

Business Studies B

General Certificate of Secondary Education **2321/02**

Business Organisation (Higher Tier)

Mark Scheme for June 2010

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All Examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes should be read in conjunction with the published question papers and the Report on the Examination.

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Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(a)		5.1.1	Target: Application of factors of production. Capital: kiln Enterprise: business expertise Labour: potters Land: factory space.	[4]	The answers must come from the material provided so generic answers score zero. There are no alternative answers to those given, except wording in the material. There is one mark for each correct pairing.
1	(b)	(i)	5.1.3	Target: Knowledge and understanding of costs. Give one mark for an acceptable definition eg fixed costs are those costs which do not vary with output. Give one mark for an example [NOT promotion]	[2]	There are no marks for saying that fixed costs are the opposite of variable etc. For the definition it is important that they understand fixed cost, but do not expect too much. Allow 'over time'. Do not accept two examples.
1	(b)	(ii)	5.1.3	Target: Knowledge and understanding of accounts. Revenue $[650 + 120] = £770\ 000$ [1] Costs $[550 + 50 + 200] = £800\ 000$ [1] Profit = $£[770\ 000 - 800\ 000] = - [1] £30\ 000$ [1]	[4]	Give four marks for a correct answer. Give three marks for the correct figures but no minus sign. Give three marks if the answer is -£30. OFR applies. Accept (£30 000).

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
1	(c)		5.1.3/4	<p>Answers will depend on the business.</p> <p>Level 3 [4-6 marks] Candidates must offer a supported justification. At the bottom an argument for only one of the options is considered.</p> <p>Level 2 [2-3 marks] Candidates are able to offer some application and analysis. Answers that lack full coherence will be at the bottom of this level as will answers that only consider one option.</p> <p>Level 1 [1 mark] Answers show some knowledge of one option.</p>	[6]	<p>The Level eg L2 must be shown in the body of the script.</p> <p>Candidates are required to name a business. This must be a specific name and not generic eg 'the supermarket'. Failure to do so will prevent the candidate from reaching the top of each level. L3 is reserved for candidates who offer some justification.</p> <p>To reach the top there must be a consideration of both possibilities related to the business. Consideration of the second one can be brief. To show application, there must be some indication of what the business does or what the job involves.</p> <p>Answers will define/explain what one or both options mean, but there is no explanation or application. 'My business is a small one and it would be difficult for it to spend money on advertising because this would cost a lot which it could not afford and might not lead to more sales. Cutting prices would be better because this would immediately increase sales as people look for lower prices. I think that lower prices would be better and work quicker than advertising.' [L3]</p>
				TOTAL	[16]	

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(a)	(i)	5.1.2	<p>Target: Knowledge and understanding of types of organisation.</p> <p>Give one mark for the idea of one person. Give one mark for some amplification eg: unlimited liability; limited capital; keeps all the profits; complete control; great flexibility; etc.</p>	[2]	<p>Allow any valid idea. Award marks along the following lines: 'Sole traders are individuals [1] who are able to change their business if it suits them to do so1'].</p>
2	(a)	(ii)	5.1.2	<p>Give one mark for limited liability. Give one mark for cannot sell shares to the public/on the stock market or can only sell to family/friends. Give one mark for not owned by the state or owned by individuals/shareholders</p>	[2]	<p>Allow any valid point eg two points as shown opposite. Max. two</p> <p>Does not ask for differences./discuss</p>
2	(b)		5.1.3	<p>Target: Application and analysis of types of organisation.</p> <p>Candidates may mention: Sole Trader: less legal restriction; keeps profits; complete control; choose work patterns; more personal relations with staff; etc. Private Limited Company: limited liability; legal entity; continuity; more capital; etc.</p> <p>Level 2 [3-4 marks] Candidates analyse/discuss the reasons for the choice.</p> <p>Level 1 [1-2 marks] Candidates are able to apply knowledge to Sue's position.</p>	[4]	<p>Candidates may opt for either possibility. It is their ability to apply their knowledge shown in (a)(i) & (ii) that matters.</p> <p>There are no marks for knowledge.</p> <p>'Sue should remain a sole trader because she can then change what she makes according to demand [L1]. This is vital as people's tastes change and thus she needs flexibility or she would fail [L2].'</p> <p>Repetition of the answer to 2(a)(ii) is a L1 response.</p> <p>Fundamental misunderstanding of the difference will restrict the answer to L1.</p>

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(c)		5.1.6	<p>Target: Knowledge and application of management of change.</p> <p>Candidates may mention: finding suitable shareholders; fulfilling legal requirements; legal restraints; conflicting demands of shareholders; etc.</p> <p>Give one mark for the basic point plus one mark for application to Sue.</p>	[2]	<p>Allow any valid point.</p> <p>The second mark can only be awarded if the problem is related to Sue: 'Sue could face difficulties with shareholders [1] who may want to know why she has made certain decisions and be unhappy with them ie less flexible [1]'. NB 'difficulty' not disadvantage. Where the candidate has misunderstood the difference OFR can apply.</p>
2	(d)		5.1.5	<p>Target: Knowledge and application of production.</p> <p>Candidates may mention: change of equipment/cleaning; time loss; expense involved; stock holding; time constraints.</p> <p>There are two marks for knowledge. There are two marks for application.</p>	(1+1) x2 [4]	<p>Allow any valid point.</p> <p>NB must be disadvantages of batch.</p> <p>The second mark for each point must be applied to Sue.</p>
2	(e)*			<p>Target: ability to show, apply, analyse and evaluate knowledge and understanding of location.</p> <p>Candidates may mention: Factory: cannot meet this order; could be the start of further expansion/orders; easier to meet hygiene standards; more likely to get bank loans; etc.</p> <p>Home: could be a one off so too risky; probably cost a lot of money – debt; need to borrow and pay back with interest; etc.</p>		<p>Allow any valid point.</p> <p>Allow any valid idea.</p> <p>'Sue should move to the factory because she could not take this order without more room. [L1 – 2]The factory will make her business look more official so banks are more likely to lend her money. Also other firms may be impressed by the factory and start to order from her [L2 – top], but would not think she could supply them from home. [L3] The only danger is she will not get enough orders, but I think this is a small risk and she should open the factory.' [top L3]</p>

Question		Syllabus Ref	Expected Answer	Mark	Additional Guidance
2	(e)*		<p>Level 3 [5-6 marks] Candidates are able to justify their decision with a supported argument. At the bottom either the justification is very limited eg no consideration of the alternative or there is little application to Sue.</p> <p>Level 2 [3-4 marks] Candidates are able to analyse the arguments either for moving or not moving or both. At the bottom there is little application to Sue.</p> <p>Level 1 [1-2 marks] Candidates are able to offer some knowledge and application to Sue.</p>		NB answers that assume Sue is moving from a larger to a smaller factory will be limited to a max of 2 marks.
		QWC	<p>2 marks Ideas are expressed clearly, fluently, legibly and in an appropriate way. There are few errors in spelling, punctuation and grammar.</p> <p>1 mark Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer.</p> <p>0 marks Candidate fails to reach the threshold standard in all respects.</p>	[6+2]	<p>2 marks can be awarded even if an odd error is present.</p> <p>'0' should not be given unless the quality of written communication distracted from the answer ie it had to be read more than once to understand the sense.</p> <p>Answers that are given '0' for the content may still be awarded marks for QWC.</p>
			Total	[22]	

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
3	(a)		5.1.6	<p>Target: Knowledge and understanding of management.</p> <p>Managing Director: co-ordinates the activities of other directors; ultimately responsible; etc.</p> <p>Give one mark for a basic statement and one mark for development.</p>	[2]	<p>Allow any valid point.</p> <p>Development may be brief.</p> <p>‘A Managing Director is responsible for the business [1] and makes sure everyone is doing their job correctly [1].’</p>
3	(b)	(i)	5.1.2	<p>Target: Knowledge and understanding of structure of organisation.</p> <p>Hierarchy – where there are several layers of control [1] where decisions are made at higher levels [1].</p>	[2]	
3	(b)	(ii)	5.1.6	<p>Target: Ability to apply, analyse and evaluate knowledge and understanding of motivation.</p> <p>Positive: supervised thus more inclined to work; less pressure increases motivation; more chances for promotion; etc.</p> <p>But: could argue re Herzberg that motivation would be better with wider span of control re empowerment; responsibility etc.</p> <p>Level 3 [4-6 marks]</p> <p>Candidates are able to discuss whether or not a hierarchy would increase motivation. At the top there is a clear supported conclusion. Answers that only consider yes or no will be at the bottom.</p>		<p>The Level eg L2 must be shown in the body of the script.</p> <p>In L3 to go above the bottom there must be some reference to both positive and negative points although not equally.</p> <p>While candidates may refer to specific motivational theories, it is the ability to relate hierarchy to motivation which is the question so although Herzberg, in particular, is relevant there is no need to refer to him or to his specific terminology.</p> <p>‘Although a hierarchy will offer more chances of promotion, many layers reduces opportunities for decision taking at lower levels and thus offers less chances for development. A wide span of control gives greater possibilities for job.</p>

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
3	(b)	(ii)		Level 2 [2-3 marks] Candidates are able to offer application and analysis of motivation and hierarchy. Level 1 [1 mark] Candidates offer some knowledge of motivation.	[6]	There are no marks for repeating the answer to (b)(i), but if (b)(i) is wrong then OFR applies.
				TOTAL	[12]	

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
4	(a)		5.1.1	<p>Target: Knowledge and application of types of business activity.</p> <p>Give one mark for knowledge of what tertiary means eg service sector. Give one mark for application to Fedcam Trust eg it does not produce but supplies a service; education is a service; provides money/aid to help others; etc.</p>	[1]	<p>Allow any valid ideas. To gain two marks there must be application and not just a generic definition. 'Education is a service industry which is what Fedcam supports in Africa' is worth two marks.</p> <p>NB the answer must be positive re explain why.</p>
4	(b)	(i)	5.1.1	<p>Target: Knowledge and application of stakeholders.</p> <p>Possible answers include: government(s); students; their parents; their community; etc.</p> <p>Give one mark for each valid external stakeholder at least one of which must clearly be related to Fedcam's work.</p>	[2]	<p>NB External – no marks for any internal stakeholders.</p> <p>If two purely generic answers are provided eg suppliers and consumers then a max of one mark is available.</p>
4	(b)	(ii)	5.1.1	<p>Target: Knowledge and application of stakeholders.</p> <p>The answer will clearly depend on the stakeholder chosen.</p> <p>Give one mark for a basic reason and one mark for some development/application re Emma/Fedcam.</p>	[2]	<p>OFR so if internal or two generic ones given above do not penalise again.</p> <p>NB Emma is The Director ie the head of Fedcam.</p> <p>'Emma would contact the African Government [1] to seek permission to build a new school [1].'</p>

Question			Syllabus Ref	Expected Answer	Mark	Additional Guidance
4	(c)		5.1.4	<p>Target: Ability to apply, analyse and evaluate market research.</p> <p>The answer will depend on the business concerned.</p> <p>Candidates are likely to refer to: increased sales; consumer perception; market knowledge; better budgeting; etc.</p> <p>Cost too much; divert resources; take too much time; etc.</p> <p>Level 3 [4-6 marks] Candidates are able to discuss whether or not the business would benefit and either how or why not. At the top either the benefits. Answers that show good two sided analysis, but fail to reach a supported conclusion can gain the bottom of the level.</p> <p>Level 2 [2-3 marks] Candidates are able to offer application and analysis of one or more methods of market research.</p> <p>Level 1 [1 mark] Candidates offer some knowledge of market research.</p>	[6]	<p>The Level eg L2 must be shown in the body of the script.</p> <p>Candidates are required to name a business. This must be a specific name and not generic eg 'the supermarket'. Failure to do so will prevent the candidate from reaching the top of each level.</p> <p>In L3 to go above the bottom there must be some consideration of at least two methods.</p> <p>Answers couched solely in primary/secondary terms – max. five marks.</p> <p>A good discussion which considers only one method eg questionnaires looking at advantages and disadvantages will achieve four marks.</p> <p>'Corich could give their customers questionnaires which would find out what they think and what they would like from them [L2]. The return rate, however is low. Interviews would get more direct feedback, but take time and cost more money and customers may not want to spend time.</p> <p>Observation of customers' reactions would be possible, but this requires trained people and might not tell you what you need and is not really suitable. Corich should use questionnaires because they are cheap and although they would not get them all back there should be enough to provide useful information.' [top L3].</p> <p>To reach three marks at least one of the methods must be relevant for the business.</p> <p>An example would be 'interviews involve asking people oral questions'.</p>
				Total	[12]	
				Total	[60]	

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