



**General Certificate of Secondary Education
2013**

Business Studies

Unit 1

Business Start Up

[GBS11]

TUESDAY 21 MAY, MORNING

**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.

UNIT 1 MARK SCHEME

1 (a) Complete the following table:

Business type	Number of owners	Who controls the business	Type of liability
Sole trader	1 [1]	Sole trader The owner [1]	Unlimited liability [1]
Partnership	2–20 [1]	Owners Partners [1]	Unlimited liability [1]
Private limited company (Ltd)	Minimum of 2	Shareholders	Limited liability [1]
Public limited company (plc)	Minimum of 2	Board of directors [1]	Limited liability

[8]

(b) Limited liability means that debts of the business do not extend to personal possessions – they are limited to the amount of money invested in the business through shares. [2]

(c) Helpfulness of a mission statement to a company such as Coca-Cola:

- it provides the business with a sense of direction
- it can be used to set objectives and targets
- it informs customers what the business is about
- it can act as a motivator to staff.

(2 × [2]) or (1 × [4]) [4]

(d) Two aims and effects on business activity – two from the following:

- Survival [1]
This will affect business activity as the business might need to reduce prices in order to maintain regular sales [2]
- Growth [1]
This might affect business activity and result in the business opening more factories, recruiting more staff or merging with another company [2]
- Profit [1]
This might affect business activity encouraging the business to raise prices in order to secure more profit [2]
- Environmental concern [1]
This might affect business activity and encourage the business to recycle and take measures to reduce pollution in production [2]
- Corporate image/social responsibility [1]
This might affect business activity and encourage the business to brand its products, support local charity or take part in sponsorship [2]
- Customer service [1]
- Quality [1]

[6]

- (e) Two indicators of the level of competition from the following:
- sales/market share – a firm that owns a large market share may face less competition
 - number of firms – an industry that has large number of firms means it is highly competitive
 - ease of set up – an industry that has a lot of competing firms makes it more difficult for others to set up/new competitors
 - moving between brands – an industry that has a lot of competing brands allowing customers to move between the brands means it is highly competitive.
- (2 × [2]) [4]

- (f) Two strategies that a business might use to manage competition:
e.g. Any two strategies from the following:
- increase advertising – this will help to increase awareness at the expense of competition and should lead to an increase in sales
 - reduce the price – this will encourage customers to buy the product as they feel they are getting a bargain and again lead to increased sales and profit
 - increase the quality/develop the brand – this helps to set the product aside from the competition and encourages the customer to think the product is better value
 - increase efficiency – e.g. the lead time between order and delivery could be shortened to give competitive advantage resulting in increased sales
 - introduce promotional offers which will encourage increased sales
 - expand the range of goods or develop new products
 - merger.
- NOT: destroyer pricing
- (2 × [3]) [6]

Level 1 ([1]–[2])

Candidate demonstrates little knowledge and understanding of strategies to manage competition. Candidate correctly identifies one or two strategies or one strategy backed up with a weak description. Candidate displays limited accuracy in the use of spelling, punctuation and grammar.

Level 2 ([3]–[4])

Candidate demonstrates adequate knowledge and understanding of strategies to manage competition. Candidate correctly identifies one good strategy with good discussion or two less developed strategies with discussion. Candidate displays satisfactory accuracy in the use of spelling, punctuation and grammar.

Level 3 ([5]–[6])

Candidate demonstrates good knowledge and understanding of strategies to manage competition. Candidate correctly identifies two valid strategies with detailed discussion. Candidate displays excellent accuracy in the use of spelling, punctuation and grammar.

2 (a) “Enterprising” means being prepared to take risk, make decisions and be innovative in your approach to business. [2]

(b) Any two characteristics from the following:

- sees opportunity/vision – has the ability to recognise a gap in the market and make a product or service to maximise sales
- self belief – they have no doubts in their decision making skills and ability to succeed and know they will be successful
- hard work/energy– they are determined to put in the extra hours and work over and above what is required
- commitment – connected with hard work and determination to succeed
- adaptability – recognising that things change and being responsive to those changes to make the best of every situation
- risk taker.

Accept any realistic characteristic with explanation

(2 × [3])

[6]

Level 1 ([1]–[2])

Candidate demonstrates little knowledge and understanding of characteristics of an entrepreneur. Candidate correctly identifies one or two characteristics or one characteristic backed up with a weak description. Candidate displays limited accuracy in the use of spelling, punctuation and grammar.

Level 2 ([3]–[4])

Candidate demonstrates adequate knowledge and understanding of characteristics of an entrepreneur. Candidate correctly identifies one characteristic with good discussion or two characteristics with limited discussion. Candidate displays satisfactory accuracy in the use of spelling, punctuation and grammar.

Level 3 ([5]–[6])

Candidate demonstrates good knowledge and understanding of characteristics of an entrepreneur. Candidate correctly identifies two characteristics with detailed discussion. Candidate displays excellent accuracy in the use of spelling, punctuation and grammar.

(c) Reasons why the government encourages enterprise:

- to help create employment
- to encourage business to export and to put the country on the world stage
- to create a flexible workforce and create motivation
- to help to increase the standard of living in the country
- to encourage competition in the market.

(2 × [2])

[4]

12

3 (a) Just-in-time stock control means that the business holds zero stock and that raw materials are delivered ready to use directly into the production process. [2]

(b) Advantages of batch production:

- same labour and equipment can be used for different products
- workers may specialise to some degree
- production is faster and increased output results in more profit
- can take advantage of economies of scale. [2]

Disadvantages of batch production:

- it takes time to reset machinery losing out on productivity
- work can become boring and less interesting
- more space may be needed to store products as output increases. [2]

Final judgement [1]

(2 × [2] + [1])

[5]

(c) Market segmentation is dividing the total market for a product or service into different groups that have similar wants and desires.

Two ways the business could segment the market:

- age: children – they could design bars that young children would eat; adults – they could design more expensive chocolate to suit the adult market
- seasonal – they could design different chocolates throughout the year, e.g. for Christmas, Easter and Hallowe'en
- income/socio-economic group – they could aim a designer, up-market chocolate bar at the higher income bracket.

(2 × [2] + [2])

[6]

(d) One advantage of primary research:

Original and first hand information [1] which provides up-to-date data [1] specifically relating to the chocolate market [1].

One disadvantage of primary research:

It is more expensive and time-consuming [1] because questionnaires have to be designed and conducted [1] and results analysed [1].

([2] × [3])

[6]

(e) A suitable pricing strategy for the new bar:

- penetration [1] would be suitable as it would mean a lower price initially that might encourage people to buy and try the chocolate bar [2]
- competition based/market led [1] the business could look at other similar bars in the market and set the price accordingly
- cost based [1] the business calculates the production costs and adds a percentage profit [2]

NOT: skimming

([1] + [2])

[3]

- (f) (i) • quantity of stock in hand
 • seasonality
 • costs
 • need to make profit
 • competition in the market
 • price which the market can bear
 • target market [1]

- (ii) The relationship between price and demand:
 • as price falls, demand increases
 • as price increases, demand falls [2]

(g) Impact that legislation would have on the promotion and production of Matty’s Munchies:

promotion

- description – the chocolates must be as described, the description of the chocolate bar and all the ingredients must be accurate
- weight – they must ensure that the weight of the bar is as advertised. They can be prosecuted if they give false or misleading information on weight
- price – if they offer the chocolate bar at a reduced price, it must have been sold at the higher price for a period of 28 days.

production

- quality – they must ensure the chocolate bar is produced to health and safety standards
- safety – they must provide a safe working environment for workers with training and all the necessary safety equipment.

(2 × [4]) [8]

Level 1 ([1]–[2])

Candidate demonstrates little knowledge and understanding of the impact of legislation on promotion and production. Candidate correctly identifies one impact backed up with a weak description. Candidate displays limited accuracy in the use of spelling, punctuation and grammar.

Level 2 ([3]–[6])

Candidate demonstrates adequate knowledge and understanding of the impact of legislation on promotion and production. Candidate correctly identifies one or two impacts backed up with reasonably good description. Candidate displays satisfactory accuracy in the use of spelling, punctuation and grammar.

Level 3 ([7]–[8])

Candidate demonstrates good knowledge and understanding of the impact of legislation on promotion and production. Candidate correctly identifies two impacts backed up with detailed description. Candidate displays excellent accuracy in the use of spelling, punctuation and grammar.

Total

33

75