited analysis of using interviews at MJM Group as a method of staff appraisal.
- Limited use of relevant source material on using interviews at MJM Group as a method of staff appraisal.
- A basic quality of written communication.

Answers not worthy of credit [0] marks.

[18]

40

2 (a) Explain the term competitive advantage using an example from the case study.
(AO1; AO2)

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Competitive advantage provides an edge over rivals and an ability to generate greater value for a firm and its shareholders. It can be achieved through either a cost advantage or through differentiation.

They also offer a differentiation advantage by offering Sky Virtual Reality App, SkyQ or Sky+HD.

Cost – Sky Plc wish to reduce cost by moving to an online-based support system; or by using a service company called Firstsource.

Marking:

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

[4]

(b) Analyse **two** reasons why Sky Plc would use Firstsource Limited to provide its customer services operations.
(AO1; AO2; AO3)

Benefits:

- Sky Plc does not have to worry about having a call centre for Sky Broadband, as it is outsourced to Firstsource.
- Management at Sky Plc can concentrate on other aspects of the business such as retail sales.
- It should reduce Sky Plc costs; they contract their customer service phone line out for an agreed fixed amount.
- Firstsource will be experts at dealing with customer service issues over the phone.
- Sky can cancel contract with Firstsource at any time.
- Risk-sharing

Marking:

Level 3 [7]–[8]

An excellent response demonstrates:

- Well-focused and sound analysis of two reasons why Sky Plc would use Firstsource to provide its customer services operations.
- Comprehensive and relevant, accurate knowledge and understanding of two reasons why Sky Plc would use Firstsource to provide its customer services operations.
- Thorough and detailed use of relevant source material to analyse two reasons why Sky Plc would use Firstsource to provide its customer services operations.

Level 2 [4]–[6]

A good response demonstrates:

- Focused analysis of up to two reasons why Sky Plc would use Firstsource to provide its customer services operations.
- Good, accurate knowledge and understanding of up to two reasons why Sky Plc would use Firstsource to provide its customer services operations.

- Good use of relevant source material to analyse up to two reasons why Sky Plc would use Firstsource to provide its customer services operations.

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Level 1 [1]–[3]

A basic response demonstrates:

- Basic analysis of the reasons why Sky Plc would use Firstsource to provide its customer services operations.
- Basic knowledge and understanding of the reasons why Sky Plc would use Firstsource to provide its customer services operations.
- Limited use of relevant source material to analyse one, two or three reasons why Sky Plc would use Firstsource to provide its customer services operations.

Answers not worthy of credit [0] marks.

[8]

The question requires an analysis of two reasons why Sky Plc would use Firstsource to provide its customer services operations. Any additional reasons discussed will not attract any marks.

(c) Analyse three benefits to Sky Plc of using monetary methods to motivate its staff.

(AO1; AO2; AO3)

Benefits:

- Attracts a higher calibre of staff.
- Only have to pay if targets are met – cost effective.
- Targets are set by Sky Plc and must be met on time by staff, for meeting individual performance targets.
- Less time spent on employee HR issues, since staff are motivated.
- Fringe benefits include a monthly bonus of approximately £200 per month, free Sky+ HD or Sky Q and broadband, pension contribution.
- Private healthcare contributions and free subscriptions aids staff retention.
- Financial – salary of £35,000 attracts skilled staff to Sky Plc.
- Staff loyalty – reduces absenteeism.

Marking:

Level 3 [8]–[10]

An excellent response demonstrates:

- Well-focused and sound analysis of three benefits to Sky Plc of using monetary methods to motivate its staff.
- Comprehensive, relevant, accurate knowledge and understanding of three benefits to Sky Plc, of using monetary methods to motivate its staff.
- Thorough and detailed use of relevant source material to analyse three benefits to Sky Plc, of using monetary methods to motivate its staff.
- An excellent quality of written communication.

Level 2 [4]–[7]

A good response demonstrates:

- Focused analysis of up to three benefits to Sky Plc of using monetary methods to motivate its staff.
- Good, accurate knowledge and understanding of up to three benefits to Sky Plc, of using monetary methods to motivate its staff.
- Good use of relevant source material to analyse up to three benefits to Sky Plc, of using monetary methods to motivate its staff.
- A good quality of written communication.

Level 1 [1]–[3]

A basic response demonstrates:

- Basic analysis of the appropriate benefits to Sky Plc of using monetary methods to motivate its staff.
- Basic knowledge and understanding of the appropriate benefits to Sky Plc, of using monetary methods to motivate its staff.
- Limited use of relevant source material to analyse the benefits to Sky Plc, of using monetary methods to motivate its staff.
- A basic quality of written communication.

Answers not worthy of credit [0] marks.

[10]

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(d) Evaluate the significance of Sky Plc trading as a public limited company to its management team.

(AO1; AO2; AO3; AO4)

- Larger – the management team will benefit from economies of scale.
- Limited liability – the business has a separate legal identity – increases shareholder confidence and attracts investors.
- Easier to raise additional finance as a result of shares being sold on the stock market – growth of revenues reported to £12.9bn – focuses management attention on growth objective.
- Greater scope for new investment into research and development.
- Can gain a positive image for the business as being seen to be selling shares on the stock exchange – EPS/DPS reported annually, (e.g. 61.4p EPS; 10p DPS.) hence increases share value.
- Suppliers tend to be more willing to give longer trade credit periods to public limited companies. They are seen as less of a risk by management.
- Public Limited Companies must publish their financial information about their performance, e.g. EPS 61.4p; DPS 10p – management concerned about losing competitive advantage.
- There is greater scrutiny of day-to-day activities.
- There is a lot of administration associated with being a PLC – time-consuming for management.
- A risk of a hostile takeover, e.g. Fox – requires management time/resources, which may be scarce.
- A public limited company have to answer to shareholders – requiring management attention.

Valid alternative answers accepted.

Marking:**Level 4 [14]–[18]**

An excellent response demonstrates:

- Comprehensive and relevant, accurate knowledge and understanding/ analysis and detailed evaluation of Sky trading as a public limited company, to its management team.
- Highly appropriate, clear and logical judgement of Sky trading as a public limited company, to its management team.
- Thorough use of relevant source material to address the issue of Sky trading as a public limited company, to its management team.
- An excellent quality of written communication.

Level 3 [10]–[13]

A good response demonstrates:

- Sound, good, accurate knowledge and understanding, analysis and evaluation of Sky trading as a public limited company, to its management team.

- An appropriate, clear and logical judgement of Sky trading as a public limited company, to its management team.
- Good use of relevant source material to address the issue of Sky trading as a public limited company, to its management team.
- A good quality of written communication.

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Level 2 [6]–[9]

A satisfactory response demonstrates:

- Satisfactory knowledge and understanding and application of Sky trading as a public limited company, to its management team.
- A suitable, appropriate judgement based on reasonable evaluation of Sky trading as a public limited company, to its management team.
- A satisfactory quality of written communication.

Level 1 [1]–[5]

A basic response demonstrates:

- Basic knowledge and understanding, with unfocused evaluation of Sky trading as a public limited company, to its management team.
- Basic or no judgement based on limited analysis of Sky trading as a public limited company, to its management team.
- Limited use of relevant source material to address the issue of Sky trading as a public limited company, to its management team.
- A basic quality of written communication.

Answers not worthy of credit [0] marks.

[18]

40

Total

80