



**General Certificate of Secondary Education
2011**

Business and Communication Systems

Unit 2: The Business Environment

[GBC21]

TUESDAY 14 JUNE, MORNING

MARK SCHEME

- 1 Candy Crafts Ltd has been established for over three years and is located in Dungiven. They produce and sell hand-made cards and wooden gifts. Candy Crafts Ltd is hoping to expand their business to selling hand-made jewellery from Bog Oak. Currently they are designing a website to launch their business to a wider audience.

(a) What type of business ownership is Candy Crafts Ltd?

Private Limited Company.
(AO1 [1])

[1]

(b) This type of business ownership must be registered with whom?

Registrar of Companies/Companies House.
(AO1 [1])

[1]

(c) The main feature of this type of business ownership is limited liability, explain what this means.

Limited liability means that people who invest in a company cannot lose any money other than the amount they put into it. If the business should fail, the shareholders' liability is limited to the amount of their original investment – their private possessions cannot be taken.
(AO3 [2])

[2]

(d) Apart from limited liability, explain **one** advantage and **one** disadvantage of this type of business ownership.

Advantages of a private limited company

- the amount of capital available is much greater than to sole traders and partnerships
- because the business is on a larger scale, it is easier for it to borrow money
- as a larger business, it can benefit from economies of scale
- the business has a separate legal identity from that of its owners and may take legal action on its own behalf without involving the owners
- the business has continuity. This means that if one shareholder dies the business is not affected
- there are a number of directors and managers in the business, so responsibility and workloads are shared
- there are opportunities for specialisation and division of labour
- control of the business is retained by a small group of shareholders.

Disadvantages of private limited company

- some of the financial information of a private limited company must be available for inspection by members of the general public. This may give competitors valuable insights into the affairs of the business
- disagreements between shareholders

- shares are not available for wide sale, so expansion may be difficult
- shareholders are entitled to receive a share of the profit in the form of dividends, e.g. a sole trader gets all the profits
- the process of forming the company is more involved than it is in business organisations such as sole traders and partnerships.

(AO3 2 × [2])

[4]

(e) Candy Crafts Ltd are aiming to segment the market to suit their products.

(i) Explain what is meant by “market segmentation”.

- market segmentation is the selection of the groups of people who would be most interested in a particular product so that the product may be targeted at them. Targeting the correct segment of the market is vital to the business if it is to achieve sales
- splitting or dividing of market according to characteristics of consumers in that market.

(AO2 [2])

[2]

(ii) Identify and explain **two** ways that Candy Crafts Ltd could segment their market.

Age – Different age groups will buy different products.

Gender – Male and female will often (but not always) buy different products.

Income – People with higher levels of income will want particular products.

Region – Consumers living in different parts of the country will have different tastes and needs.

Interests – Different people have different hobbies and interests. This will mean that a range of products is needed to satisfy all tastes.

(AO1 2 × [1], AO2 2 × [1])

[4]

(f) Candy Crafts Ltd are in the process of creating a website.

(i) Explain **one** advantage and **one** disadvantage of e-business to Candy Crafts Ltd.

Advantages to Candy Crafts Ltd.

- the business will look professional
- potentially, people worldwide can access information on the business or buy its products
- people can access information or buy from the business 24 hours a day, seven days a week
- it is easier and quicker to update a website compared to documentation such as catalogues
- it could lead to a cut in costs for business: if they start doing more business online, less staff will be needed.

Disadvantages to Candy Crafts Ltd.

- designing and maintaining a website can be costly
- expert staff are needed to design and maintain the website
- technical difficulties can lead to problems
- security concerns can be a problem, especially when dealing with people's money or personal details
- delivery of goods to customers.

(AO3 2 × [2])

[4]

(ii) Outline the legal implications of e-business to Candy Crafts Ltd.

Data Protection Act 1998 – The Data Protection Act covers all personal data, whether it is stored on a computer or other media such as paper or video. The Act is enforced by a government regulator called the Information Commissioner. People who have their personal data stored by organisations are known as Data Subjects. The Data Protection Act contains eight principles which organisations must follow if they collect personal data.

- information must be fairly and lawfully processed
- information must be processed for limited purposes
- information must be adequate, relevant and not excessive
- information must be adequate and up-to-date
- information must not be kept for longer than is necessary
- information must be processed in line with your rights
- information must be secure
- information must not be transferred to other countries without adequate protection.

Copyright, Designs and Patents Act 1988 – The Copyright, Designs and Patents Act is the main law in the UK which protects copyright holders, and it also applies to copyright material stored on computers and accessible via the Internet. Some of the things which are illegal under the Act include:

- making an unauthorised copy of copyrighted computer data such as a computer program, a video clip, a piece of music or an image found on a website
- copying and pasting text from a copyrighted source without permission
- making small changes to a copied item of text or an image (e.g. by cropping it or changing colours) and claiming it as your own work.

Computer Misuse Act 1990 – The Computer Misuse Act was introduced in 1990 in response to the growing problem of unauthorised access to computers in order to cause deliberate damage or harm. These problems grew as more and more computers were connected to the Internet. The main areas made illegal under this act are:

- gaining access to a computer or network of computers without permission (this unauthorised use of computers is also known as hacking). Examples include logging on using someone else's user name and password or using knowledge of a computer system to bypass its security measures
- gaining unauthorised access to a computer with the intention of committing a crime (e.g. using customers' personal and credit card data stored on a computer to commit fraud)
- making unauthorised changes to a computer system (this includes editing or deleting data, or installing computer viruses).

Anyone found guilty of committing the first crime faces a six-month prison sentence and a maximum £2,000 fine. The second and last crimes each carry a penalty of up to five years in prison and an unlimited fine.

Payment Security over the Internet – There are a number of different ways that businesses can manage the taking of payments for orders made on their websites. The choice of system will depend on the following factors:

- whether the business wishes to host its own payment system or use the services of another business
- the cost of the payment system (hardware as well as security systems) and whether the business can afford them
- the size of the business: larger organisations tend to own and manage their own payment systems, smaller businesses tend to use other methods.

The main methods used are as follows:

- the business owns all the servers and security systems needed to operate its website as well as an online ordering and payment system. An example of a business which uses this method is Amazon
- a business hosts its own website but pays another organisation to use its ordering and payment systems. An example of a business operating in early 2009 which provides this service to other organisations is PayPal
- a business hosts its own website but customers have to contact the firm directly (by e-mail, telephone or post) to order and/or pay for products.

Evaluative points could include: staff training, changing in working practice, cost implications, increasing customer confidence.

Other legal implications include:

Trade Descriptions Act
Sale of Goods Act.

Level 0 ([0])

Candidates answer is not worthy of credit.

Level 1 ([1]–[3])

The candidate provides a limited outline of the legal limitation of e-business to Candy Crafts Ltd. Candidate makes limited use of specialist terms. Candidate demonstrates a limited level of accuracy in spelling, punctuation and grammar. The meaning of the text is clear some of the time. The candidate demonstrates a limited level of writing, form and style appropriate to the purpose of the question. The organisation of the work is limited.

Level 2 ([4]–[6])

The candidate provides a satisfactory outline of the legal limitation of e-business to Candy Crafts Ltd. Candidate makes satisfactory use of specialist terms. Candidate demonstrates a satisfactory level of accuracy in spelling, punctuation and grammar. The meaning of the text is clear most of the time. The candidate demonstrates a satisfactory level of writing, form and style appropriate to the purpose of the question. The organisation of the work is satisfactory.

Level 3 ([7]–[8])

The candidate provides a good outline of the legal limitation of e-business to Candy Crafts Ltd. Candidate demonstrates a good use of specialist terms. Candidate demonstrates a good level of accuracy in spelling, punctuation and grammar. The meaning of the text is always clear. The candidate demonstrates a good level of writing, form and style appropriate to the purpose of the question. The organisation of the work is good.

(AO2 [2], AO3 [6])

[8]

26

2 Kate owns Flowers and Blooms which is a flower shop specialising in wedding flowers. She currently employs two part-time members of staff and needs to recruit a third person, for Saturdays only.

(a) Identify and explain **two** methods of recruitment that Kate could use to recruit the third member of staff.

- local newspapers – these usually contain a jobs section that local people would know to look in. It is not usually expensive to advertise in these
- Job Centres – these are centres run by the government which advertise job vacancies to potential applicants. It is free to advertise through these
- the Internet – there are different kinds of websites that Kate could use, including sites that advertise a range of jobs. It is fairly cheap to use these sites
- word of mouth – this is when Kate or her staff could mention it to other people they know
- private recruitment agencies – these businesses will try to find suitable employees in return for a fee
- sign on shop window.

(AO1 2 × [1], AO2 2 × [1])

[4]

(b) Identify and explain **two** suitable methods of selection that Kate could use to select the third member of staff.

- Application Form – an application form is used because it has the advantage that the applicant is giving exactly the type of information Kate requires, enabling her to compare applicants
- Curriculum Vitae – Kate may ask for a CV because it shows all the applicants details and how well the applicant can organise and display information
- Interview – interviews are useful because it gives Kate the opportunity to meet applicants and to judge how suitable they are for the position
- Practical Test – Kate could ask the applicant to do a flower display.

(AO1 [2], AO2 [2])

[4]

(c) Kate plans to use ICT to create an application form.

(i) Identify **one** software application she would find useful.

- spreadsheet
- word-processing
- Desk Top Publishing (DTP).

(AO1 [1])

[1]

(ii) Identify and describe **two** benefits of using this software application.

- bullet points – allows the user to place bullet points to assist in presenting their document
- drawing tools – allows the user to add simple graphics to their documents such as arrows, predefined shapes and boxes
- fonts – allows the user to select a font type, size and style. Fonts can also be formatted into different colours
- footer/header – used to place titles, page numbers, dates, etc. in your document
- spell checker/grammar checks – more sophisticated word processors can check grammar, although they are limited due to the complex nature of the English language
- text alignment – the user can select part or all of the text and align left, right, centre and justify
- templates and wizards – the framework of the document is provided for you, such as a business letter. Therefore the user does not need to worry about layout. They simply add text to predefined positions on the document
- tables – allows the user to place text/graphics into cells of a table. The user decides the number of rows and columns
- online help – search using a key word/topic for help. There are usually hypertext links to websites for detailed help
- save – document can be edited at a later stage
- familiar/knowledge/expertise of package.

(AO1 2 × [1], AO2 2 × [1])

[4]

(d) The new member of staff will need some training.

(i) Identify and explain **two** reasons why this member of staff will need training.

- to introduce new employees to the business
- to introduce employees to new equipment or methods
- to improve the efficiency of the employees
- to lessen the possibility of accidents in the workplace
- employers have a statutory duty to provide training in respect of Health and Safety.

Any two of the above points with explanation.

(AO1 [2], AO2 [2])

[4]

(ii) Identify and describe **two** on-the-job training methods that Kate could use.

- internal courses – Kate or another member of staff could train the new member of staff on techniques within flower arranging, e.g. wedding flowers
- work shadowing – sometimes the new employee “shadows” an experienced employee. This means that they work alongside one another and the trainee learns from the experienced worker
- role play – sometimes role play is used. In this method a “make believe” situation is created, and the employees have to work out how they would solve the problem
- staff handbook/documentation, e.g. organisation chart, description of products and layout of business.

(AO1 2 × [1], AO2 2 × [1])

[4]

(e) Kate also needs to market her business. Explain to Kate what is meant by the marketing mix.

The marketing mix is all the key activities which are used in marketing a business's products. They are referred to as the four Ps: Price, Promotion, Place and Product. A business must have a product that customers want to buy and it must be sold in a place that the target customers will use. In addition to this, the price of the product must be acceptable to the customer. If customers are to be attracted to the product, for example, by advertising, the business must undertake some promotion.

Answers must be in the context of Kate's business.

(AO1 [2], AO2 [2])

[4]

25

- 3 Patrick is the Managing Director of Bluebell Recycling in Belfast. He has some concerns with communication in his business.

(a) Identify and explain **two** barriers to effective communication.

- jargon – using language or abbreviations which are unfamiliar to the other person means that s/he does not fully understand the information
 - noise – loud background distractions make the message difficult to hear and understand
 - delays – communication should be as immediate as is practicable. If the sender delays, the receiver is going to see him/her as inefficient, and the point of the communication may be lost
 - too many people – to achieve accuracy, communication needs to be given directly from the sender to the receiver. Passing a message through a number of other people is very likely to alter it
 - wrong channel – complicated instructions would be better written down. If detailed instructions are given over the telephone for example, they may not be understood fully
 - inefficient use of equipment – electronic mail is an excellent means of communication but its benefits are lost if, for example, the receiver does not open the mailbox regularly
 - poor technology – information may be lost or misunderstood if the quality of the reproduced message is poor. This may occur, for example, if a fax machine needs to have its cartridge replaced
 - timing – information may be received about available goods or available services at a time when the receiver is not interested. Receiving information about summer clothes in November would be an example of poor timing
 - imprecise message – the message must be given clearly, using as few words as possible so that the receiver does not become confused
 - attitude – if the receiver of the information does not like or trust the sender, the message is less likely to be heeded properly
 - poor feedback – if the receiver gives some feedback, it acts as proof that the message has been understood. For example, if you telephone someone and leave your number for a return call, the other person should read the number back to you to prove that it has been taken down correctly
 - language – different language and local dialect.
- (AO1 2 × [1], AO2 2 × [1])

[4]

(b) (i) Explain the difference between an Intranet and the Internet.

- Internet – provided users have the appropriate equipment, they may access the www (worldwide web). Businesses use the Internet to advertise and sell their products and services and to give information likely to be of use to potential customers
- Intranet – this is a system which stores internally all the records of that particular organisation. In this way, information is shared among all users of the system within the business. it can only be accessed by members of that organisation usually using a username and password.

(AO2 [2])

[2]

(ii) Apart from the Internet and Intranet, identify and explain **two** electronic methods of communication.

- facsimile – it gives almost instant access to the receiver. It allows one person to send a written document to another person using the telephone. This method has all the advantages of a letter, in addition to its speed of transmission
- video conferencing – this method allows people to meet via cameras and provides all the advantages of a meeting or conference. In addition, video conferencing can be conducted between people who are in different locations. This saves the expense involved in bringing a number of people together in one place
- electronic mail – allows the sender to communicate with people nationally and internationally. The advantages of electronic mail are that it is very fast, is available to everyone who has the necessary electronic equipment and can be stored as a written record for later reference. The system also has the advantage of being accessible at any time of the day or night. Lengthy documents may be transmitted by e-mail as well as shorter messages
- Electronic Data Interchange – the interchange networks a number of businesses electronically. Records of stock, orders and payments are kept by them all. In this way the supplier knows when stocks are low and can replace them without an order form being processed. Payments can also be made through the system without the use of cheques
- making use of social networking sites, e.g. Twitter, Facebook
- mobile phone, e.g. text messaging.

(AO1 [2], AO2 [2])

[4]

(c) Identify and explain **three** aims that Bluebell Recycling might have.

Aims

- survival – Bluebell Recycling may have difficulty in making sales and even staying in business
- growth – Bluebell Recycling aim to grow and expand its market into new areas by opening more branches, by taking over other business or by extending its range of products
- profit improvement – Bluebell Recycling making a profit and to improve on the profit levels of previous years
- corporate image – Bluebell Recycling wants to be well thought of by its customers, by other companies and by members of the general public
- care for the environment – Bluebell Recycling place great emphasis on caring for the environment and enhancing their local area. Bluebell could sponsor competitions and work in the local schools which draws attention to the environment.

(AO1 3 × [1] + AO2 3 × [1])

[6]

(d) Analyse how the aims of Bluebell Recycling stakeholders may be in conflict.

- owners/shareholders – profit focus
- managers/employees/trade unions – job security, good rates of pay, conditions of service
- customers – high quality service, at a price which they are prepared to pay
- government/local council – monitor operation and ensure correct procedures are followed
- local residents – noise reduction, traffic congestion, opening hours.

Stakeholders identified and conflict between aims analysed.

Level 0 ([0])

Candidates answer is not worthy of credit.

Level 1 ([1]–[3])

The candidate has made a limited analysis of the stakeholder aims that may be in conflict. Candidate makes limited use of specialist terms. Candidate demonstrates a limited level of accuracy in spelling, punctuation and grammar. The meaning of the text is clear some of the time. The candidate demonstrates a limited level of writing, form and style appropriate to the purpose of the question. The organisation of the work is limited.

Level 2 ([4]–[6])

The candidate has made a satisfactory analysis of the stakeholder aims that may be in conflict. Candidate makes satisfactory use of specialist terms. Candidate demonstrates a satisfactory level of accuracy in spelling, punctuation and grammar. The meaning of the text is clear most of the time. The candidate demonstrates a satisfactory level of writing, form and style appropriate to the purpose of the question. The organisation of the work is satisfactory.

Level 3 ([7]–[8])

The candidate has made a good analysis of the stakeholder aims that may be in conflict. Candidate demonstrates a good use of specialist terms. Candidate demonstrates a good level of accuracy in spelling, punctuation and grammar. The meaning of the text is always clear. The candidate demonstrates a good level of writing, form and style appropriate to the purpose of the question. The organisation of the work is good.

(AO2 [2], AO3 [6])

[8]

Total

AVAILABLE
MARKS

24

75