



Rewarding Learning

General Certificate of Secondary Education

Business Studies

Unit 1

Starting a Business

[GBU11]

Assessment

**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) AO1

This type of business ownership allows others to trade under its name	Franchise
This type of business exists to fulfil social and environmental outputs	Social Enterprise

[1] each for correct identification [2]

(b) AO1

Explain one reason why a business starts.

- A person has a good idea/hobby or interest for a product which they think will sell
- A person wishes to be independent and be their own boss rather than work for someone else
- A person wants to make money and keep the profits for themselves to increase their standard of living
- A person needs a job and starting a business keeps them from being unemployed
- A person needs the buzz and satisfaction which their own business will give them
- A person wishes to provide a service that is required by their local community

Valid alternative responses will be credited

[1] mark for brief explanation

[2] marks for full explanation [2]

AVAILABLE
MARKS

(c) AO1, AO2, AO3

Identify and explain two entrepreneurial characteristics needed for business success.

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Characteristic	Explanation
Risk taker	They will take risks relating to money invested in the business and calculated risks when making decisions
Creativity	They will come up with original ideas and have vision of how to stay ahead of the competition
Independence	They need to make decisions and work long hours
Self confidence	They will have passion and belief in what they are doing in order to be really successful
Leadership	They will need to guide, lead and motivate their workers to ensure a happy and good business
Determination	They need not to be discouraged by set backs and understand they need to try again

Valid alternative responses will be credited

[1] mark for identifying one entrepreneurial characteristic

[2] marks for identifying two entrepreneurial characteristics or explaining one entrepreneurial characteristic

[3] marks for identifying and fully explaining one entrepreneurial characteristic or for identifying two entrepreneurial characteristics and briefly explaining one

[4] marks for identifying two entrepreneurial characteristics and fully explaining one entrepreneurial characteristic or for briefly explaining two entrepreneurial characteristics

[5] marks for identifying and fully explaining one entrepreneurial characteristic and briefly explaining the second entrepreneurial characteristic

[6] marks for identifying and fully explaining two entrepreneurial characteristics

[6]

(d) AO1

Identify two business aims.

- Survival
- Profit
- Growth
- Corporate image
- Concern for environment
- Social responsibility

Valid alternative responses will be credited

[1] mark for each aim correctly identified

[2]

(e) AO2

Explain one reason why aims and objectives are helpful to a business.

- They define what the business is about and what the business aspires to
- They set direction and targets for the business to achieve to ensure survival/success
- They act as a standard against which the business can compare its progress

Valid alternative responses will be credited

[1] mark for brief explanation

[2] marks for full explanation

[2]

(f) AO1, AO3

Discuss one advantage and one disadvantage of setting up a business as a private limited company.

Discussion of one advantage and one disadvantage:

- The amount of capital is greater as shares can be sold to family and friends
- It has limited liability which means debts cannot extend to personal possessions
- There are opportunities for specialisation and division of labour
- It can start to benefit from economies of scale and reduce its average costs
- It is controlled by a Board of Directors who are usually the owners so control remains in the family
- It is easier to get a loan from the bank as the business has less risk
- Financial information no longer remains private as some of the accounts of the business have to be made public
- Shares are not available to the public so the share capital is limited
- It is a longer more costly process to form a limited company as documentation is required

Valid alternative responses will be credited

[1] mark for identifying either one advantage or one disadvantage

[2] marks for full discussion of one advantage or one disadvantage or for identifying one advantage and one disadvantage

[3] marks for identifying one advantage/disadvantage and full discussion of one advantage/disadvantage

[4] marks for full discussion of one advantage and one disadvantage

[4]

(g) AO3

Analyse two ways a Public Limited Company and a Private Limited Company differ in terms of ownership and control.

Analysis of two differences:

- A private limited company is owned by family and friends whereas the shareholders in the public limited company are members of the public
- The private limited company will normally have shareholders that run the company on the Board whereas the public limited company is controlled by the Board on behalf of the shareholders

Valid alternative responses will be credited

[1] mark for identifying one difference in ownership or control

[2] marks for analysing one difference in ownership or control or for identifying two differences

[3] marks for identifying two differences in ownership and control and analysing one

[4] marks for fully analysing two differences in ownership and control [4]

(h) AO1, AO2, AO3

Identify two different business stakeholders and using examples explain their interest.

Stakeholder [1]	Interest [3]
Owners/ shareholders	<ul style="list-style-type: none">• Have the greatest interest• They have invested the money and want the business to succeed• They will be rewarded with profit
Directors	<ul style="list-style-type: none">• They control the business and make many decisions on behalf of the business• They want the business to do well in order to gain more salary or fringe benefits• In an Ltd the directors may also be shareholders
Managers/ employees	<ul style="list-style-type: none">• They are interested in good working conditions and opportunities• They want the business to do well to ensure a good salary and job security
Producers	<ul style="list-style-type: none">• Want their customers to succeed in business so that they continue to supply the raw materials• They want to ensure high levels of sales and revenues to increase profits
Consumers	<ul style="list-style-type: none">• They want many businesses to succeed to increase their choice• They also want value for money and good quality products, effective customer service and after sales service
Lenders	<ul style="list-style-type: none">• They want the business to succeed to ensure that the money borrowed can be repaid• They will be interested in many different types of businesses and will set different rates of interest for loans
Pressure Groups	<ul style="list-style-type: none">• Such as Trade Union will want the business to do well to negotiate increased pay and conditions for members
Community	<ul style="list-style-type: none">• Local community would be interested in business' success as it creates employment

Valid alternative responses will be credited.

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Level 1 ([1]–[3] marks)

Candidate demonstrates basic knowledge and understanding of stakeholders and their interest. Candidate can identify one or two stakeholders and partially explains the interest. Quality of written communication is basic.

Level 2 ([4]–[6] marks)

Candidate demonstrates adequate knowledge and understanding of stakeholders and their interest. Candidate identifies one or two stakeholders and correctly explains the interest. Quality of written communication is good.

Level 3 ([7]–[8] marks)

Candidate demonstrates good knowledge and understanding of stakeholders and their interest. Candidate identifies two stakeholders and fully explains the interest. Quality of written communication is excellent.

[8]

AVAILABLE
MARKS

30

2 (a) AO1

Explain the term marketing mix.

- All the key activities that are used in marketing a firm's goods and services and include product, price, place and promotion

Valid alternative responses will be credited

[1] mark for brief explanation

[2] marks for full explanation

[2]

(b) AO1, AO3

Analyse the impact that competition might have on any two elements of the marketing mix.

Element [1]	Impact [2]
Price	If there is a lot of competition the firm might have to reduce the price of the product to encourage sales. Alternatively if the product is unique they could still price it higher than the competition.
Place	High competition could lead to a business thinking of new ways to distribute, e.g. through vending machines, etc. or they might just want to increase their distribution network. They could also use the internet to increase sales and widen distribution.
Product	High levels of competition will lead to extension strategies such as new product development or existing products being released in different colours. It means the business might have to invest heavily on research and development.
Promotion	High competition will mean extensive use of sales promotion such as BOGOF, 20% extra or increased advertising. This will cost the company a lot of money but should lead to increased sales and market share.

Valid alternative responses will be credited

[1] mark for identifying one element of the marketing mix

[2] marks for identifying two elements of the marketing mix or briefly explaining one element of the marketing mix and its impact

[3] marks for identifying and fully explaining one element of the marketing mix and its impact or for identifying two elements of the marketing mix and briefly explaining one impact

[4] marks for identifying two elements of the marketing mix and their impact and fully explaining one element of the marketing mix and its impact or for briefly explaining two elements of the marketing mix and their impact

[5] marks for identifying and fully explaining one element of the marketing mix and briefly explaining the second element of the marketing mix

[6] marks for identifying and fully explaining two elements of the marketing mix and their impact

[6]

(c) AO1

Explain the term m-business.

- M-business refers to new business services using mobile technology to engage and communicate with customers

Valid alternative answers will be credited

[1] mark for brief explanation

[2] marks for fully explaining

[2]

(d) AO1, AO3

Explain one advantage and one disadvantage of m-business.

Advantage	Disadvantage
Business can communicate immediately with their customers wherever they are	Cost – investment might be needed in new hardware or new staff, training etc.
Businesses can develop new services that are more convenient for customers leading to increased sales	Security – business must take measures to ensure safety of personal information held on customers
Business can reduce business costs, e.g. mobile ticketing leading to increased profit	New competition – they will need to adapt quickly to new innovations from competitors

Valid alternative answers will be credited

[1] mark for identifying one advantage/disadvantage of m-business

[2] marks for explaining one advantage/disadvantage of m-business or for identifying one advantage and one disadvantage

[3] marks for explaining one advantage/disadvantage and for identifying a second advantage/disadvantage

[4] marks for fully explaining one advantage and one disadvantage of m-business.

[4]

(e) AO2

Explain two ways social media could be used to promote DJ Games Ltd.

- They could develop a web page and provide customers with information on products and prices
- They could advertise on social media such as Facebook, Twitter etc.
- They could run on-line competitions to attract and inform customers

Valid alternative answers will be credited

[1] mark for identifying one use of social media in promotion

[2] marks for explaining one use of social media in promotion or for identifying two uses

[3] marks for identifying two uses of social media in promotion and for explaining one fully

[4] marks for fully explaining two uses of social media in promotion

[4]

(f) AO1, AO2, AO3

DJ Games Ltd is thinking of sponsorship as a method of promoting its business. Evaluate sponsorship as a method of promotion for DJ Games Ltd.

Discussion of one advantage and one disadvantage of sponsorship and a final judgement.

- Will help increase public awareness and increase sales
- Will help develop the brand and increase corporate image
- May gain competitive advantage over competitors and increase market share
- Shows that the business is involved in the community and could increase sales
- Cost involved in sponsorship will have an impact on profit
- If the team or celebrity behaves inappropriately it could have negative impact on the corporate image

Valid alternative answers will be credited

[1] mark for identifying one advantage or one disadvantage

[2] marks for full discussion of one advantage or one disadvantage

[3] marks for identifying one advantage and one disadvantage and giving a final judgement or for full discussion of one advantage/disadvantage with final judgement

[4] marks for full discussion of one advantage/disadvantage and identifying one advantage/disadvantage and giving final judgment

[5] marks for full discussion of one advantage and one disadvantage and giving a final judgement [5]

(g) (i) AO1, AO2

Explain the term competitor based pricing.

- This is when a business charges the same or similar prices as their competitors

Valid alternative answers will be credited

[1] mark for some explanation of competitor based pricing identifying one advantage or one disadvantage

[2] marks for full explanation of competitor based pricing of one advantage or one disadvantage [2]

(ii) AO1, AO2, AO3

Evaluate competitor based pricing as the most suitable pricing policy for DJ Games Ltd.

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Advantages	Disadvantages
<ul style="list-style-type: none">• Ensures the business is keeping up with competitors• Essential in a highly competitive market, e.g. games• This pricing strategy appeals to customers and therefore can help increase sales• Keeps the business on their toes and up to date with the competitors	<ul style="list-style-type: none">• Time to research all the prices of the competitors• Prices always changing as usually operates in a highly competitive market• Cost involved in recruiting staff to monitor and control prices• Lost opportunities of skimming some product lines

Valid alternative answers will be credited

[1] mark for identifying one advantage or one disadvantage

[2] marks for full discussion of one advantage or one disadvantage

[3] marks for identifying one advantage and one disadvantage and giving a final judgement or for full discussion of one advantage/disadvantage with final judgement

[4] marks for full discussion of one advantage/disadvantage and identifying one advantage/disadvantage and giving final judgment

[5] marks for full discussion of one advantage and one disadvantage and giving a final judgement

[5]

30

3 (a) AO1

Classify the following businesses according to their type of production.

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Business	Type of production
Tesco plc	Tertiary
Tayto Ltd	Secondary
BP Oil extraction	Primary

[1] each for correct identification

[3]

(b) AO1, AO2, AO3

Identify the method of manufacturing used by Tommy Jones plc and explain one advantage and one disadvantage of this for the business.

- Batch

[1] mark for correct method

[1]

Explanation of one advantage and one disadvantage:

- Workers can specialise to some degree helping to increase quality
- Labour costs are reduced thus reducing final price and increasing sales
- Machinery can be used which increases output
- A variety of different products can be manufactured
- The work can be less interesting compared to job manufacturing
- More space may be required for the machinery
- Machines have to be reset between batches which results in down time

Valid alternative answers will be credited

[1] mark for identifying one advantage/disadvantage of batch manufacturing

[2] marks for explaining one advantage/disadvantage of batch manufacturing or for identifying one advantage and one disadvantage

[3] marks for explaining one advantage/disadvantage of batch manufacturing and for identifying another

[4] marks for fully explaining one advantage and one disadvantage of batch manufacturing

[4]

(c) AO1, AO2, AO3

Identify this method of stock control and discuss one advantage and one disadvantage for the business.

- Just in time

[1] mark for correct method

[1]

Explanation of one advantage and one disadvantage:

- Capital is effectively used as less storage space is required
- If faults occur in supplies the business will not have a large number of faulty items
- There is reduced waste by not having excess inventory
- The finished product should be cheaper for the customer leading to increased sales
- The business is very dependent on having a very efficient ordering system
- Output may be halted if the wrong goods are delivered
- It puts pressure on suppliers who have to deliver on time and they must work closely with the business

Valid alternative answers will be credited

[1] mark for identifying one advantage/disadvantage of JIT

[2] marks for explaining one advantage/disadvantage of JIT or for identifying one advantage and one disadvantage

[3] marks for explaining one advantage/disadvantage of JIT and for identifying another

[4] marks for fully explaining one advantage and one disadvantage of JIT [4]

(d) AO1, AO2, AO3

Evaluate the impact of technology on manufacturing for Tommy Jones plc.

One advantage and one disadvantage from the following:

- Can ensure good quality as product can be made to a higher standard
- Communication will be faster throughout the business functions
- Allows for the development of new techniques and new products
- Increased output and overall efficiency can lead to higher profit level
- Machinery can be expensive to buy and may require funding
- New machinery means staff have to be trained which costs money and time
- Machinery and computers need to be maintained
- Machine/computer breakdowns can lead to delays for customers
- Possible employee redundancies

Valid alternative answers will be credited

[1] mark for identifying one advantage or one disadvantage of technology

[2] marks for full discussion on one advantage or one disadvantage of technology

[3] marks for identifying one advantage and one disadvantage and giving a final judgement or for full discussion of one advantage/disadvantage with final judgement

[4] marks for full discussion of one advantage/disadvantage and identifying one advantage/disadvantage and giving final judgment

[5] marks for full discussion of one advantage and one disadvantage and giving a final judgement [5]

(e) AO2, AO3

Discuss the responsibilities of employees at Tommy Jones plc in relation to health and safety.

Discussion of two responsibilities of employees:

- Employees are expected to take reasonable care for their own safety and the safety of other workers
- Employees are expected to co-operate and attend all meetings relating to health and safety matters
- Employees are expected to use the machinery carefully and wear the clothing provided
- Employees are required to undertake health and safety training
- Employees are required to report all faults, dangers and accidents

Valid alternative answers will be credited

[1] mark for identifying one responsibility of employee

[2] marks for discussing one responsibility of employee or for identifying two responsibilities of employee

[3] marks for discussing one responsibility of employee and for identifying another

[4] marks for fully discussing two responsibilities of employee [4]

(f) AO1, AO2, AO3

Analyse two reasons why Tommy Jones plc would undertake the process of obtaining a quality standard.

Any two reasons from the following:

- It encourages worker engagement which leads to increased motivation and this increased motivation will help to increase efficiency leading to increased output and sales
- It can be used to gain a competitive advantage over its rival competition. This will give them an advantage that increases corporate image and therefore leads to increased interest and sales from the customers
- It helps to create a more flexible workforce as all employees can work towards quality. This helps to increase worker loyalty and will reduce the labour turnover

Valid alternative answers be credited

Level 1 ([1]–[3] marks)

Candidate demonstrates basic knowledge and understanding of reasons for obtaining a quality standard. Candidate can identify one or two reasons and briefly explains them. Quality of written communication is basic.

Level 2 ([4]–[6] marks)

Candidate demonstrates adequate knowledge and understanding of reasons for obtaining a quality standard. Candidate identifies one or two reasons and correctly explains them. Quality of written communication is good.

Level 3 ([7]–[8] marks)

Candidate demonstrates good knowledge and understanding of reasons for obtaining a quality standard. Candidate identifies two reasons and fully explains them. Quality of written communication is excellent. [8]

Total

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30

90

