



General Certificate of Secondary Education
2009

Business Studies B

Written Paper

[G3702]

TUESDAY 9 JUNE 2009

HIGHER PAPER

**FINAL
MARK
SCHEME**

Question 1		Mark
1a	<p>Any of the following for 1 mark:</p> <ul style="list-style-type: none"> • suppliers • customers (consumers) • the public (community) • finance providers (banks) • government <p>NOT competitors</p>	1
1b	<p>Any one of the following for 1 mark:</p> <ul style="list-style-type: none"> • worker • employee • manager • director / CEO / board of directors • chairman • John Lally, Theo Kaloumenos, the owners <p>NOT shareholders</p>	1
1c	<p>Conflict with:</p> <p>Shareholders OR customers OR directors /chairman / CEO for 1 mark (NOT Owner(s) or managers)</p> <p>2 marks for explaining the conflict :</p> <p>Shareholders – the large wage rise will reduce profits (1) and this may mean lower dividends (1) for shareholders.</p> <p>Directors – they want to increase profits (1) and this will increase costs (1) thus reducing profits. OR Directors want to spend money on other parts of the business not on wages (1)</p> <p>Customers – the increase in costs (1) may force prices to rise (1) which affects consumers</p>	1 + 2
1d	<p>Effect 1 : The fall in the £ will increase the price of imported components (1) and this will raise JTLK's costs / reduce its profits / possibly force it to raise prices (1)</p> <p>Effect 2 : It will reduce the price of JLTK's products in other countries (1) which should increase sales (1)</p>	2 x 2

Question 1 continued		Mark
1e	<p>If they have a loan or overdraft (1) then they will have to pay more in interest charges / makes it harder to raise funds for expansion (1)</p> <p>It will increase JLTK's costs / reduce their profits (1) if they have borrowed by taking out loans or overdrafts (1)</p> <p>House sales will fall (1) which will reduce the demand for white goods sold by JLTK plc</p> <p>It will affect consumer spending on JLTK products (1) as they might have less (disposable) income/ or decide to save more (1)</p> <p>It will increase the return they get on any money they have in their bank account (max of 1 mark for this response)</p> <p>JLTK may postpone expansion plans (1) as cost of borrowing has gone up (1)</p> <p>Not accepting: 'it will increase price of their products' unless candidate can explain a logical reason why.</p>	2 x 2
1f	<p>By becoming a plc they will sell more shares (1) and this brings in capital or money into the business / helps them expand (1).</p> <p>Easier to sell shares (1) as they can be bought and sold on the Stock Exchange /not just sold to friends & family (1)</p> <p>Easier to raise finance (1) as banks may be more willing to lend money to a plc.</p> <p>No marks for mentioning limited liability (already a ltd company), legal personality</p>	2
1g	The Promotions Director	1

Question 1 continued		Mark
1h	<p>Managers cannot do everything themselves (1) and by delegating he/she has more time to do his/her job /less stress (1)</p> <p>Manager is less likely to make mistakes (1) as some tasks are done by other people (1)</p> <p>Gives senior staff more time (1) to plan / make important decisions (1)</p> <p>The staff to whom tasks are delegated feel more important (1) and this helps motivate them / makes them feel valued (1)</p> <p>It helps to train workers (1) which is good for the future of the business (1) / or is good for their career development (1)</p> <p>Delegation needed to ensure all part of the business work well/efficiently (1)</p> <p>Decisions can be made more quickly (1)</p> <p>It helps the business run more efficiently / be more organised (1)</p> <p>Not rewarding: chain of command becomes smaller; it's more efficient (unless explained)</p>	2 x 2
Question 2		Mark
2a	<p>Any 4 correct: 2 marks Any 3 correct: 1 mark (No marks for less than 3 correct)</p> <ul style="list-style-type: none"> • date of birth (accept age as BOD) • nationality • marital status • education – schools, university etc • qualifications • work experience • position of responsibility held • interests / hobbies • name of referees NOT references • main achievements • personal statement /description of themselves • others such as : driving licence, skills, personal qualities, criminal record, <p>NOT accepting name or contact details (in question), NOT accepting 'references' (should be referees' names)</p>	2

Question 2 continued		Mark
2b	<p>Any two of the following points :</p> <p>Redundancy means the job no longer exists (1) worker loses his/her job (1) accept 'sacking them' through no fault of their own / business closing down / downsizing (1) can be voluntary or involuntary (1)</p> <p>Also reward for second mark any mention of :</p> <p>redundancy pay / redundancy package a reason for the job cuts eg replaced by a machine, factory closing down</p> <p>NOT Rewarding: unemployed, laid off</p>	2
2c	<p>Two reasons, 1 mark each:</p> <ul style="list-style-type: none"> • Repeatedly absent from work • Caught stealing from the workplace 	2 x 1

Question 2 continued		Mark
2d	<p>Cleaner – place – local newspaper or job centre for 1 mark</p> <p>Reason (1 mark) – Credit any of the following :</p> <ul style="list-style-type: none"> • Cleaner will work locally so advertisement need to be in a local paper • Need a medium read by local people \ need local people • Advertisements in local papers are cheap • Local people looking for jobs as cleaners will look in local newspaper • Job centres cost nothing to advertise in • Unemployed cleaners will go to job centres to look for a job <p>Computer Programmer – place – Specialist Magazines/Journals for 1 mark</p> <p>Reason (1 mark)– Credit any of the following :</p> <ul style="list-style-type: none"> • Specialists will read magazines that relate to their job • Will be cost effective • Specialists can be more easily targeted <p>Production Director – place – National Newspapers for 1 mark</p> <p>Reason (1 mark)– Credit any of the following :</p> <ul style="list-style-type: none"> • Candidates will read national newspapers such as The Times etc • Need to attract applications from all over the country / provide a wide or large number of candidates • Informs potential applicants over a large area 	6

Question 2 continued		Mark
2(e)	<p>Don't accept local newspapers, national newspapers, job centre, specialist magazines & journals as already named in previous question</p> <p>Places :</p> <ul style="list-style-type: none"> • The internet /internet vacancies site / JLTK's web-site • On JLTK's staff noticeboard /internally / within the business • At a recruitment agency. <p>Not accepting : in shop windows, on posters, on TV, in games magazines, radio, billboards</p> <p>Reasons:</p> <ul style="list-style-type: none"> • The internet / web-site / JLTK's web-site etc is a cheap way of advertising / more likely to be accessed by computer programmers • JLTK noticeboard / internally is cheap / attract internal candidates • The recruitment agency may have suitable candidates already on their books. 	2

Question 2 continued	Mark
<p>2f Benefits to the business from training staff</p> <p>As this is a manufacturer DO NOT REWARD statements linked to customers, customer service</p> <p>Benefits MUST be to the business, not the worker unless can show this then benefits the business.</p> <p>1 mark for each benefit and 1 for its reason</p> <p>Benefit : improve the efficiency/ skills/ productivity of workers OR can do their jobs well /will know more... know what to do Reason : this increases output OR reduces costs OR increases profits</p> <p>Benefit : improves the quality of the product produced Reason : this will increase sales OR improve company's reputation with purchasers</p> <p>Benefit : improves worker motivation / confidence / self-esteem / Reason : this will mean a happier workforce OR less absenteeism OR lower staff turnover, improved productivity , better quality products</p> <p>Benefit : reduces chances of accidents Reason : Less likely to have to pay compensation to injured staff</p> <p>Benefit : makes workers more valuable to the company Reason : workers are an important asset in any business</p> <p>Benefit : reduces staff turnover / less staff leave the company Reason : this reduces costs of advertising for new staff</p> <p>Benefit : improved recruitment Reason : if business has a good reputation for training staff then more people will want to work there</p> <p>Benefit : may give JLTK plc an edge over its competitors if it is well-known for training its staff Reason : as it may attract a better quality of candidates</p> <p>Benefit : improves staff skills / know how to use equipment / they know how to the job Reason : They can do a better job / do a range of jobs / become multi-skilled</p> <p>Less wastage (1)</p> <p>Not rewarding : –will get to know workers better, less supervisors needed, it cuts costs, need less staff</p>	<p>6</p>

Question 3		Mark
3a	<p>If ticks more than 2 boxes then no marks</p> <p>Only two correct answers, 1 mark each</p> <p>Overdraft Trade credit</p>	2
3b	<p>Any two reasons:</p> <p>Award marks which explain benefits to BOTH JLTK plc and CUSTOMERS</p> <p>It's the most convenient way for customers to pay (1) as they can do it at home / anytime / don't have to visit shops (1)</p> <p>No unpaid debts (1)</p> <p>Guaranteed the money (1)</p> <p>Customers don't need to visit shops to buy top-up cards (1)</p> <p>This is the only way you can pay on-line (1) as you have to pay straight away (1)</p> <p>JLTK gets the money straight away/quickly (1) / as it is paid straight into their account / this improves their cash flow / working capital / less need to borrow (1)</p> <p>JLTK do not have shops (1) so you can't top up there (1)</p> <p>It means JLTK get all the of the top-up payment (1) as no commission is paid to a 3rd party (1)</p> <p>If they allowed customers to pay by cheque (1) it would take days before they received the money (1)</p> <p>It cuts down on JLTK's paperwork/admin (1) as cheques do not have to be processed / paid in to their account (1)</p> <p>Can advertise other services on their website when customers log in to top up. (1)</p> <p>NOT : its cheaper, no cash lying round, cash won't get stolen</p>	2 x 2

Question 3 continued		Mark
3c	<p>First mark is for identifying problem, 2nd mark for its consequence</p> <p>Eg Customers fear their card details may be stolen (1) and as a result they lose money from their bank account (1)</p> <p>Customers may fear fraud / hackers (1) OR that their card details may be stolen / tracked (1)</p> <p>Also credit “older customers may be uncomfortable with new systems of payment” (1)</p> <p>Fear of identity theft (1)</p> <p>Fear of fake web-sites / phishing (1)</p> <p>Their card could be cloned / copied (1)</p>	2
3d(i)	An appropriate method — 1 mark for stating choice—Shares or bank loan (1)	1
3d(ii)	<p>2 marks for why appropriate:</p> <p>eg Bank loan is a long-term form of finance (1) and can be paid back over a long period of time (1) from the profits made from expansion (1) can be arranged quickly (1), can raise large sums of money this way (1)</p> <p>NOT – can pay it back bit-by-bit, pay it back slowly, easy</p> <p>eg Share issue as no interest is payable (1) doesn't have to be paid back (1) it's a long-term form of finance (1), can raise large sums of money this way (1). Business is not in debt (1) therefore less risk of bankruptcy (1)</p> <p>NOT quick, easy, shareholders bring in new ideas</p>	2 x 1
3e(i)	Not appropriate—1 mark for stating choice—trade credit or hire purchase or overdraft (1)	1
3e(ii)	<p>2 marks for why NOT appropriate</p> <p>eg trade credit is used to buy goods on credit (1) from suppliers and is only provided for a short time (1), usually 30 days</p> <p>eg an overdraft is a short-term form of finance (1) and a bank won't lend that amount (1) without security (1) overdrafts can be called in at very short notice which JLTK couldn't cope with (1), interest rates are very high on overdrafts (1)</p> <p>eg hire purchase is used to buy goods on credit (1) and cannot be used to buy a company(1)</p> <p>No marks at all if chooses shares or bank loan</p>	2 x 1

Question 3 continued		Mark
3(f)	<p>General answers that do not refer to market share, net profits, sales, – max of 1 mark</p> <p>Candidates that refer to data prior to 2006 max of 2 marks for spotting any two 'correct' changes.</p> <p>Don't penalise any candidate that correctly refers to 2006-7 only but then refers to 2008 data as well.</p> <p>YES If candidate spots that 2006 - 2007 saw :</p> <p>Sales increase by 10% (1) Net profits increase (1) but Market share went down (1) from 14.3% in 2006 to 14.1 in 2007 4th mark available for logical reason why should still risk the takeover even though it doesn't meet all the criteria.</p> <p>Max of 4 marks for a YES</p> <p>NO If candidate spots that 2006 - 2007 saw</p> <p>Sales increase by 10% (1) Net profits increase (1) but Market share went down (1) (from 14.3% in 2006 to 14.1 in 2007) so this doesn't match what JLTK want (1) so I do not believe that JLTK should consider this takeover (1) as CC only meet 2 of the 2 criteria (1)</p> <p>NB You can tell if candidates refer to 2003-5 data if they mention net profits fell in 2005 or sales didn't rise by 10% or more in 2005</p>	6
QUESTION 4		Mark
4a	Strengths, Weaknesses, Opportunities, Threats - all correct for 1 mark	1
4b	<p>Any two of the following, 1 mark each</p> <ul style="list-style-type: none"> • gender • ethnicity (race, culture) • income • social class / socio economic grouping • geography / location • lifestyle (interests) • religion <p>NOT: age (as in stem)</p>	2 x 1

Question 4 continued		Mark
4c(i)	<p>Promotional Pricing (1 mark)</p> <p>This is setting a lower price than normal / cut in price to get rid of old fashioned stock / can be sold off <u>quickly</u> (1)</p> <p>NB Can still get the second mark (reason) if reason is correct – eg if puts price skimming but then has the explanation above</p>	2 x 1
4c(ii)	<p>Penetration Pricing (1 mark)</p> <p>A lower price is needed to persuade customers to try out an unknown brand (1) / set a low price and then raise it once established</p> <p>NB Can still get the second mark (reason) if reason is correct – eg if puts promotional pricing or skimming but then has the explanation above</p> <p>Not awarding 'charge the same / similar price as rivals / existing phones</p>	2 x 1
4c(iii)	<p>Price skimming (1 mark)</p> <p>Can be sold at high price (1) OR product has no rivals / no competition / is rare / exclusive (1) OR allows the firm to make high profits (1)</p> <p>Or there will be a high demand for this scarce product so you can charge a high price. High price indicates they are special / indicates quality product</p> <p>NB Can still get the second mark (reason) if reason is correct – eg if puts promotional pricing or cost-plus but then has the explanation above</p>	2 x 1
4d	<p>Quota Sampling (1 mark)</p>	1
4e	<p>Allows them to interview potential customers / families / targeted segment (1)</p> <p>If use Random Sampling may interview people who won't buy the phone (1)</p> <p>This way you only interview the right people / families / potential customers (1)</p> <p>This way you will get more reliable / relevant/ accurate data (1)</p> <p>This way your research may be more targeted (1) which could give you more accurate results</p>	2

Question 4 continued	Mark
<p>4f Product – need to be designed to appeal to both adults and children (1). Must be a product that these consumers WANT. (1) Must look good / attractive / range of colours (1). Also reward statements which suggest that packaging needs to be attractive (1) Must have functions that children want (games) and that adults want (internet). Must be robust (1) Have the standard features of a normal mobile phone (1)</p> <p>Place – in Car Phone Warehouse or other named phone retailer (1) via its web-site / internet (1). Also credit statements such as “use suitable distribution channels’ (1)</p> <p>Price – any sensible pricing strategy suggested (1) eg penetration, skimming plus explanation as to why it’s appropriate (1).</p> <p>Price needs to be relatively cheap (1) so is affordable for families (1)</p> <p>Discounts for multiple purchases (1)</p> <p>Credit any sensible price range – eg £20 to £50 per phone (1)</p> <p>Promotion – advertising - 1 mark for suggesting that needs to advertise where decision makers (adults) will see the advertisement (1) such as newspapers, on TV, on its web-site. (1) Also reward for stating if on TV should be between programmes watched by the family (1) Also reward ‘pester-power from kids.</p> <p>Credit any mention of any suitable promotional technique from the list below :</p> <ul style="list-style-type: none"> • Advertising • Special offer • Free gifts <p>Eg Will need to advertise (1) the new phones in places where families will see them together (1) such as on TV or in newspapers / magazines read by families / parents (1)</p> <p>Can run a special offer (1) such as buy 3 phones and get 1 free (1)</p> <p>Could offer a free gift (1) to purchasers such as MP3 player, camera etc (1)</p>	<p>4 x 2</p>

Question 5		Mark
5ai	40,000 = 1 mark	1
5aii	£60,000 = 1 mark (does not need the £ sign)	1
5aiii	£10,000 = 1 mark (does not need the £ sign) Profit = 1 mark	2 x 1
5b	1 mark each : Any two of : wages, raw materials (components / stocks), power Electricity bills, packaging NOT taxes, bills, vehicles, machinery, running costs, loans, interest	2 x 1
5c	3 marks : <ul style="list-style-type: none"> • Will cause TC line to shift upward / steeper • Will increase TC • Will increase the amount needed to sell to break even / shift BE point to right • Will reduce the profit area on diagram • Will reduce the margin of safety • Will reduce profits • Profit per unit will decrease • Will not effect the FC lost line (1) • Will not effect the TR line (1) 	3
5d	Gross Profit Ratio 2007 = 37.5% = 1 mark (% sign not necessary) Net Profit Ratio 2007 = 12.5% = 1 mark (% sign not necessary) Gross Profit Ratio 2008 = 40% = 1 mark (% sign not necessary) Net Profit Ratio 2008 = 10% = 1 mark (% sign not necessary) If uses the £ sign instead of % then marks = 0 If does not multiply by 100 and answers are 0.375, 0.125, 0.4, 0.1 then award 2 marks if all 4 'correct' using this format, 1 mark if 3 'correct'	4 x 1

Question 5 continued		Mark
5e	<p>Own figure rules apply</p> <p>If describes all/most figures without commenting on direction of changes = 1 mark</p> <p>Award a max of 2 marks for any identification of changes such as :</p> <ul style="list-style-type: none"> • Sales have risen in 2008 (1) by 25% (1) • Gross profits / Gross Profit Ratio has/have risen (1) • Net Profits has stayed the same (1) • Net Profit ratio has fallen (1) <p>Award 1 mark for identification of any cause of the changes eg net profits stayed the same because expenses increased.</p> <p>Award 1 mark for an evaluative comment –</p> <p>Eg This is a negative / bad sign (1) for the business</p>	4

Question 5 continued	Mark
<p>5f 3 marks</p> <p>Not accepting: BATCH production as a method to be discussed. Not accepting: FLOW production as a method to be discussed</p> <p>Lean production This is about reducing waste (1) It can be achieved by using methods such as JIT and Kanban (1) Can be achieved by using energy more efficiently / organising workforce more efficiently (1)</p> <p>Plus 1 mark for an evaluative statement or identifying a disadvantage of this method</p> <p>Kaizen This stands for continual improvement (1) It puts the emphasis on making things cheaper, smaller or of better quality each year (1)</p> <p>Plus 1 mark for an evaluative statement or identifying a disadvantage of this method</p> <p>Cell production (Quality circles) This is a way organising workers / production in a factory (1) Members meet to discuss problems (1)</p> <p>Plus 1 mark for an evaluative statement or identifying a disadvantage of this method</p> <p>JIT No mark for saying JIT means Just in Time No marks for talking about Just in Time production (its stock control not production)</p> <p>This is a method of stock control or candidates describes how JIT works (1) That saves the business money as needs less storage space / money tied up in stocks (1)</p> <p>Plus 1 mark for an evaluative statement or identifying a disadvantage of this method</p> <p>TQM This stands for Total Quality Management (1) It seeks to get all staff / get all staff involved to produce quality items all the time (1)</p> <p>Plus 1 mark for an evaluative statement or identifying a disadvantage of this method</p> <p>Kanban This is a system that makes sure components are ready where workers are stationed (1) It reduces wasted time as workers don't need to move to get components (1)</p>	3

	<p>Plus 1 mark for an evaluative statement or identifying a disadvantage of this method</p> <p>Other METHODS students may discuss and can be rewarded include :</p> <ul style="list-style-type: none"> • CAP – Computer Aided Production • Quality Control / Random Quality checks 	
	Total marks for paper	100
	QWC	5
	TOTAL	105