Rewarding Learning

**General Certificate of Secondary Education
2015**

Business and Communication Systems

Unit 2: The Business Environment

[GBC21]

TUESDAY 16 JUNE, AFTERNOON

MARK
SCHEME

General Marking Instructions

Introduction

Mark schemes are published to assist teachers and students in their preparation for examinations. Through the mark schemes teachers and students will be able to see what examiners are looking for in response to questions and exactly where the marks have been awarded. The publishing of the mark schemes may help to show that examiners are not concerned about finding out what a student does not know but rather with rewarding students for what they do know.

The Purpose of Mark Schemes

Examination papers are set and revised by teams of examiners and revisers appointed by the Council. The teams of examiners and revisers include experienced teachers who are familiar with the level and standards expected of students in schools and colleges.

The job of the examiners is to set the questions and the mark schemes; and the job of the revisers is to review the questions and mark schemes commenting on a large range of issues about which they must be satisfied before the question papers and mark schemes are finalised.

The questions and the mark schemes are developed in association with each other so that the issues of differentiation and positive achievement can be addressed right from the start. Mark schemes, therefore, are regarded as part of an integral process which begins with the setting of questions and ends with the marking of the examination.

The main purpose of the mark scheme is to provide a uniform basis for the marking process so that all the markers are following exactly the same instructions and making the same judgements in so far as this is possible. Before marking begins a standardising meeting is held where all the markers are briefed using the mark scheme and samples of the students' work in the form of scripts. Consideration is also given at this stage to any comments on the operational papers received from teachers and their organisations. During this meeting, and up to and including the end of the marking, there is provision for amendments to be made to the mark scheme. What is published represents this final form of the mark scheme.

It is important to recognise that in some cases there may well be other correct responses which are equally acceptable to those published: the mark scheme can only cover those responses which emerged in the examination. There may also be instances where certain judgements may have to be left to the experience of the examiner, for example, where there is no absolute correct response – all teachers will be familiar with making such judgements.

1 Maryanne is starting up an on-line business called 'Granny Knits' selling handmade items.

(a) Maryanne is an entrepreneur. What does this mean?

An entrepreneur is one who undertakes the risk of investment to create and market a good or service for financial gains. He or she is very perceptive and takes advantages of business opportunities that may generate high profits. Entrepreneurs can be sole traders, partners in a business or a group of shareholders. Someone with a business idea/opportunity.

Entrepreneurs are motivated by their own self-interest to make profits and in so doing provide employment, create goods and services and generate revenue impacting on the economy's level of national income and hence potential for economic growth. [2]

(b) Identify and explain **two** business aims that Maryanne is likely to have when she starts trading.

- To create and improve profit – one of the most important aims for Granny Knits is to make a profit and to improve on the profit levels of previous years. All stakeholders in Granny Knits will benefit – the owners will get larger returns on their investment, customers will have an improved variety of goods on offer in Granny Knits, while employees have job security and their morale is improved.
- To grow and expand – if Granny Knits is successful it will aim to grow and expand its market into new areas by opening more branches, by taking over other businesses, or by extending its range of products.
- To survive – during the period when it is becoming established it is unlikely to be in a profit-making position, and its basic aim, at the early stage, would simply be to survive.
- To have a good corporate image – Granny Knits need to have a good corporate image this means that they want to be well thought of by its customers, by other companies and by members of the general public. This also includes good customer service.
- Concern for the environment + any reasonable example.

(AO1 [2], AO2 [2]) [4]

(c) Maryanne plans to use her laptop to create sales charts on a monthly basis.

(i) Identify the most suitable software application she should use.

Spreadsheet
(AO1 [1])   [1]

(ii) Apart from creating charts explain **one** advantage and **one** disadvantage of using this software application.

Advantage:
- It allows you to perform calculations quickly/automatically.
- Hundreds of functions and formulae are available.
- Lots of short cuts are available like copying formulae/macros.
- It helps businesses create professional-looking documents.
- 'What if' analysis can be performed.
- Trends can be analysed.
- Ease of use.
- Help/tutorials available.

Disadvantage:
- It can be quite difficult to use.
- There are lots of functions and formulae to remember.
- Training will be required to use the software to its full extent.
- Training can be expensive and take a long time.
- Reliance on technology functioning properly.

(AO1 2 × [1], AO2 2 × [1])   [4]

(iii) Identify **two** different chart formats the software application offers and give **one** benefit for each.

- Scatter Graph – representation/comparison of 2 sets of data.
- Column Chart – categories/best selling etc.
- Bar Chart – categories/best selling etc.
- Line Chart – trends over time.
- Pie Chart – percentage/share/segments.
- Any suitable benefit for each.

AO1 2 × [1], AO2 2 × [1])   [4]

(d) Granny Knits will be holding personal details about their customers when they purchase items.

(i) Identify the Act that Granny Knits must comply with.

Data Protection Act 1998
(AO1 [1])   [1]

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(ii) Identify and explain **two** principles of this Act that could apply to Granny Knits.

- 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 accurate 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.
- Any suitable explanation for each.

(AO1 2 × [1], AO2 2 × [1])   [4]

(e) Analyse the advantages and disadvantages of e-business to the customers of Granny Knits.

Advantages
- Shopping can be done from the comfort of the customers own home.
- 24 hours a day, 7 days a week.
- Customers can shop on Granny Knits website and have their products delivered without the inconvenience of visiting a shop.
- Customers can access important information, e.g. contact details.
- Price comparison.
- Online reviews.
- Products may be cheaper.
- Can check availability of items.
- Ease of use.

Disadvantages
- Details on website may be inaccurate, e.g. stock levels/contact details.
- Not all customers of Granny Knits may have access to a computer or the Internet.
- Not all customers have the necessary skills to navigate the Internet.
- There is the possibility of being defrauded if the website is not secure.
- Orders made on Granny Knits can be harder to rectify if an error is made.
- On authentic websites credit card details could be intercepted.
- Once personal data is submitted to a website it may be intercepted and used for different purposes.
- Delivery could be late/expensive.
- Reliance on technology functioning properly.
- Loss of social interaction.
- Products may not be what customer wants.

Level 0
Candidate's answer is not worthy of credit.

Level 1 ([1]–[3])
The candidate has made a limited analysis of the advantages and disadvantages to the customers. 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

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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 analysis of the advantages and disadvantages to the customers. 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 analysis of the advantages and disadvantages to the customers. 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]   28

2 Grace works in the administration department of Toys for Babies plc. She has been asked to look at all the company's business documents.

(a) Name **three** pieces of information that should be included in a memorandum.

- To
- From
- Date
- Subject
- Main body/content.
- Business name/Title.
(AO1 3 × [1])   [3]

(b) Explain the difference between a report and a notice.

Reports
- In written form.
- Reports are written for special reasons relative to the business, e.g. sales/markets/performance.
- At the end of the year annual reports outlining the business performance.
- Something that **has** happened.
- Formal.
- More detailed.

Notice
- Located centrally, e.g. on a noticeboard.
- Short term.
- Quick reference and easily read.
- Spreading information quickly.

- Can't be sure whether it has reached the target audience.
- Something that **will** happen.
- Informal.
- Less detailed.

(AO2 [2])   [2]

(c) Effective communication is important to Grace. Explain the following types of communication.

Verbal:
Verbal communication includes sounds, words, language and speech. Speaking is an effective way of communicating and helps in expressing our emotions in words. For example, discussion, meetings.

Written:
Written communication is the medium through which the message of the sender is conveyed with the help of written words. For example, letters, memos and reports.

Electronic:
Electronic communication is a system of world-wide electronic communication in which a computer user can compose a message at one terminal that is generated at the recipient's terminal when they log on. Use of technology/internet, for example, e-mail, electronic messaging, fax machines etc.

Visual:
This form of communication involves the visual display of information, where the message is understood or expressed with the help of visual aids. Use of technology/internet. For example, photography, maps, posters, gesture and words.

(AO2 4 × [2])   [8]

(d) Explain how Toys for Babies plc could meet the needs of its customers in order to succeed.

Customers will always want low prices at the best quality available. They will weigh up what they can gain from a choice of similar businesses. Customers are always looking for new products and services and want businesses to always have what they need.
- Good customer service.
- Online presence.
- Market research, e.g. surveys.
- Good quality products.

(AO2 [2])   [2]

(e) Analyse strategies that Toys for Babies plc may use to manage competition.

- Having products that customers want to buy. This often comes from having a good market research department who really understand their customers and what they want from the product.
- Being able to charge the maximum price that customers are happy to pay.
- Staying one step ahead of the competition. Successful businesses like Toys for Babies plc are aware of what their rivals are doing and can stay one step ahead of them. For example, by bringing out new products.

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- Improve customer service.
- Pricing strategies.
- Having a good relation with suppliers. Suppliers are important, as they supply them with raw materials.
- A good location. This is especially important for retailers like Toys for Babies plc who need to have a steady flow of potential customers walking past their shop/online.
- Employing high-quality staff and making them feel valued.
- Promoting their product in various ways, e.g. 20% sale.
- Good quality products.

Level 0
Candidate's answer is not worthy of credit.

Level 1 ([1]–[3])
The candidate has made a limited analysis of the strategies that Toys for Babies plc may use to manage competition. 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 analysis of the strategies that Toys for Babies plc may use to manage competition. 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 analysis of the strategies that Toys for Babies plc may use to manage competition. 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]

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3 Anthony is opening a new bakery called 'Cupcake Treats'. It will produce all types of cupcakes. He intends to carry out some market research to find potential customers.

(a) Explain **two** advantages of using primary research.

- Up-to-date
- Specific to the purpose – asks the questions the business wants the answers to
- Collects data which no other business will have access to (the results are confidential)
- In the case of online surveys and telephone interviews, the data can be obtained quite quickly

 (AO3 2 × [2])   [4]

(b) Identify and explain **one** method of sampling that Cupcake Treats could use.

Random Sampling
Random sampling is where people are randomly selected and asked for their opinions. The random sampling may be taken as every fifth person who walks down the street.

Quota Sampling
Quota sampling is where interviews are held with a set number of people who fall into predetermined categories. For example, a quota sample might consist of 50% males and 50% females or one-third teenagers, one-third middle-aged people and one-third elderly people.

Target Sampling
Target sampling is where people from only a particular market segment are questioned. This narrows down the people questioned to include only those who are really going to be interested in the particular product being researched.
(AO1 [1], AO2 [1])   [2]

(c) Cupcake Treats are aiming to segment the market to suit their products.

   (i) Explain what is meant by market segmentation.

   • Splitting or dividing of the market according to characteristics of consumers in that market.
   • 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 Cupcake Treats if it is to achieve sales.
   (AO2 [2])   [2]

   (ii) Identify and explain **two** ways that Cupcake Treats could segment their market.

   • Age – Different age groups will buy different products.
   • Ethnic/cultural background – Each race or ethnic grouping of people has its own taste in food.
   • Gender – Male and female will often (but not always) buy different products.
   • Geography – Consumers living in different areas of the country, or in different countries, like different foods.
   • Income – People with higher levels of income will want particular products.
   (AO1 2 × [1], AO2 2 × [1])   [4]

(d) Anthony wants to employ two full time members of staff.

Identify and explain **two** methods of external recruitment that Anthony could use to recruit the new members of staff.

   • Media – advertising in local newspapers/posters in shop window.
   • Internet – there are several websites on the Internet which advertise a range of jobs and which businesses may use. Many businesses also

have their own websites on which they advertise their vacancies.

- Job Centres – people who are unemployed, or are interested in a change of job, visit job centres to find information and obtain advice about job vacancies and training courses. The Job Centres will help people to apply for suitable jobs and the big advantage is that the service is free.
- Private recruitment agencies – people looking for work register with the agency and employers contact the agency with details of available work. The agency matches the candidate with the most suitable work available. When a person is appointed, the business pays the agency for the service.

(AO1 2 × [1], AO2 2 × [1])   [4]

(e) The new members of staff will need some training.

Identify and describe **two** on-the-job training methods that Anthony could use.

- Internal courses – sometimes employers run courses inside their own business and use their own machinery and equipment. This means that the content of the course is designed specifically for that business.
- 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 employee.
- 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.
- Demonstration – how something is carried out, e.g. operation of oven.

(AO1 2 × [1], AO2 2 × [1])   [4]

(f) Cupcake Treats will be a sole trader.

Explain **two** advantages of being a sole trader to Anthony.

- The business is cheaply and easily formed without involved legal procedures.
- The owner can keep all the profits made in the business.
- The owner can make all the decisions and can make them quickly without having to call committee meetings.
- Because the business is usually small, the sole trader has very close links with the customers and employees.
- The financial affairs of the business do not have to be published, although tax authorities must have access to them.

(AO3 2 × [2])   [4]

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Total   75