



*Rewarding Learning*

General Certificate of Secondary Education  
2017

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## **Business and Communication Systems**

Unit 2: The Business Environment

**[GBC21]**

**MONDAY 19 JUNE, AFTERNOON**

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**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 Three friends are opening a gym called Pure Fitness in Magherafelt, as equal partners.

(a) What type of business ownership is Pure Fitness?

- Partnership  
(AO1 [1])

[1]

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

Advantage:

- There is more capital in the business which allows it to expand.
- If one partner is ill or on holiday the business can carry on.
- Specialisation is possible as the three partners may bring different skills to the business.
- The financial affairs of the partnership do not have to be published although tax authorities must have access to them.
- The three partners can share responsibility for decision making and discuss the problems which occur in the business.
- debts are split between partners.
- it is relatively easy to set up/few legal formalities.

Disadvantage:

- The death or bankruptcy of one partner may cause the dissolution of the business. Otherwise the remaining partners have to 'buy them out'. This is known as 'continuity of existence'.
- There is the possibility of conflict between the partners.
- The partnership has unlimited liability. This means that if the partners do not have enough money in their business to pay their bills, they have to use their own private money. Their private possessions are at risk. Each partner is liable in this way, even if the debt was created by one of the other partners.
- When compared to a large company, the amount of capital in a partnership is small. They have the same difficulty as a sole trader in borrowing money from banks and cannot take advantage of economies of scale.
- The partners have to raise their own capital.
- If one partner is dishonest or inefficient, all partners are held liable for that partner's actions or decisions.
- Profit is split between partners.

(AO3 [4])

[4]

(c) Identify the legal document that Pure Fitness would be advised to draw up.

- Deed of Partnership  
(AO1 [1])

[1]

(d) Explain how important customers are to Pure Fitness.

Pure Fitness customers are vital to its success, they depend on customers for income and purchasing their services.

If customers do not purchase their services, they will experience a loss and may eventually have to close.

(AO1 [2])

[2]

AVAILABLE  
MARKS

(e) What is the difference between **risk** and **reward** in relation to this business?

Risk/Reward

- Failure/success.
- Loss/profits.
- Poor reputation/positive corporate image.
- No return on investment/return on investment.

(AO2 [2])

[2]

(f) Describe **two** strategies that Pure Fitness may use to manage their competition.

- Product/service – must innovate to make it more desirable, e.g. new gym classes.
- Place – for customer convenience, e.g. ease of parking.
- Price – offer competitive prices.
- Promotion – promote their business using various strategies, e.g. local radio, newspaper, social media, website etc.
- Excellent customer service – must ensure that the quality of their services are of the highest possible standard/well trained employee.

(AO1 2 × [1], AO2 2 × [1])

[4]

(g) Pure Fitness are in the process of creating a website.

Explain one advantage and one disadvantage of e-business to Pure Fitness.

Advantages to Pure Fitness:

- It could lead to a cut in costs for business.
- The business will look professional.
- It is easier and quicker to update a website compared to documentation such as leaflets.
- People can access information from the business 24 hours a day, seven days a week.

Disadvantages to Pure Fitness:

- Security concerns can be a problem, especially when dealing with people's money or personal details.
- Designing and maintaining a website can be costly.
- Technical difficulties can lead to problems.
- Expert staff are needed to design and maintain the website.

(AO3 2 × [2])

[4]

(h) Analyse two legal implications of e-business to Pure Fitness.

**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.

AVAILABLE  
MARKS

- 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.

### Implications

- Abide by the eight principles.
- Register with the Information Commissioner.
- Sanctions will be fines and/or prison sentences.

**Copyright, Design 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 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.
- 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.

### Implications

- Licenses for software – cost implications.
- Seek permission to use or modify.
- Sanctions will be fines and/or prison sentences.

**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)

### Implications

- Up to date virus software.
- Firewall.

**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

AVAILABLE  
MARKS

website. 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.

### Implications

- Ensure adequate security measures.
- Customer confidence.

### Level 0 [0]

Candidate's answer is not worthy of credit.

### Level 1 ([1]–[3])

The candidate provides a limited analysis of the legal implications of e-business to Pure Fitness. 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 legal implications of e-business to Pure Fitness. 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 legal implications of e-business to Pure Fitness. 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

AVAILABLE  
MARKS

2 Cathy owns Barntop Creche which caters for children aged between 0 to 10 years. She is currently planning to recruit 2 full-time Nursery Assistants.

AVAILABLE  
MARKS

(a) Identify and explain **two** methods of recruitment that Cathy could use to recruit the Nursery Assistants.

- Media, e.g. local newspaper – these usually contain a jobs section that local people would know to look in. It is not usually expensive to advertise in.
- Job Centres – these are centres run by the government which advertise job vacancies to potential applicants. It is free to advertise through these.
- Internet – there are different kinds of websites that Cathy could use, including sites that advertise a range of jobs. It is fairly cheap to use these sites.
- Private recruitment agencies – these businesses will try to find suitable employees in return for a fee.

(AO1 2 × [1], AO2 2 × [1]) [4]

(b) Identify and explain **two** methods of selection that Cathy could use to recruit the Nursery Assistants.

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

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

(c) Cathy is in the process of creating a database of her employees' details. Explain **one** advantage and **one** disadvantage a database offers her.

Advantages:

- Reducing updating errors and increased consistency, e.g. changing employee details.
- Improved efficiency.
- Reduced data entry, storage and retrieval costs.
- Faster access to employee details/query or report.
- Improved data security for personal details on the computer, e.g. passwords.

Disadvantages:

- Initial training required for users at Barntop Creche.
- Database systems are complex, difficult and time consuming to design and maintain.
- Reliance on technology.
- Substantial hardware and software start-up costs.

(AO3 2 × [2]) [4]

(d) The new Nursery Assistants will need some training.

(i) Identify **one** type of off-the-job training suitable for the new Nursery Assistants.

- Day release to attend a course.
- Distance learning/evening classes.
- Role Play.
- Demonstrations.
- Use of audio-visual technology.

(AO1 [1])

[1]

(ii) Explain **one** advantage and **one** disadvantage of using off-the-job training for the new Nursery Assistants.

Advantages:

- Specialist trainers.
- A wider range of skills or qualification can be obtained.
- Employees can be more confident when starting job.
- It is tailored for the nursery assistants.
- Trained away from the pressure of work.
- Freedom to make mistakes.
- Saves time for the employee.

Disadvantages:

- Employees now have new skills/qualifications and may leave for better jobs.
- New employees may still need some induction training.
- Can be expensive, e.g. cost of training.
- Lost working time.
- It is artificial in nature.
- It is not directly in the context of the job.
- Impact on social/family life.

(AO2 [4])

[4]

(e) Barntop Creche will pay their employees using BACS.

(i) What does BACS stand for?

- Bankers Automated Clearing System

(AO1 [1])

[1]

(ii) Discuss **two** benefits to the employees of Barntop Creche being paid using BACS.

Benefits:

- There is no need for the employees to collect pay. Their money is automatically credited to their account on known dates, even when they are sick, on holiday or on shift work outside normal hours.
- Secure.
- If the employees opens a bank/building society account in order to receive their pay directly, they may find easier to budget for savings and expenses.

AVAILABLE  
MARKS

- It gives the employees cleared funds guaranteed to be available on pay day. No risk of postal delay. No need to wait for cheques to be cleared through the banking system.
- There is no threat to the employees from payroll robbery, or the loss or theft of wage packets.
- Easy to access.

[4]

(f) Identify **three** pieces of information that will appear on the payslip of the employees of Barntop Creche.

- Employee name
- Employee number
- National insurance number
- Pay date
- Pay period
- Details of pay
- PAYE tax code and amount of tax paid
- Gross pay
- Net pay
- Bank account number
- Superannuation

(AO1 [3])

[3]

AVAILABLE  
MARKS

25

3 Mrs Barbara Bell is the Marketing Manager of Pete’s Plumbing in Northern Ireland. The business has twenty-one branches throughout Northern Ireland.

- (a) Barbara plans to carry out some market research. Identify and explain the **two** market research methods that Barbara could use.

**Secondary Research (Desk Research)**

This is collected by using published statistics, data and other information which had been collected previously.

**Primary Research (Field Research)**

This is the collection of original information and is carried out by making direct contact with consumers and members of the public who may become consumers.

(AO1 2 × [1], AO2 2 × [1]) [4]

- (b) Identify and explain **two** elements of the marketing mix that Barbara should consider.

**Price** – how much a customer pays for a product or service

**Promotion** – how customers are informed about products or services

**Place** – the point where products are made available to customers

**Product** – the product and service which are made available to customers

(AO1 2 × [1], AO2 2 × [1]) [4]

Barbara has some concerns with communication in the business.

- (c) Explain what is meant by “formal communication”.

Formal communications are official messages sent by Pete’s Plumbing to people internally and externally.

(AO2 [2]) [2]

- (d) Explain what is meant by “informal communication”.

Informal communications are unofficial messages which are not sent via official channels, e.g. everyday conversations.

(AO2 2 × [1]) [2]

- (e) Identify and explain **two** methods of formal communication that Pete’s Plumbing could use.

Written communication

- Letter – is a formal means of communication used, for example to invite someone to attend an interview. It is a written record which may be referred to at a later date.
- Report – can be written or may be delivered orally perhaps at a meeting or conference.

Oral/verbal communication

- Telephone – a fast way for communication by which the sender can get instant feedback.

AVAILABLE  
MARKS

- Face-to-face interviews, meetings and conferences are all face-to-face and are very effective methods of communication since body language can be interpreted as well as what is actually said.

#### Visual communication

- Demonstrations – live demonstrations are very useful in showing correct processes and methods.
- Charts, graphs.
- Marketing materials.

#### Electronic communication

- Facsimile – it allows one person to send a written document to another person using the telephone.
- Video conferencing – allows people to meet via cameras and provides all the advantages of a meeting or conference.
- E-mail.

(AO1 3 × [1], AO2 3 × [1])

[4]

- (f) The management of Pete's Plumbing always stress the importance of effective communication. Discuss the likely consequences of poor communication.

- Poor working relationships within Pete's Plumbing.
- Misinformation and misinterpretation of communication within Pete's Plumbing.
- Demotivation of employees.
- Loss of customers and therefore business for Pete's Plumbing.
- Any other suitable response.

#### Level 0 [0]

Candidate's answer is not worthy of credit.

#### Level 1 ([1]–[3])

The candidate gives a limited discussion of the likely impact of poor communication. 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 gives a satisfactory discussion of the likely impact of poor communication. 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 gives a good discussion of the likely impact of poor communication. Candidate demonstrates a good use of specialist terms. Candidate demonstrates a good level of accuracy in spelling, punctuation

AVAILABLE  
MARKS

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.  
(AO1 [2], AO3 [6])

[8]

AVAILABLE  
MARKS

24

**Total**

**75**