



General Certificate of Secondary Education
2019

Business Studies

Unit 1

Starting a Business

[GBU11]

FRIDAY 24 MAY, MORNING

**MARK
SCHEME**

General Marking Instructions

Introduction

Mark schemes are intended to ensure that the GCSE examinations are marked consistently and fairly. The mark schemes provide markers with an indication of the nature and range of candidates' responses likely to be worthy of credit. They also set out the criteria which they should apply in allocating marks to candidates' responses.

Assessment objectives

Below are the assessment objectives for Business Studies.

Candidates must:

- AO1** recall, select and communicate their knowledge and understanding of concepts, issues and terminology;
- AO2** apply skills, knowledge and understanding in a variety of contexts and in planning and carrying out investigations and tasks; and
- AO3** analyse and evaluate evidence, make reasoned judgements and present appropriate conclusions.

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 16-year-old which is the age at which the majority of candidates sit their GCSE 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 16-year-old GCSE 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.

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

Tasks and questions requiring candidates to respond in extended writing are marked in terms of 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 good.

Level 3: 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 limited 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 (Good): The candidate makes a reasonable selection and use of an appropriate form and style of writing. Relevant material is organised with some clarity and coherence. There is some use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are sufficiently competent to make meaning clear.

Level 3 (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 clear.

1 (a) Explain the following terms:

(i) AO1

Micro business

This is the smallest size of business and employs up to 9 people and has an annual turnover of less than £1.7m.

[2] for correct definition

[2]

(ii) AO1

Private limited company

A limited company that can sell shares to family and friends is in the private sector and has limited liability.

[2] for correct definition

[2]

(iii) AO1

Stakeholder

Anyone who has an interest in the activities of the business and who can affect or be affected by the business.

[2] for correct definition

[2]

(iv) AO1

Public sector

This is the sector of the economy that is controlled by the government and provides essential services to the public.

[2] for correct definition

[2]

(b) AO1, AO3

Explain one advantage and one disadvantage of setting up as a sole trader.

Explanation of **one** advantage:

- The business is cheaply and easily formed as there is no long legal process
- Owner gets to keep all the profits
- Owner gets to make all the decisions
- Close links with both employees and customers
- Financial affairs are kept private

Explanation of **one** disadvantage:

- Unlimited liability which means debts of the business can extend to personal possessions
- Responsible for all the losses
- Sole traders have to raise their own capital and can have difficulty getting loans
- Sole traders have no one to share decisions with
- Hard work and long hours
- Lack of continuity

Valid alternative responses will be credited.

[1] for identifying one advantage or one disadvantage

[2] for fully explaining one advantage or one disadvantage or for identifying one advantage and one disadvantage

[3] for fully explaining one advantage and identifying one disadvantage or fully explaining one disadvantage and identifying one advantage

[4] for identifying and fully explaining one advantage and one disadvantage

[4]

AVAILABLE
MARKS

- (c) AO2
Explain two business resources that Emma will need.

Any **two** explained:

Labour	Emma will need to employ some staff to help make up the floral bouquets and sell the craft items
Land	Emma will need to source the flowers and she will need land to place her premises on
Capital	Emma will need money to start the business and to buy premises and fixtures and fittings
Enterprise	Emma will be taking a risk starting the business and coordinating all the other resources to make it successful

[1] for identifying one business resource

[2] for identifying and fully explaining one business resource or identifying two business resources

[3] for identifying two business resources and fully explaining one business resource

[4] for fully explaining two business resources [4]

- (d) AO1, AO2
Discuss two disadvantages for Emma of forming a partnership.

Any **two** from the following:

- Emma will have to share the profits with her partner
- If the partner is dishonest or inefficient Emma will be responsible for the partner's actions
- Emma will be jointly responsible for any debt run up by the partner
- Emma and her partner may not agree on the decisions which could cause conflict

Valid alternative responses will be credited.

not unlimited liability

not continuity of existence

not deed of partnership

[1] for identifying one disadvantage

[2] for fully explaining one disadvantage or for identifying two disadvantages

[3] for fully explaining one disadvantage and identifying another disadvantage

[4] for identifying and fully explaining two disadvantages [4]

- (e) AO2
Explain two factors that might influence the choice of location for Emma's new premises.

Any **two** factors from the following:

- Closeness to customers/not close to raw materials
- Cost of the premises
- Car parking facilities/infrastructure
- Not too close to competition
- Government influence. Planning permission.

Valid alternative responses will be credited.

[1] for identifying one factor

[2] for identifying and fully explaining one factor or identifying two factors

[3] for identifying two factors and fully explaining one factor

[4] for fully explaining two factors [4]

AVAILABLE
MARKS

(f) AO1, AO3

Explain the term 'social enterprise' and analyse how it delivers both economic and environmental outputs.

- It is a business which has social and environmental aims and reinvests its profits back into the business or into the local community
- A social enterprise delivers economic outputs through employment in the local community. It generally offers a more flexible approach to employment to benefit people who are trying to enter the world of work.
- A social enterprise delivers environmental outputs by solving an environmental problem – for example Bryson House provides recycling services for the community

Valid alternative responses will be credited.

[1] for identifying one social enterprise, one economic output or one environmental output

[2] for defining social enterprise and identifying one output or for analysing one output

[3] for defining social enterprise and identifying one output or for analysing one output and identifying another output

[4] for defining social enterprise and for analysing one output or identifying two outputs

[5] for defining social enterprise and for analysing one output and identifying another

[6] for defining social enterprise and fully analysing two outputs [6]

AVAILABLE MARKS
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- 2 (a) AO1
Explain the term 'secondary research'.

It is also known as desk research and involves using information which has been previously collected for some other purpose.

[2] for correct definition [2]

- (b) AO2
Suggest the most suitable pricing policy for the following:

Situation	Pricing policy
Apple is launching a new phone	skimming [1]
Cadbury is launching a new chocolate bar	penetration/ competitor based/ market led [1] not cost-based

[2] for correct answers [2]

- (c) AO1, AO3
Explain the relationship between price and demand, giving examples from the demand curve below.

Relationship:

This shows that as the price falls the demand for the product or service will rise.

[1] for stating one example

[2] for fully explaining the relationship between price and demand or for stating two examples

[3] for fully explaining the relationship between price and demand and for stating one example

[4] for fully explaining the relationship between price and demand and for stating two examples [4]

- (d) AO1
Explain the term 'promotion'.

Promotion is the process by which businesses inform customers about their products and encourage them to buy those products. It could also involve sales promotion, sponsorship, public relations and advertising.

[2] for correct answer [2]

AVAILABLE
MARKS

(e) AO1, AO3

Describe two effects that the Trade Descriptions Act has on promotion.

Description of the effects of the Act:

- It stops businesses giving false descriptions about their goods and services
- It ensures pricing is fair and if a price is offered on sale then it must have been at the higher price for at least 28 consecutive days
- It also ensures the country of origin must be on the packaging of imported goods

not fit for purpose**not** satisfactory quality

[1] for identifying one effect

[2] for identifying and fully explaining one effect or identifying two effects

[3] for fully explaining one effect and identifying another effect

[4] for fully explaining two effects

[4]

(f) (i) AO2

Label the diagram of the product life cycle.**A** Introduction/launch [1]**B** Decline [1]**not** growth

[2] for correct answers

[2]

(ii) AO1, AO3

Discuss two extension strategies a business could use to extend the life cycle of its products.

- Modify the product/new variations/colours
- Change the packaging
- Reduce the price
- Export to new markets/target new markets/audiences/websites/competitions
- Increase advertising
- Sales promotion

Other valid alternative responses will be credited.

[1] for identifying one extension strategy

[2] for identifying two extension strategies or for briefly discussing one extension strategy

[3] for identifying and fully discussing one extension strategy or for identifying two extension strategies and briefly discussing one

[4] for identifying two extension strategies and fully discussing one extension strategy or for briefly discussing two extension strategies

[5] for identifying and fully discussing one extension strategy and briefly discussing the second extension strategy

[6] for identifying and fully discussing two extension strategies

[6]

AVAILABLE
MARKS

(g) AO1, AO3

Explain how the marketing mix of a business could be affected by international trade.

Points from the following:

Element	Effect
Product	<ul style="list-style-type: none"> • May have to change to suit legal, traditional or cultural requirements, packaging • Religion of the country needs to be respected • Units of measurement may be different • Electrical sockets may be different
Price	<ul style="list-style-type: none"> • Needs to reflect the market in the country and the local community • Has to be set high enough to cover taxes, transport costs • Should be quoted in the local currency • Impact of exchange rate
Promotion	<ul style="list-style-type: none"> • Advertising needs to be translated to the language • Instructions translated to language used • Must be respectful of the culture in the country
Place	<ul style="list-style-type: none"> • Product must be available in suitable places • Transportation needs to be arranged/costs • Secure packaging has to be developed • Political reasons/trade agreements • Storage warehousing

Valid alternative responses will be credited.

Level 1 ([1]–[3])

Candidate demonstrates basic knowledge and understanding of how the marketing mix can be affected by international trade. Candidate can identify one/two elements and partially explains the effect. Quality of written communication is basic.

Level 2 ([4]–[6])

Candidate demonstrates adequate knowledge and understanding of how the marketing mix can be affected by international trade. Candidate appropriately identifies two to three elements and correctly explains their effect. Quality of written communication is good.

Level 3 ([7]–[8])

Candidate demonstrates excellent knowledge of how the marketing mix can be affected by international trade. Candidate correctly identifies four elements and correctly analyses their effect. Quality of written communication is excellent.

[8]

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AVAILABLE
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3 (a) AO1

Outline how M&C would use the minimum inventory level.

The business works out the minimum level of inventory on which it can function and stock is reordered when that level is reached.

[2] for correct definition

[2]

(b) AO1, AO2

Explain, using an example, how M&C might make use of process manufacturing.

Explanation of the use of process manufacturing:

- Process manufacturing refers to the manufacturing of goods that cannot be disassembled and the process is continuous
- It involves the combination of ingredients according to formula or recipe, for example, when M&C produce drinks they cannot be broken down into ingredients and also relate to the **large quantities** that are produced at M&C
- Increase output
- Same high standard
- Reduce costs

Valid alternative responses will be credited.

[1] for brief explanation of process manufacturing or for one example

[2] for full explanation of process manufacturing or for brief explanation and one example

[3] for full explanation on process manufacturing and for one example

[3]

(c) AO1, AO2

Explain, using an example, how M&C might make use of batch manufacturing.

Explanation of use of batch manufacturing:

- Batch manufacturing is when several of the same product are made and then a second batch of a similar product is made
- In this case switching between flavours of drinks or types of drinks so the product range can vary

Valid alternative responses will be credited.

[1] for brief explanation of batch manufacturing or for one example

[2] for full explanation of batch manufacturing or for brief explanation and one example

[3] for full explanation on batch manufacturing and for one example

[3]

(d) AO1, AO3

Discuss one advantage and one disadvantage of using division of labour.

Any **one** advantage from the following:

- Each worker becomes very good at a task
- The work will be completed faster/increased efficiency
- Reduced costs of production leads to reduced prices for the customer
- Time is saved as workers do not need to move between jobs
- Tools and machinery are used economically

AVAILABLE
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Any **one** disadvantage from the following:

- The work can be boring and repetitive/reduced motivation
- Delays or strikes can halt production
- Loss of traditional skills
- Workers can feel isolated from each other
- Redundant employees have difficulty finding other work

not costly to train

Valid alternative responses will be credited.

[1] for identifying one advantage or one disadvantage

[2] for fully explaining one advantage or one disadvantage or for identifying one advantage and one disadvantage

[3] for fully explaining one advantage and identifying one disadvantage or fully explaining one disadvantage and identifying one advantage

[4] for identifying and fully explaining one advantage and one disadvantage

[4]

(e) AO1, AO3

Define ISO 9001 and analyse why it might be important for a business such as M&C to obtain this quality standard.

Definition and analysis of ISO 9001:

- It looks at how the business has implemented quality assurance in the areas of facilities, people, training, services and equipment/different processes
- The business must keep up to a standard as they are continually assessed
- It checks that systems are in place and everyone knows their role within the business
- It is important because it leads to greater efficiency and less waste
- It is important because it helps ensure quality and leads to satisfied customers
- It is important because it could give the business competitive advantage over its competitors
- It is important because it leads to successful working practices and increased profit
- Enhances corporate image
- Risk management
- Motivation for staff
- Ability to increase price

Valid alternative responses will be credited.

[1] for identifying one feature of ISO 9001 or for briefly listing one reason why it is important

[2] for defining ISO 9001 or for analysing one reason why it is important

[3] for defining ISO 9001 and for analysing briefly why it is important or for analysing one reason why it is important and for briefly listing one other reason for importance

[4] for defining ISO 9001 and for analysing one reason why it is important, for defining ISO 9001 and listing two reasons why it is important or for fully analysing two reasons why it is important

[5] for defining ISO 9001 and for analysing one reason why it is important and listing another, for defining ISO 9001 and analysing one reason why it is important and listing another or for fully analysing two reasons why it is important and briefly defining ISO 9001

[6] for defining ISO 9001 and fully analysing why it is important

[6]

AVAILABLE
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(f) AO1, AO3

What do the letters HSE stand for? Explain the role of the HSE.

HSE: Health and Safety Executive [1]

Outline of role:

- Provides support and guidance on health and safety matters
- Controls risks to people's health and safety arising from work
- It regulates health and safety legislation in N Ireland
- It promotes health and safety standards
- It has the right to inspect workplace premises

[1] for identifying HSE or brief explanation of role

[2] for identifying HSE and briefly explaining role or for explaining one role

[3] for identifying HSE and briefly explaining two roles or for identifying HSE and explaining one role

[4] for identifying HSE and fully explaining its role

[4]

(g) AO1, AO2, AO3

Discuss the rights and responsibilities of both employers and employees in the area of Health and Safety in M&C.

Employers are expected to:

- Provide health and safety training
- Provide protective clothing, e.g. gloves, hats, goggles
- Carry out regular fire drills
- Appoint a Health and Safety Officer
- Maintain all machinery
- Ensure workplace is well ventilated
- Maintain indoor temperature of at least 16 degrees
- Remove waste carefully
- Provide facilities such as toilets and drinking water

Employees are expected to:

- Take care of their own health and safety
- Co-operate with the firm's health and safety policy
- Report any accidents
- Wear the protective clothing provided
- Attend any training sessions provided
- Use equipment safely
- Report any faults or dangers

Valid alternative responses will be credited.

Level 1 ([1]–[3])

Candidate demonstrates basic knowledge and understanding of health and safety. Candidate either correctly explains health and safety responsibilities and lists either one responsibility or partially explains health and safety and analyses one to two responsibilities. Quality of written communication is basic.

Level 2 ([4]–[6])

Candidate demonstrates adequate knowledge and understanding of health and safety. Candidate either correctly explains health and safety and analyses one to two responsibilities or fully analyses and explains up to three responsibilities. Quality of written communication is good.

Level 3 ([7]–[8])

Candidate demonstrates excellent knowledge and understanding of health and safety. Candidate fully analyses up to four responsibilities. Quality of written communication is excellent.

[8]

AVAILABLE
MARKS

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Total**90**