



Rewarding Learning

**General Certificate of Secondary Education
2016**

Business and Communication Systems

Unit 2: The Business Environment

[GBC21]

MONDAY 20 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 Acespot Sports has 10 branches selling sports clothing throughout Northern Ireland. The Managing Director wants to improve communication within the business. Tomorrow Acespot Sports will announce that they are creating 45 new jobs.

(a) Identify **two** methods of selection that Acespot Sports could use to select these new members of staff.

- Letter of application.
- Application form.
- Curriculum vitae.
- Interview.
- Presentation.

(AO1 [2])

[2]

(b) Identify **three** pieces of information that will appear on the payslip of an Acespot Sports employee.

- Employee name/company name/employee address
- Employee number.
- National Insurance Number.
- Pay date.
- Pay period.
- Details of pay (number of hours worked by the rate of pay).
- PAYE tax code and amount of tax paid.
- Gross pay.
- Net pay.
- Account number details.
- Superannuation.
- Student loan payments

(AO1 [3])

[3]

(c) (i) Identify the most suitable software application that the Human Resource department could use to produce letters to send to applicants.

- Word-processing.

(AO1 [1])

[1]

(ii) Explain **one** advantage and **one** disadvantage of using this software application for Acespot Sports.

Advantages:

- Spellchecker.
- Template.
- Can be sent electronically.
- Easy to erase, fix mistakes and edit text/graphics.
- Documents are always legible/professional
- Any other relevant information.
- Mailmerge

Disadvantages:

- Spellchecker not always 100%.
- Data can be lost due to a computer malfunction.
- If the power goes off you can't do it anymore.
- Requires hardware to view document.
- Any other relevant information.

(AO2 [4])

[4]

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(d) Identify **two** stakeholder groups and explain their interest in Acespot Sports.

- Consumers/customers – consumers have a stake in Acespot Sports and will support it if it supplies goods at suitable prices. Acespot Sports improves competition and the variety of goods on offer.
- Employees/managers/directors – these are the people who work for Acespot Sports. They will be rewarded with a wage or salary.
- Government – collects tax from business and individuals. Those who are earning pay income tax. Everyone has to pay value added tax (VAT) on most purchases. Acespot Sports pay tax on its profit to the government.
- Producers/suppliers – they supply materials to Acespot Sports and they want it to succeed to receive repeat business from the company.
- Trade unions – is an organisation which represents the interest of the workers at Acespot Sports and negotiates with management on their behalf.
- Local community – creating jobs, e.g. Job Seekers.
- Bank/financial institutions
- Shareholders/owners
- Competitors

(AO1 [2], AO2 [2])

[4]

(e) Identify and explain **two** types of communication.

- Verbal – verbal communication is a form of interaction which involves the use of sound. It is also associated with a language, words and speaking. Verbal communication forms the basis of most conversation and presentations.
- Written – written communication is basically any form of interactive communication that use written words to convey a message. Some of the forms of written communication that are commonly used include memos, manuals, electronic mail, job description.
- Electronic – electronic communication is defined as passing of information from one individual to another using computers, fax and phones. A good example of a form of electronic communication is the use of email.
- Visual – visual communication is communication through visual aid. It is portrayed as the conveyance of ideas and details in forms that can be read or looked upon. Visual communication typically includes: signs, graphic design, illustration, drawing, colour and electronic resources.

(AO1 [2], AO2 [2])

[4]

(f) Evaluate the impact that ICT could have on Acespots Sports' communications.

The benefits of ICT communications with Acespot Sports:

- Use for resources – material can be altered and improved without having to start again or reprint. This results in less wastage of paper.
- Improved quality – the finished work has a more professional appearance.
- Faster production – word processors/spreadsheets/photoshop.
- Corporate image – the public image of Acespot Sports is enhanced.
- Informed decisions – the greater use of up-to-date material results in more enlightened decision making and keeps it at least level with the competition.
- Data source – Acespot Sports has access to a vast range of material. This keeps them well informed.

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- Associated benefits – e-mails, website, help desk, apps, text, 24/7 assistance
- Any other relevant ICT communications – intranet/social media/video conferencing/advertising/tracking

The drawbacks of ICT communications with Acespot Sports:

- Technology costs – all employees need training in the correct use of the technology and retraining as the technology is updated.
- Technological breakdown – computers occasionally go down, causing a break in work and perhaps lost material.
- Capital investment – there is a vast outlay of capital in installing the new technology and in keeping it up-to-date.
- Health and Safety – computer operators may suffer from eye-strain, headaches or wrist strain.
- Impact of legislation, e.g. Data Protection Act
- Encryption.

Level 0 [0]

Candidate's answer is not worthy of credit.

Level 1 ([1]–[3])

The candidate has made a limited analysis and evaluation of the benefits and drawbacks of ICT for communications with Acespot Sports. 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 and evaluation of the benefits and drawbacks of ICT for communications within Acespot Sports. 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 and evaluation of the benefits and drawbacks of ICT for communications within Acespot Sports. Candidate makes 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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MARKS

2 George is planning to open Ashbrooke Fun Farm and gift shop in July 2016. He intends to carry out some research to identify customer needs.

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(a) Identify and explain the **two** methods of market research that George could use. Give **one** example of each method.

- **Primary/Field Research** – Gathering data for the first time and for a specific purpose.
Example: Questionnaire, observation, experiments, focus groups, interviews, surveys.
- **Secondary/Desk Research** – Collecting data that already exists.
Example: Government statistics, Reports from market research agencies, Company Reports, Websites, Trade Journals.

(AO1 [2], AO2 [4])

[6]

(b) George needs to think about pricing his gift products. Define the following pricing strategies.

- Value-based pricing – the setting of gift products price, based on the perceived benefits it provides to consumers. Companies that offer unique or highly valuable features or services are better positioned to take advantage of value-based pricing than companies whose gift products are relatively indistinguishable from those of their competitors. Handmade items compared to manufactured items.
- Competitor-based pricing – competitor-based pricing involves the setting of prices based on what rival gift product companies are charging. If there is strong competition in the gift products customers are faced with a wider choice of who to buy from. They may buy from the cheapest provider or perhaps from the one which offers the best customer service.
- Cost-plus pricing – a method of pricing in which a mark-up is added to the total product/service cost. Cost-plus pricing involves working out Ashbrooke Fun Farm total fixed and variable costs and then adding on a percentage profit. Ashbrooke Fun Farm also has to consider the total number of items which it plans to produce and sell.

(AO2 [6])

[6]

(c) George is aware that all products have a life-cycle. Describe **two** stages of the product life-cycle.

- Research and development – this takes place before gift products are put on the market. During this stage market research would be carried out on the gift products and it would be tested. This is an expensive stage.
- Introduction or launch – at this stage emphasis is placed on marketing and promotion in order to make the public aware of the gift products and to create a desire to buy them. The gift products would still not be in a profit-making position at this introductory stage because sales would not yet be great enough to cover costs incurred in the first research and development stage.
- Growth – at this stage sales grow rapidly as most people would be aware of the gift products by now. Many would have tried it and it would be starting to achieve a degree of customer loyalty. Sometimes prices can be reduced, especially if other producers start to provide competition by putting similar gift products on the market.
- Maturity – at this stage sales levels are maintained and the gift products have an established place in the market. However, the competition

becomes very intense at this stage and it is more difficult to increase the volume of the products sales any further.

- **Saturation** – this stage is the highest point in the life of the gift products. Although competition is intense, there are unlikely to be any new competitors at this stage. Sales have been pushed as far as possible and new customers cannot be found. Some may be attracted to the gift products because of decreased prices or extra advertising.
- **Decline** – this is the final stage in the life of a product. Sales have fallen to such an extent that they are not covering the costs. Further advertising or price reductions may not be successful and the gift products may be withdrawn from the market when this stage is reached.

(AO2 [4])

[4]

(d) George needs to think about promoting his gift products. Define the following methods of promotion.

- **Advertising** – advertising is a form, either written or orally, that attempts to sell something whether it is a product or particular view. Advertising takes the form of pamphlets, radio, television, internet and much more.
- **Sales promotion** – sales promotion is a promotional marketing technique designed to create sales for a product over a defined period of time. Sales promotion activities are measureable in terms of products moved, coupons redeemed, number of contest entries or other quantifiable count.
- **Publicity** – where the general public's awareness of the company is raised and the company is seen to be generous. Creating a good impression in this way creates a loyalty with members of the public who will then be more likely to buy from the business. This is free.

(AO2 [6])

[6]

(e) George is aware that the products he orders for the gift shop will be transported to him. Identify and explain two suitable methods of transport that could be used.

- Road transport – is the most common used method of transport and we depend on it for our goods.
- Sea
- Rail
- Air

(AO1 [2], AO2 [2])

[4]

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3 Crazy Football Ltd was set up 5 years ago to coach boys and girls aged 7 – 16. They provide all types of football training and competitions for young people in the North West. The management plan to offer summer camps and are in the process of updating their website to advertise this.

(a) What type of ownership is Crazy Football Ltd?

- Private Limited Company.

(AO1 [1])

[1]

(b) Name the **two** documents that this type of ownership must complete before they start trading.

- Memorandum of Association.
- Articles of Association.

(AO1 [2])

[2]

(c) Explain **one** advantage and **one** disadvantage of this type of ownership.

Advantages:

- Crazy Football Ltd has limited liability.
- Crazy Football Ltd has continuity, if one shareholder dies the business is not affected.
- The amount of capital available to Crazy Football Ltd is much greater than a sole trader or partnership.
- There are opportunities for specialisation and division of labour.
- Crazy Football Ltd is on a larger scale so it will be easier to borrow money.
- Control of Crazy Football Ltd is retained by a small group of shareholders.
- Crazy Football Ltd has a separate identity from that of its owners and may take legal action on its own behalf without involving the owners.
- Crazy Football Ltd has a number of directors and managers in the business, so responsibility and workloads are shared.
- Crazy Football Ltd can benefit from economies of scale.

Disadvantages:

- Crazy Football Ltd shares are not available for wider sale, so expansion may be difficult.
- Some of the financial information of Crazy Football Ltd must be available for inspection by members of the general public. This may give competitors valuable insights into the affairs of the business.
- The process of forming Crazy Football Ltd is more involved than it is in a business organisation such as sole traders and partnerships.
- Crazy Football Ltd shareholders are entitled to receive a share of the profit in the form of dividends.

(AO3 [4])

[4]

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(d) Identify and explain **two** aims that Crazy Football Ltd is likely to have.

- **Survival** – Crazy Football Ltd shareholders will want it to survive
- **Profit (maximisation)** – Crazy Football Ltd need to make a profit. Without a profit they cannot continue to trade as the business is spending more than it is receiving.
- **Corporate image** – Crazy Football Ltd want to be very well thought of by its customers, by other companies and by members of the general public, e.g. sponsor competitions, work in local schools.
- **Growth** – Crazy Football Ltd want to grow and expand and their profit will help them to achieve it.
- **Customer service** – Crazy Football Ltd want their customers (young people) to be happy with the service they are receiving to get repeat business.
- **Providing high quality goods and services** – Crazy Football Ltd want to provide the high standard of goods and services to the young people of the North West.
- **Care for the environment** – Crazy Football Ltd place great emphasis on caring for the environment and enhancing their local area, e.g. recycling paper/packaging materials, saving on electricity and/or exhaust fumes.

(AO1 [2], AO2 [2])

[4]

(e) Explain **one** advantage and **one** disadvantage of e-business to Crazy Football Ltd.

Advantages:

- People will/can access information from Crazy Football Ltd 24 hours a day, seven days a week.
- Crazy Football Ltd will look professional.
- 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.
- Methods of advertising Crazy Football Ltd through search engine listings.
- Any other relevant advantages.

Disadvantages:

- 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 personal details.
- Any other relevant disadvantages.

(AO3 [4])

[4]

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(f) Crazy Football Ltd plan to use e-commerce to expand their business. Discuss the implications of setting up this e-commerce website.

- Cost
 - training/recruitment of staff.
 - maintaining the site.
 - hosting the site.
 - cost of setting up.
- Legal issues
 - data protection.
 - security.
- Content
 - hyperlinks.
 - colour theme.
 - images.
 - video.
 - shopping cart.
 - catalogue.
 - order form.
- Ongoing benefits
 - wider market/24/7.
 - promote products.
 - increase profits.
 - less overheads, (heating, etc).
- Time
 - design website.
- New Jobs
 - web designer.
 - maintenance
 - security.

Any other suitable alternative responses.

Level 0 [0]

Candidate's answer is not worthy of credit.

Level 1 ([1]–[3])

The candidate has made a limited discussion of the implications. 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 discussion of the implications. 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.

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Level 3 ([7]–[8])

The candidate has made a good discussion of the implications. Candidate makes 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

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23

75