

Applied Business

General Certificate of Secondary Education

Unit **A241**: Business in Action

Mark Scheme for January 2013

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This mark scheme is published as an aid to teachers and students, to indicate the requirements of the examination. It shows the basis on which marks were awarded by examiners. It does not indicate the details of the discussions which took place at an examiners' meeting before marking commenced.

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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Annotations

Annotation	Meaning
	Unclear
	Benefit of doubt
	Context
	Level 1
	Level 2
	Level 3
	Not answered question
	Repeat
	Noted but no credit given
	Too vague
	Tick
	Development of point
	Own figure rule
	Cross

Subject-specific Marking Instructions**Application marks (AO2)**

Application marks are available for **application of knowledge**. The application marks would be gained by explaining how a business may react, the implications of a theoretical suggestion or reasons why it is a good/bad idea. Context is **not** needed.

Application marks are also awarded if the candidate **applies their knowledge in the context** of the case study business or their chosen business. It will be clear in the question to which business they should refer. On occasion candidates may be asked to apply their answer to a business 'such as' (usually then naming the case study business), this allows the candidates to apply their knowledge in the context of a similar business. The business could be similar in terms of ownership, size of the business, sector in which it operates or the service it provides/ products it produces.

The mark scheme will clearly show whether the application marks are for application in context or application of knowledge.

10 mark questions

Level 1 marks are awarded for showing knowledge.

Level 2 marks are awarded for application and are now split into 3–4 marks and 5–6 marks.

3–4 marks – Application marks are available for **application of knowledge**. The application marks would be gained by explaining how a business may react, the implications of their theoretical suggestion or reasons why it is a good/bad idea. Context is not needed.

5–6 marks are awarded if the candidate **applies their knowledge in the context** of the case study business or their chosen business. Specific guidance will be given within the mark scheme as to what is needed to access five marks.

It must be clear that the candidate is applying their answer to the case study business or a business they have studied to move above Level 2 four marks. An applied answer can go straight to L2 as it is not expected that the candidate includes theory in their answer.

Start by checking the candidate's answer for context. Once you have found context in the answer then it can gain at least five marks. Context only has to be hit once to reach this level (Level 2 descriptor also has to be met to reach Level 2).

Level 3 marks are awarded for analysis and evaluation. The candidate has to have previously correctly applied their knowledge in the context of the case study in order to achieve Level 3.

7–8 marks are awarded for analysis based on previous application in context.

9–10 marks are awarded for evaluation based on previous analysis.

Quality of Written Communication (QWC)

Questions 1f, 2b and 3d have QWC embedded in the levels. Below are the full descriptors for requirements to meet the level with regard to QWC.

Level 3 – Candidate shows ability to present relevant material in a well planned and logical sequence. Material is clearly structured using appropriate industry terminology confidently and accurately. Sentences, consistently relevant, are well structured in a way which directly answers the question. There will be few, if any, errors of grammar, punctuation and spelling.

Level 2 – Candidate shows ability to present relevant material in a planned and logical sequence. Appropriate industry terminology is used. Sentences, for the most part, are presented in a balanced, logical and coherent manner which addresses the question. There will be occasional errors of grammar, punctuation and spelling.

Level 1 – Candidate shows ability to communicate at least one point using some appropriate industry terminology. Sentences have limited coherence and structure, often being of doubtful relevance to the main focus of the question. Errors of grammar, punctuation and spelling may be noticeable and intrusive.

Question		Answer	Marks	Guidance
1	(a)	Private limited company.	1	Annotations ✓ or ✗ Accept no alternatives. Limited on its own is not acceptable. Private Ltd company is not acceptable.
	(b)	Possible responses may include: <ul style="list-style-type: none"> • Tertiary (sector) • Transport/delivery/haulage/distribution. • Offering a service 	1	Annotations ✓ or ✗ Do not allow - supplying
	(c) (i)	Possible responses may include: <ul style="list-style-type: none"> • survival • provide a service/delivery service • profit/make money • becoming locally well-known (not well-known on its own, the local aspect is important) • break even. 	1	Annotations ✓ or ✗ Allow a more detailed aim that might sound more like an objective. Must be a realistic aim for starting up a business. Do not allow expansion/growth
	(ii)	Possible responses may include: <ul style="list-style-type: none"> • expansion/growth • make a profit • diversify. 	1	Must be different from 1(c)(i). Allow a more detailed aim that might sound more like an objective. Must be realistic based on the information in the context.
	(d)	Possible responses may include: <ul style="list-style-type: none"> • A mission statement gives MD Transport Ltd something to aspire to (1) so that all the employees are trying to hard work to reach this goal (1). It sets out a vision for MD Transport Ltd (1) so that all employees know what the ultimate goal of the business is (1). 	4	Annotations ✓ ✓+ or ✗ This is marked on a points basis, up to 4 separate points can be awarded. Development marks can be awarded for application of knowledge. Note the question asks why a mission statement is important not for a description of it.

Question		Answer	Marks	Guidance										
	(e)	One mark for correct identification: <table border="1"> <thead> <tr> <th>Functional area</th> <th>Task</th> </tr> </thead> <tbody> <tr> <td>Finance</td> <td>Keeping records of all accounts</td> </tr> <tr> <td>Administration/ICT</td> <td>In charge of reception area</td> </tr> <tr> <td>Human resources</td> <td>Ensuring all employees are trained</td> </tr> <tr> <td>Marketing</td> <td>Deciding on methods of promotion</td> </tr> </tbody> </table>	Functional area	Task	Finance	Keeping records of all accounts	Administration/ICT	In charge of reception area	Human resources	Ensuring all employees are trained	Marketing	Deciding on methods of promotion	4	Annotations ✓ or ✗
Functional area	Task													
Finance	Keeping records of all accounts													
Administration/ICT	In charge of reception area													
Human resources	Ensuring all employees are trained													
Marketing	Deciding on methods of promotion													

Question	Answer	Marks	Guidance
(f)*	<p>Candidates are not required to discuss the tasks within the functional areas or the role of these areas. The candidate may answer from the angle of, for example, the marketing department not working with the finance department. Some candidates may write about the consequences to each functional area if that area does not operate efficiently – apply the same level descriptors.</p> <p>Consequences could include:</p> <ul style="list-style-type: none"> • lack of communication • repetition of tasks/tasks not completed by any department • lack of co-ordination • lack of motivation • loss of customers if customer service is inefficient • poor cash flow • recruitment issues • importance of operating efficiently – getting the job done, avoiding repetition • profits/losses for owners/shareholders • meaning of efficient operation in relation to the business studied – apply to what that business does. <p>*Quality of written communication is embedded into the level descriptors – see page 6.</p> <p>Level 3 (7–10 marks) Candidate makes reasoned judgements and presents appropriate conclusions about the likely consequences to their named business if the functional areas do not operate efficiently.</p> <p>Level 2 (5–6 marks) Candidate applies knowledge of likely consequences to their named business if the functional areas do not operate efficiently.</p>	10	<p>Annotations L1, L2, L3, CONT, ✓+ (use this annotation when decision has been made).</p> <p>Context – showing understanding of the activities within functional areas in their chosen business, valid references to the activities of the business.</p> <p>Level 3 – Must be in context 7 marks – one consequence analysed. 8 marks – minimum two different consequences analysed. Analysis must be different for each consequence. 9 marks – makes decision/judgement based on previous analysis. Needs to have correctly analysed the consequence (not the functional area) they have chosen and one other different consequence. 10 marks – makes decision and fully justified. Give reasons why other consequence(s) will not have as big an impact. Max 8 marks if candidate makes a decision based on analysis of their chosen consequence with no analysis of rejected one(s). Analysis is of the consequence and not the functional areas.</p> <p>Level 2 3 marks – explanation of one consequence (no development). 4 marks – an explanation of two consequences or one consequence developed. 5 marks – minimum two consequences need explaining in context or one consequence needs developing in context. 6 marks – minimum two consequences need to be developed in context. Beware repetition of consequences.</p>

Question	Answer	Marks	Guidance
	<p>(3–4 marks) Candidate applies knowledge of likely consequences to a business if the functional areas do not operate efficiently. No context required.</p> <p>Level 1 (1–2 marks) Candidate identifies likely consequences to a business if the functional areas do not operate efficiently.</p> <p>Exemplar response: Name of business: Debenhams Activity of business: High street retailer</p> <p>I visited my local Debenhams and found that it has many different functional areas behind the scenes running the store. If the buying department does not operate efficiently then there will not be enough clothes on the shop floor for people to buy (L1). This will mean that Debenhams will lose customers and money (L2). The human resources department needs to work with all other departments to make sure that there are enough employees in each department (L1). If this did not happen then departments could be short staffed (L1) and if customer service was not good enough the business may lose customers (L2).</p> <p>Everyone needs training so that they do not lose the store money by doing something wrong (L2). This is up to the training department to get right. If the functional areas do not operate efficiently, then the business will lose customers and money because there are a lot of other shops people can go to on the high street (L3). The most important consequence is that it will lose customers, this is because if it loses customers it is also likely to lose money as well (L3).</p>		<p>Level 1 1 mark – identifies consequence of functional areas not operating efficiently. 2 marks – identifies more than one consequence of functional areas not operating efficiently.</p>

Question			Answer	Marks	Guidance
2	(a)	(i)	<p>One mark for each identification, plus one development mark for each explanation. Possible responses may include:</p> <ul style="list-style-type: none"> • Customers can make their bookings 24/7 (1) so MD Transport Ltd will not lose a booking if there isn't anyone there to answer the phone (1) • All of the information about the booking will be on the system (1) so MDT Ltd does not then have to type it all out again (1). 	4	<p>Annotations ✓ ✓+ or ✗</p> <p>Development marks awarded for application of knowledge of a booking system not the internet in general.</p> <p>Quick and easy on its own is not acceptable.</p> <p>Allow any comparison to a paper-based or manual system. Allow assumption that booking over the internet is now the only way in which customers can book.</p> <p>The question asks about the benefits to MDT Ltd and not the customer.</p>
		(ii)	<p>One mark for each identification, plus one development mark for each explanation. Possible responses may include:</p> <ul style="list-style-type: none"> • There is not someone checking that the booking can be made (1) so MDT Ltd might let the customer down as there is not a lorry available (1). • Not everyone has a computer (1) so MDT Ltd might lose customers who now have no way of booking (1). 	4	<p>Annotations ✓ ✓+ or ✗</p> <p>Development marks awarded for application of knowledge.</p> <p>Note – this computer booking system is already set-up. Do not award for costs etc of setting up the internet booking system.</p> <p>The question asks about drawbacks to MDT Ltd and not the customer.</p> <p>Allow assumption that the computer is now the only way to book. (eg: if the computer system is down customers cannot book).</p>

Question	Answer	Marks	Guidance
(b)*	<p>Indicative content:</p> <ul style="list-style-type: none"> • buying different sized lorries costs money, need to do research to see if demand • buying refrigerated lorries costly and entering a new market – research • need for new ICT to take bookings over Internet? • training costs, set up costs • cost benefit analysis of each option • decision which way would offer most benefits. <p>*Quality of written communication is embedded into the level descriptors – see page 6.</p> <p>Level 3 (7–10 marks) Candidate makes reasoned judgements and presents appropriate conclusions about which option would offer the most benefits to MDT Ltd. Candidate may analyse the costs of an option, saying there are no benefits.</p> <p>Level 2 (5–6 marks) Candidate applies knowledge about the possible benefits to MDT Ltd of the three options.</p> <p>(3–4 marks) Candidate applies knowledge about the possible benefits of operating in an enterprising way.</p> <p>Level 1 (1–2 marks) Candidate identifies possible benefits of operating in an enterprising way.</p> <p>Exemplar response: Operating in an enterprising way can mean more profit as you get more customers (L1). If MDT Ltd buys the refrigerated lorries then it is taking a risk because it does not know if its customers will need these lorries (L2).</p>	10	<p>Annotations L1, L2, L3, CONT, ✓+ (use this annotation when decision has been made).</p> <p>Context – aspects of the options the candidate is discussing. Not just copying from the stem of the question.</p> <p>Level 3 – Must be in context 7 marks – benefit(s) one option analysed. 8 marks – benefits of a minimum of two options analysed. 9 marks – makes decision/judgement based on previous analysis of at least two options. Needs to have correctly analysed the benefit(s) of the option they have chosen. 10 marks – makes decision and fully justified (explaining why they have rejected the other options) the benefits of all three options analysed. Evaluating which option would give MD T Ltd the most benefits. Max 8 marks if candidate makes a decision based on analysis of the benefits of their chosen option with no analysis of rejected one(s).</p> <p>Level 2 3 marks – explanation of one benefit (no development). 4 marks – an explanation of two benefits or one benefit developed. 5 marks – minimum two benefits need explaining in context or one option needs developing in context. 6 marks – minimum two benefits need to be developed in context.</p> <p>Level 1 1 mark – identifies benefits of operating in an enterprising way. 2 marks – shows some development of knowledge of operating in an enterprising way.</p>

Question	Answer	Marks	Guidance
	<p>This might mean that to make a profit MDT Ltd has to advertise to try to get new customers (L3). MDT Ltd needs to do some research first to see how many of its customers would use these lorries. If there is a big demand then it could see an increase in sales and profits (L2).</p> <p>MDT Ltd employees might be motivated to work harder (L1) as they have new things to get involved in (L2). Running Internet bookings should increase the number of bookings MDT Ltd can take (L2) as the customer does not have to wait for someone to answer the phone and this should increase profits (L3).</p> <p>It will cost MDT Ltd a lot of money to buy different sized lorries (L1) and if it has not done enough research then it might not need these lorries as customers do not want to use them (L2). They could end up parked in the depot which would be wasting money for MDT Ltd (L3).</p> <p>If the Internet means that customers are happy with the service then MDT Ltd should gain a good reputation (L2) which will bring in more customers (L3). This would therefore have the biggest impact on MDT Ltd (L3).</p>		
(c)	<p>(i) One mark for each identification, plus one development mark for each explanation.</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • Luxury Cottages got all of its cottages registered with Visit Wales (1). This meant it could increase the cost of a holiday as everyone recognised the higher standards (1) • Luxury Cottages extended the hours which it has employees answering the telephones (1) this should increase its bookings as most people want to book a holiday in the evening after they have come home from work (1). 	4	<p>Annotations ✓ ✓+ or *</p> <p>If no business named, max 1 per way unless the candidate has named the business in their answer.</p> <p>Descriptive marks awarded for application in context. Allow changes which have already taken place as long as they are changes to business practices.</p> <p>Credit answers where candidate describes 'how' or 'why' the way will make the business more successful.</p> <p>Beware repetition – development marks must be different.</p>

Question	Answer	Marks	Guidance
	<p>(ii) One mark for each identification, plus one development mark for each explanation.</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • If it did not get the cottages rated, Luxury Cottages could lose out to its competitors (1) because nowadays everyone wants to know how good a cottage is (1) • If its opening hours had stayed at 9–5, customers would not be able to book after work (1). Luxury Cottages could have some cottages not filled because of this (1). 	4	<p>Annotations ✓ ✓+ or ✗</p> <p>Development marks awarded for application of knowledge.</p> <p>Check that the candidate has used the business named in 2(c)(i). This question is asking for the consequences of not making changes. Context is not needed.</p> <p>Beware repetition – consequences must be different.</p>

Question		Answer	Marks	Guidance
3	(a)	<p>Basic definition (1) full definition (2). For two marks the answer must mention the future.</p> <p>Development which meets the needs of the present (1) without compromising the ability of future generations to meet their own needs (1).</p>	2	Annotations ✓ or ✗
	(b)	<p>One mark for each correct identification:</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • buying lorries which run on bio fuel or equivalent • putting solar panels on the roof of the office/fit energy efficient lightbulbs/wind turbines • becoming carbon neutral • replacing/replanting any spoilt natural environment • not wasting building materials/recycling unused materials. 	2	<p>Annotations ✓ or ✗</p> <p>Must relate to expanding their business, not just a change in practice, therefore do not accept – turning off lights, recycling etc.</p> <p>Beware of repetition.</p>
	(c)	<p>One mark for each correct identification:</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • employees • owners/shareholders • employers/managers • customers • local community • pressure groups/trade unions • government • banks/financiers/investors • suppliers. 	3	<p>Annotations ✓ or ✗</p> <p>Beware of repetition.</p> <p>Examples acceptable.</p>

Question	Answer	Marks	Guidance
(d)*	<p>Indicative content:</p> <ul style="list-style-type: none"> • employees – want to keep their jobs, do not like change, change of role • shareholders – want dividends, not all of the profits ploughed back into the business • employers/managers – want to make sure their jobs are safe and that the owners are listening to their needs. • Customers – need to be asked if they want what MDT Ltd is proposing • Local community – peace and quiet but also jobs • Pressure groups/trade unions – campaign to stop lorries, protect employees' rights • Government – extra tax from profits, make sure MDT Ltd works within the law • Conflict between Malcolm and other shareholders. <p>*Quality of written communication is embedded into the level descriptors – see page 6.</p> <p>Level 3 (7–10 marks) Candidate makes reasoned judgements and presents appropriate conclusions about the consequences to MDT Ltd of not listening to its stakeholder groups.</p> <p>Level 2 (5–6 marks) Candidate applies knowledge about the consequences to MDT Ltd of not listening to its stakeholder groups.</p> <p>(3–4 marks) Candidate applies knowledge about the consequences to a business of not listening to its stakeholder groups.</p>	10	<p>Annotations L1, L2, L3, CONT, ✓+ (use this annotation when decision has been made).</p> <p>Context – the expansion as outlined in Text 3</p> <p>The question is about the consequences to MDT Ltd of NOT listening to stakeholder groups. Candidates do not need to write about a range of stakeholder groups.</p> <p>Level 3 – Must be in context 7 marks – one consequence analysed. 8 marks – minimum two consequences analysed. 9 marks – makes decision/judgement based on previous analysis of which consequence will have the biggest impact on MDT Ltd. Needs to have correctly analysed the consequence they have chosen. 10 marks – makes decision about which consequence will have the biggest impact on MDT Ltd and fully justified. The consequences must be ranged – why other(s) do not have as big an impact.</p> <p>Level 2 3 marks – explanation of one consequence (no development). 4 marks – an explanation of two consequences or one consequence developed. 5 marks – minimum two consequences need explaining in context or one consequence needs developing in context. 6 marks – minimum two consequences need to be developed in context.</p>

Question	Answer	Marks	Guidance
	<p>Level 1 (1–2 marks) Candidate identifies consequences to a business of not listening to its stakeholder groups.</p> <p>MDT Ltd has many different stakeholder groups and they will all want different things. The employees will want job security and a good working environment and good pay. If MDT Ltd does not give this, then employees won't be happy and might leave (L2).</p> <p>When MDT Ltd is trying to expand, it is not good to have a lot of staff leaving because it has to keep training new ones and this can cost a lot of money (L3). The business needs continuity. The shareholders will want to receive a big dividend rather than have all the profits put into the expansion. If the shareholders no longer get a big dividend they might sell their shares (L2). This could make MDT Ltd look bad and people lose confidence in the business (L2). The local community will want jobs from MDT Ltd but not a lot of noise or pollution from a lot more lorries. If the local community complains, MDT Ltd must listen because a pressure group could be established which may generate bad publicity for MDT Ltd (L2). If MDT Ltd does not listen to its customers it might expand the business in a way that the customers don't want or need (L2) and this could end up losing MDT Ltd more money (L3).</p>		<p>Level 1 1 mark – identifies consequence not listening to stakeholder groups. 2 marks – identifies consequences of not listening to stakeholder groups.</p>

Question		Answer	Marks	Guidance
4	(a)	<p>One mark for each identification:</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • working on new projects/taking on additional work • being flexible in terms of their job • employees accept an invitation to become shareholders • good team work • getting friends and family to become customers/recommend to other people • employees could undertake research. 	2	<p>Annotations ✓ or ✗</p> <p>Do not accept responses relating to new ideas/suggestion schemes OR ways which are standard employee practice (eg: doing overtime, working hard).</p> <p>Note – question asks about employee not employer</p>
	(b)	<p>This is marked on a points basis; up to 4 separate points can be awarded.</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • they are able to help more people overseas (1) as MDT Ltd is doing this for free. The charity can recommend MDT Ltd (1) so it gets more paying customers (1). MDT Ltd will gain a good reputation (1). 	4	<p>Annotations ✓ ✓+ or ✗</p> <p>Development marks may be awarded for application of knowledge.</p> <p>Benefit to MDT Ltd not the charity.</p>
	(c)	<p>Possible responses may include:</p> <ul style="list-style-type: none"> • to raise awareness • to raise money • provide a service • to campaign. 	1	<p>Annotations ✓ or ✗</p> <p>A charity does not have to be named.</p> <p>Do not allow – profit on it own.</p> <p>Allow longer aims which might seem more like an objective.</p>

Question	Answer	Marks	Guidance
(d)	<p>One mark for each identification, plus one development mark for each explanation.</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • With an increase in interest rates any loan which MDT Ltd had to get to pay for the expansion would be more expensive (1) so it would be harder for them to afford to pay it back (1) • Its customers will be encouraged to save as the return on their investment is higher (1) so MDT Ltd might have fewer customers as they are saving rather than spending (1). 	4	<p>Annotations ✓ ✓+ or ✗</p> <p>Development marks awarded for application of knowledge. It must be realistic to the opening of the depot in the North of England.</p> <p>Question is asking for two impacts on MDT Ltd's decision to open another depot.</p> <p>Beware of repetition of development.</p>
(e)	<p>One mark for each identification, plus one development mark for each explanation.</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • MDT Ltd will have to decide in which country to buy its fuel (1) as it may be cheaper to buy in France if the exchange rate has changed (1) • It will need to decide whether to charge European customers in pounds or euros (1) because as the exchange rate changes it could lose out if it said the wrong currency (1). • Lack of understanding of exchange rates (1) could mean that costly business decisions are made (1). 	4	<p>Annotations ✓ ✓+ or ✗</p> <p>Development marks awarded for application of knowledge.</p> <p>Question is asking for two impacts on MDT Ltd.</p> <p>Beware of repetition and using the reverse argument for the second way.</p> <p>Remember SPICED</p>

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