



**General Certificate of Secondary Education
2012**

Business Studies

Unit 2: Business Development

[GBS21]

WEDNESDAY 30 MAY, MORNING

MARK SCHEME

UNIT 2 (REVISED SPECIFICATION) MARKS SCHEME

- 1 (a) Explanation of one advantage for the hotel of internal recruitment:
- management already knows the applicants
 - it is a cheaper method than advertising externally
 - the process is quicker and simpler
 - induction training will not be necessary. [2]
- Explanation of one advantage for the employees of internal recruitment:
- the applicants are familiar with the organisation
 - existing employees may gain promotion within the hotel
 - staff morale is improved and motivation provided. [2]
- ([2] + [2]) [4]
- (b) One advantage for the hotel of Testing from the following:
- shows the level of the applicant's practical skills
 - gives an impression of the candidate's general organisation and approach
 - to verify information on application form. [2]
- Type of employee for whom it is suitable:
- Any post requiring practical or intellectual skills, e.g. Chef, Computer Operator
 - any hotel employee. [1]
- ([2] + [1]) [3]
- (c) Reasons for the importance of staff training:
- in order to provide induction for new employees
 - in order to familiarise employees with new methods/techniques
 - in order to introduce new technology
 - in order to improve the competitiveness of the organisation
 - in order to maximise employees' efficiency
 - in order to minimise risks of accidents
 - provides motivation for workers
 - in order to give customer satisfaction/improve corporate image
 - decreases level of supervision required.
- (2 × [2]) [4]
- (d) Three analysed factors affecting job satisfaction from the following:
- level of wage/salary
 - level of responsibility
 - sense of fulfilment/achievement
 - enjoyment derived from the work
 - good working conditions/agreeable colleagues
 - praise from employers/managers
 - provision of training
 - opportunity for promotion.
- (3 × [2]) [6]

Level 1 ([1]–[2])

Candidate demonstrates little knowledge and understanding of job satisfaction. Either two factors affecting job satisfaction are identified or one factor is fully explained.

Level 2 ([3]–[4])

Candidate demonstrates adequate knowledge and understanding of job satisfaction. Either three factors affecting job satisfaction are identified or two factors are fully explained.

Level 3 ([5]–[6])

Candidate demonstrates good knowledge and understanding of job satisfaction. Three factors affecting job satisfaction are fully explained.

(e) Three advantages of highly motivated staff from the following:

- there will be a lower staff turnover
- quality of work is likely to be higher/efficiency
- there would be fewer accidents in the workplace
- lower level of absenteeism
- profitability of hotel will improve
- reputation/image would improve.

(3 × [2])

[6]

Level 1 ([1]–[2])

Candidate demonstrates little knowledge and understanding of motivation. Candidate either identifies two advantages of motivation or identifies one advantage giving a weak description of it. Candidate displays limited accuracy in the use of spelling, punctuation and grammar.

Level 2 ([3]–[4])

Candidate demonstrates adequate knowledge and understanding of motivation. Candidate either identifies two to three advantages of motivation or gives a good description of two advantages. Candidate displays satisfactory accuracy in the use of spelling, punctuation and grammar.

Level 3 ([5]–[6])

Candidate demonstrates good knowledge and understanding of motivation. Candidate identifies three advantages of motivation and gives a complete description of three advantages. Candidate displays excellent accuracy in the use of spelling, punctuation and grammar.

- (f) Purpose of a Contract of Employment from the following:
- to set out the rights and duties of the employee
 - to show the responsibilities of the employers
 - to provide a legal document detailing the agreement between employees and employer. [2]

Four details on a Contract of Employment from the following:

- names of employee and employer
- date of commencement of the job
- title and description of the job
- hours of work
- agreed rates and method of payment
- details of pension schemes, commission, bonuses or overtime
- details of holiday entitlement
- details of sickness, injury and maternity pay entitlements
- length of notice required
- details of grievance and disciplinary procedures. (4 × [1])

([2] + [4])

[6]

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- 2 (a)** Two explained reasons for importance of Business Plan in this particular business:
- to show to the bank when seeking loans
 - to ensure proper planning of the business
 - to monitor performance
 - to keep checks on spending
 - to ensure that aims/targets are being met.
- (2 × [2]) [4]
- (b)** Two components of 2M's Business Plan from the following:
- introduction
 - aims/objectives
 - resources plan/human resources
 - marketing plan
 - financial plan.
- (2 × [1]) [2]
- (c)** Explanation of Internal/Organic Growth:
Internal/organic growth is growth which takes place inside the business organisation and without reference to other business organisations.
- (1 × [2]) [2]

(d) Three analysed **methods** by which 2M might grow organically from the following:

METHOD	POSITIVE POINTS	NEGATIVE POINTS
Expand existing business including hiring new staff	<ul style="list-style-type: none"> • wider product range • increased storage space • diversification possibilities, e.g. café 	<ul style="list-style-type: none"> • costs of new building • increased rates payable to local authority • planning permission may be required • staff may need to be recruited/trained
Open another retail outlet	<ul style="list-style-type: none"> • increased sales likely • business will become better known in a wider market 	<ul style="list-style-type: none"> • costs of new premises • increased rates and other expenses • planning permission may be required • staff will need to be recruited/trained • business may be more difficult to control • marketing campaign may be required
Introduce new lines of antiques	<ul style="list-style-type: none"> • sales/profits should increase • will attract a wider range of customers 	<ul style="list-style-type: none"> • requires an initial financial outlay to buy additional stock • may require extra storage space • Marie and Michael need to have knowledge of entire range of antiques
Plough back profits	<ul style="list-style-type: none"> • no interest to be paid on bank loans • business matters are kept private 	<ul style="list-style-type: none"> • owners have to make personal sacrifices as they cannot keep the profits • rate of growth will be slower
Develop a new market	<ul style="list-style-type: none"> • increase sales • more well known 	<ul style="list-style-type: none"> • currency problems • transport costs

[1] for identification of each method
 [1] for one positive point of each method
 [1] for one negative point of each method
 (3 × [3])

[9]

Level 1 ([1]–[3])

Candidate demonstrates little knowledge and understanding of organic growth. Candidate correctly identifies and fully analyses one method of organic growth or identifies two to three methods without analysis.

Level 2 ([4]–[6])

Candidate demonstrates adequate knowledge and understanding of organic growth. Candidate correctly identifies and fully analyses two methods of organic growth or identifies three methods with some analysis.

Level 3 ([7]–[9])

Candidate demonstrates good knowledge and understanding of organic growth. Candidate correctly identifies and fully analyses three methods of organic growth.

(e) Three discussed limitations of growth from the following:

- lack of finance
- lack of entrepreneurial skills/expertise
- lack of knowledge of antiques
- strong competition
- changes in furnishing trends and fashions
- poor communication with all aspects of the market
- lack of demand/recession
- lack of promotion
- government/legal constraints
- niche market.

(3 × [2])

[6]

Level 1 ([1]–[2])

Candidate demonstrates little knowledge and understanding of limitations on growth. One factor which limits growth is discussed, or two are identified without discussion. Candidate displays limited accuracy in the use of spelling, punctuation and grammar.

Level 2 ([3]–[4])

Candidate demonstrates adequate knowledge and understanding of limitations on growth. Two factors which limit growth are discussed, or three factors are identified without discussion. Candidate displays satisfactory accuracy in the use of spelling, punctuation and grammar.

Level 3 ([5]–[6])

Candidate demonstrates good knowledge and understanding of limitation on growth. Three factors which limit growth are fully discussed. Candidate displays excellent accuracy in the use of spelling, punctuation and grammar.

- (f) Definition of e-commerce:
e-commerce is the on-line transaction of goods and services (and the transfer of funds through digital communications). [2]

Three analysed disadvantages of e-commerce for 2M from the following:

- competition is increased
 - 2M must have an attractive website and efficient electronic system
 - distribution costs are high and will require efficient packaging and transport systems
 - antique furniture is heavy so its movement would be difficult to America
 - insurance costs for the distribution of valuable antique jewellery or silver are high
 - customers need to see expensive items before purchasing
 - 2M must be aware of cultural differences and tastes
 - 2M must be familiar with various legal requirements
 - 2M must be familiar with currency rates
 - not everyone has Internet access
 - incurs extra costs for promotion
 - lack of customer service. (3 × [2])
- ([2] + [6]) [8]

Level 1 ([1]–[2])

Candidate demonstrates little knowledge and understanding of e-commerce and its drawbacks. Candidate offers an incomplete definition of e-commerce and some analysis of one drawback. Candidate displays limited accuracy in the use of spelling, punctuation and grammar.

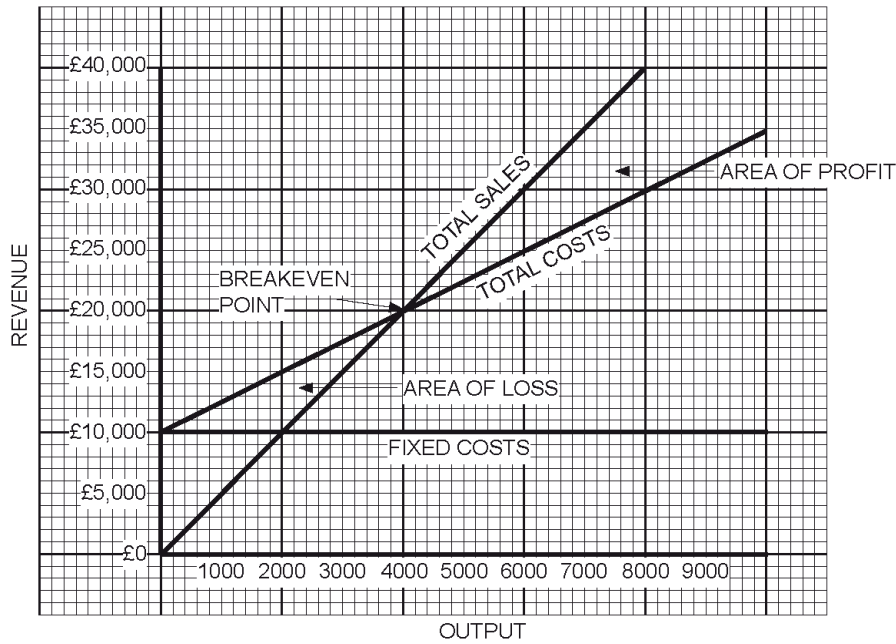
Level 2 ([3]–[6])

Candidate demonstrates adequate knowledge and understanding of e-commerce and its drawbacks. A good definition of e-commerce is given, together with analysis of one to two drawbacks. Candidate displays satisfactory accuracy in the use of spelling, punctuation and grammar.

Level 3 ([7]–[8])

Candidate demonstrates good knowledge and understanding of e-commerce and its drawbacks. A complete definition of e-commerce is given, together with detailed analysis of three drawbacks. Candidate displays excellent accuracy in the use of spelling, punctuation and grammar.

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- (a) Labels for:
- Breakeven Point [1]
 - Fixed Costs [1]
 - Total Costs [1]
 - Total Sales [1]
 - Area of Profit [1]
 - Area of Loss [1]

- (b) Output at breakeven point: 4000 [1]
 Sales revenue at breakeven point: £20,000 [1]
 Fixed costs: £10,000 [1]
 The output making a total sales revenue of £30,000: 6,000 [1]
 The sales revenue at an output of 8000 calculators: £40,000 [1]
 The total costs of manufacturing 7000 calculators: £27,500 [1]

(c) Calculation of Breakeven Point by formula:

$$\frac{\text{Total Fixed Cost}}{\text{Selling Price per Unit} - \text{Variable Cost per Unit}}$$

$$= \frac{1000}{7-2} \quad [1]$$

$$= 200 \text{ calculators} \quad [1]$$

([1] + [1])

[2]

(d) Meaning of Margin of Safety:

Margin of Safety is the amount which a business sells in excess of its breakeven point. [2]

Two reasons why it is important:

Having a margin of safety means that a good level of sales is being achieved.

It ensures that the business is profitable and is operating above the breakeven point. (2 × [2])

([2] + [4]) [6]

(e) Calculation of Net Profit Percentage:

$$\text{Net Profit Percentage} = \frac{\text{Net Profit}}{\text{Sales}} \times 100$$

$$= \frac{21000}{105000} \quad [1]$$

$$= 20\% \quad [1] \quad [2]$$

(f) Calculation of Stock Turnover Rate:

$$\text{Stock Turnover Rate} = \frac{\text{Cost of Goods Sold}}{\text{Average Stock}}$$

$$= \frac{60000}{20000} \quad [1]$$

$$= 3 \text{ times} \quad [1] \quad [2]$$

(g) Analysis of Calculations:

Net Profit Percentage:

- Net Profit Percentage informs Office Essentials Ltd of the net profit which has been made on sales
- this result tells Office Essentials Ltd that the business is making 20% profit on sales – or 20p profit on every £1 of sales
- need to know previous figures/competitors' figures for comparison. (1 × [3])

Stock Turnover Rate:

- Stock Turnover Rate shows the number of times in a year that Office Essentials Ltd. is able to sell the value of its average stock
- this result tells Office Essentials Ltd. that the stock is being sold three times each year
- need to know previous figures/competitors' figures for comparison. (1 × [3])

([3] + [3]) [6]

Level 1 ([1]–[2])

Minimum demonstration of knowledge and understanding of performance ratios. Candidate attempts analysis of one or both ratios.

Level 2 ([3]–[4])

Adequate demonstration of knowledge and understanding of performance ratios. Candidate satisfactorily analyses each ratio.

Level 3 ([5]–[6])

Clear demonstration of good knowledge and understanding of performance ratios. Candidate accurately analyses each ratio.

Total

AVAILABLE
MARKS

30

90