

**Business Studies**

General Certificate of Secondary Education

Unit **A292**: Business and People

**Mark Scheme for June 2011**

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Question			Expected Answer	Mark	Rationale
1	(a)	(i)	<p><b>Target: to demonstrate knowledge of Private Limited Companies.</b></p> <p>Shares are usually sold to family and friends.</p>	[1]	No marks if candidate provides more than one tick
	(a)	(ii)	<p><b>Target: to apply knowledge of Private and Public Limited Companies.</b></p> <p>Many possible advantages of moving to plc status</p> <ul style="list-style-type: none"> <li>• Sale of shares to the public (1) likely to provide more capital / funds / gain money (1)</li> <li>• Sell shares on stock exchange (1) so the business can grow (1)</li> <li>• Increased publicity</li> <li>• Increased credibility with suppliers and customers</li> </ul> <p>Allow: sell shares to more people (1) so gaining money (1) Allow: Benefit from economies of scale such as financial</p> <p><u>Example</u> <i>Selling shares to the public, rather than a limited number of family and friends(1) is likely to provide more funds for investment (1)</i></p>	[2]	<p>One mark advantage One mark explanation</p> <p>Do NOT accept to increase revenue</p> <p>Do NOT allow two separate advantages for two marks unless there is a logical link between them</p>

Question		Expected Answer	Mark	Rationale
	(a) (iii)	<p><b>Target: to apply knowledge of Private and Public Limited Companies.</b></p> <p>Many possible disadvantages of moving to plc status</p> <ul style="list-style-type: none"> <li>• Allow 'could be a takeover target'</li> <li>• Allow 'cost of flotation maybe high'</li> <li>• Allow 'dilution of control'</li> <li>• Allow 'communication problems as the business gets bigger' (harder to run)</li> <li>• Allow 'loss of relationship with customers as the business gets bigger'</li> <li>• Allow 'risk of change to company' (1)</li> </ul> <p><u>Example</u> As the companies shares are sold to the public, Revolution Ltd may be open to individuals and other businesses buying a controlling interest (1) thus losing overall control of the business (1).</p>	[2]	<p>One mark for a correct identification of a reason, plus a further one mark for an explanation</p> <p>Do <b>NOT</b> allow 'have to publish financial data' as this applies in both Ltd and Plc.</p> <p>Do <b>NOT</b> allow 'have to pay dividends' as this applies in both Ltd and Plc.</p>
	(b)	<p><b>Target: to demonstrate knowledge of why the government has an interest in business.</b></p> <p>Many possible answers</p> <ul style="list-style-type: none"> <li>• Pollution levels</li> <li>• Adhering to regulations and legislation</li> <li>• Export sales so generates money inflows for UK</li> <li>• Employment creation</li> <li>• Government may be a customer</li> <li>• Payment of tax</li> <li>• Government may provide money / grant to business'</li> <li>• Monitoring of market share of businesses</li> <li>• Links to European business to foster international relations</li> </ul>	[2]	<p>One mark for each correct identification – 2x1</p>

Question	Expected Answer	Mark	Rationale
(c)	<p><b>Target: to analyse Internet and Video-conferencing and assess their impact on stated business.</b></p> <p>Many possible lines of argument</p> <p><u>Advantages</u></p> <ul style="list-style-type: none"> <li>• Improved communication channels both with employees and customers. This increases improved efficiency</li> <li>• Better ideas from the internet</li> <li>• Employees working from home which may aid motivation</li> <li>• Improved productivity – large amounts of work can be processed quickly</li> <li>• Email of mail shots easy and cost effective as opposed to using letters</li> <li>• Can obtain supplies cheaper via searching the Internet</li> <li>• Internet provides ease of access for potential customers</li> </ul> <p>Allow</p> <ul style="list-style-type: none"> <li>• <i>Cheaper e.g., no need to pay travel expenses</i></li> <li>• <i>Have a video record of meetings</i></li> </ul> <p><u>Disadvantages</u></p> <ul style="list-style-type: none"> <li>• Technical problems occur</li> <li>• High cost of setting up systems</li> <li>• Related health and safety issues to using computers – which applies to both internet and video conferencing</li> <li>• Increased competition via internet</li> <li>• Video conferences still not as good as face-to-face meeting</li> <li>• Can be vulnerable to cyber attack / hacking</li> <li>• Video conferencing may meet problems with time zones</li> </ul> <p><b><i>Do NOT allow problems of language differences as these are not specific to use of ICT</i></b></p>		<p><b><u>Point marking</u></b></p> <ul style="list-style-type: none"> <li>• <b>Explained benefit of Internet / email (up to two marks)</b></li> <li>• <b>Explained benefit of Video Conferencing (up to two marks)</b></li> <li>• <b>Explained drawback of at least one method (up to two marks)</b></li> </ul>

Question	Expected Answer	Mark	Rationale
	<p><b>Allow</b> reference to using 'email' as part of the Internet. Therefore, award advantages and disadvantages of e-mail.</p> <p><b>Example</b> The use of video conferencing has made it easier for employees worldwide to communicate face to face (1) which saves financial and time related costs in organising meetings (1). The Internet has a major advantage of finding cheaper supplies (1) and it provides easy 'shopping' access for potential customers (1).</p> <p>However, the increased use of ICT, due to the major developments, has created drawbacks which businesses, such as Revolution Ltd, has to pay. These range from the monitoring of workers who are now working from home (1). The continued use of laptops for Internet and video-conferencing usage, has led to workers constantly using ICT. This means Revolution Ltd must ensure they are not breaking health and safety regulations and this is costly (1). Also, the Internet has led to a sharp decline in competition (1) as customers can move their custom easily (1)</p>	[6]	

Question	Expected Answer	Mark	Rationale
(d)	<p><b>Target: to analyse data on the NMW and the ERA to appropriate judgements.</b></p> <p><u>NMW</u> Terry is older than 21 therefore NMW is broken as his hourly pay has been reduced below £5.93</p> <p><u>ERA</u> Terry's working hours would be changed and he might not agree to this. Has been there 3 years so contract can't be changed without discussion. His rate of pay is also in his contract of employment hence ERA also breached as his wage is decreased</p> <p><b>Example</b> <i>Terry is older than 21 (1) therefore minimum wage is being broken (1), as his wage should be at least £5.93 (1) and not the £5.59 that is being proposed (1). This is 34p below the NMW (1). As for ERA, he has been told that he MUST work 7 extra hours (1) which is against his contract and the ERA (1) as any changes to hours must be agreed between employers and employees (1). Also, Terry has been there 3 years so contract can't be changed without discussion (1).</i></p>		<p><b>Point marking</b></p> <p><b>Maximum of three marks for answer referring only to either NWM or ERA</b></p> <p><b>Reference to both NMW and ERA for four / five marks</b></p>
(e)*	<p><b>Target: to analyse and evaluate different methods of pay and non pay methods of motivation.</b></p> <p>Many possible lines of argument</p> <p><u>Bonus</u> An extra payment made to staff when they reach a certain level of production. <b>But</b> would need to be realistic as otherwise workers may decide it can't be achieved and this maybe a disincentive.</p> <p><u>Award Scheme</u> This would help improve self esteem amongst employees and is cheaper than paying everyone more money. Each worker would work to be "employee of the month".</p>		<p><b>Level 3 – (5-6 marks)</b> Judgement required for sixth mark. This judgement must 'weigh-up' each of the methods.</p> <p>All three methods referenced and explained, with reasons <u>why methods not chosen were rejected</u>.</p> <p><i>Relatively straightforward ideas have been expressed with some clarity and fluency. Arguments are generally relevant, though may stray from the point of the question. There will be some errors of spelling, punctuation and grammar but these are unlikely to be intrusive or obscure meaning.</i></p>

Question			Expected Answer	Mark	Rationale
			<p><b>But</b> may further de-motivate those employees who feel they should be employee of the month but aren't.</p> <p><u>Job Rotation</u> Workers would do different jobs and therefore be less bored and therefore happier. No payment required <b>But</b> it may mean moving from one boring job to another. Continual change and retraining may be an issue</p> <p><u>Level 3 example</u> <i>I think a bonus system would be best as this is something all workers can be involved in and work together to achieve. Bad workers may hinder the good workers but if the bonus is at stake then the good workers will help the bad workers. The award scheme would reward only one worker per month, when everyone will be trying hard so they may be demotivated because of this. Job rotation would allow the workers to do different things, but they might not like the other jobs anymore than their current job. On this basis I think a bonus would be best because all staff can benefit, whereas with award scheme only one person can receive it. Rotating jobs brings employee no financial reward.</i></p> <p><u>Level 1 example.</u> <i>Job rotation would increase workers variety of skills.</i></p>	<p>[6*]</p>	<p><b>Level 2 – (3-4 marks)</b> Clear understanding and explanation shown, with at least <b>two methods</b> referred to.</p> <p><i>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</i></p> <p><b>Level 1 – (1-2 marks)</b> Basic knowledge of one or more methods is shown</p> <p><i>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.</i></p> <p><b>No level</b> - Those candidates that fail to reach the threshold standard in all respects. 0</p>
	(f)	(i)	<p><b>Target: to demonstrate K/U of integration.</b></p> <p>Horizontal integration (1).</p>	<p>[1]</p>	<p>One mark for correct response. If both boxes ticked do not award the mark.</p>

Question	Expected Answer	Mark	Rationale
(f) (ii)	<p><b>Target: to analyse reasons why businesses merge as opposed to taking over businesses.</b></p> <p>Reasons for merger as opposed to takeover</p> <ul style="list-style-type: none"> <li>• A merger will mean <b>less money required</b>. Revolution Ltd might not have the money to takeover Micros Ltd.</li> <li>• Takeover would mean expense for Revolution in purchasing Micros and this may adversely affect profit / decrease funds for R&amp;D in the short run.</li> <li>• A takeover might cause <b>resentment amongst the workers of the company being taken over</b>.</li> <li>• Being an Ltd means a takeover would be difficult as <b>Micros Ltd might not want to be</b> taken over thus Revolution Ltd will have difficulty in getting enough shares.</li> </ul> <p><i>Allow 'Micros customers might have been lost if a takeover resulted in its name / image changing'</i></p> <p><i>Allow 'merging is quicker than takeover'</i></p> <p><u>Example</u>  <i>A merger will mean much less money required (1) that is Revolution Ltd might not have the money to takeover Micros Ltd (1). Therefore, from a financial point of view a merger is more beneficial than a takeover ie; no need to take out a loan/pay interest (1). Also, by merging existing customers of both companies stay with both companies as if a takeover Micros Ltd may be lost (1)</i></p>	<b>[4]</b>	<p>Question refers to <b>merger rather than a takeover</b>. Therefore, reference to both (implied or explicit) required for full four marks</p> <p>Do not award advantages that would apply in both takeover and merger (eg more capacity, more skills etc) - do NOT reward these unless they distinguish between different effects of merger and takeover.</p> <p><b>Allow</b>  <b>2x2</b>  <b>4x1</b>  <b>3x1+1</b></p>

Question		Expected Answer	Mark	Rationale
	(f) (iii)	<p><b>Target: to apply knowledge of organisation structures to stated business.</b></p> <p>Many possible answers</p> <ul style="list-style-type: none"> <li>• The span of control of managers is likely to be narrower than in flat structures, meaning he does not have too many people to look after (1) therefore efficiency improves (1)</li> <li>• There will be plenty of opportunities for workers to gain promotion (1) which will motivate them to work harder (1)</li> <li>• Likely there will be smaller departments (1) so employees feel more sense of belonging (1)</li> </ul>	[2]	One mark for a correct identification of a reason, plus a further one mark for an explanation.

Question			Expected Answer	Mark	Rationale
2	(a)	(i)	<p><b>Target: to demonstrate understanding of the secondary and tertiary sector.</b></p> <p>S&amp;F is part of both sectors because it makes (1) and designs clothing and sells (1) clothing.</p> <p>Allow 'making (1) product and selling (1) product. Design is tertiary; do not allow design as secondary.</p>	[2]	
	(a)	(ii)	<p><b>Target: to demonstrate knowledge of the phrase 'sleeping / limited partner'.</b></p> <p>This refers to an individual who invests money into the business (1) but plays no part in the day to day running of the business (1). They have limited liability (1).</p> <p><i>Allow 'provide capital (1) but take no role in business (1)</i></p> <p><i>Allow 'not involved in the day to day running (1) but has supplied funds (1)</i></p>	[2]	
	(b)	(i)	<p><b>Target: to demonstrate understanding of partnerships.</b></p> <p>Many possible answers</p> <ul style="list-style-type: none"> <li>• <i>Name of business</i></li> <li>• <i>Names of each partner</i></li> <li>• <i>How profits will be split</i></li> <li>• <i>How losses will be split</i></li> <li>• <i>Roles / responsibilities of partners</i></li> <li>• <i>Address of the business</i></li> <li>• <i>How much each partner has contributed</i></li> <li>• <i>Wages / salaries of partners</i></li> <li>• <i>Addresses of partners</i></li> <li>• <i>Working hours / holidays of partners</i></li> <li>• <i>How to resolve disagreements</i></li> </ul>	[1]	<p>One mark for any correct item identified</p> <p>Do NOT accept precise statements like 'profits will be split 50:50', unless these are given as examples.</p>

Question		Expected Answer	Mark	Rationale
(b)	(ii)	<p><b>Target: to apply knowledge of partnerships to stated business.</b></p> <p>Many possible answers</p> <ul style="list-style-type: none"> <li>• More owners (1) so more capital available (1)</li> <li>• More <b>ideas</b></li> <li>• Partners may have specialist <b>skills</b></li> <li>• Work can be shared (1) so less pressure on them (1)</li> <li>• Less formality / less paperwork</li> <li>• <i>Allow 'more control by owners compared to Ltd'</i></li> <li>• <i>Allow 'business will continue even if someone is ill'</i></li> <li>• <i>Allow 'division of debt because of more partners'</i></li> </ul> <p><u>Example</u>  <i>With a sole trader there is only one person thus there would be a limited amount of money in the business (1) which means running your business as a partnership is likely to have much more capital in the business as there will be at least two owners (1) which means the money can be invested to improve the competitiveness of the business (1).</i></p>	[2]	<p>One mark for a correct identification of an advantage, plus a further one mark for an explanation.</p> <p>Also allow two correct points 2 x 1</p> <p><b>Note:</b> advantages of partnership can be compared to EITHER Sole Trader OR Private Company</p>
(c)	(i)	<p><b>Target: to apply knowledge of location factors to stated business.</b></p> <p>Many possible factors</p> <ul style="list-style-type: none"> <li>• size of market/population</li> <li>• cost of premises (including rent)</li> <li>• wealth of area</li> <li>• competition</li> <li>• grants available</li> <li>• close to suppliers (as S&amp;F manufactures products)</li> <li>• ease of access</li> </ul> <p><u>Example</u>  Wealth of area (1) as they are selling designing clothes so there would be no point in locating in a poor area as they would make few sales (1).  'Competition (1) - if there are many clothing shops nearby the business may have less demand / profits (1)'.</p>	[2]	<p>One mark for a correct identification of a factor, plus a further one mark for an explanation in context.</p> <p><b>Do NOT</b> allow two separate points for two marks unless there is a logical link between them</p> <p><b>Do NOT</b> allow availability of labour in the area as this would not apply to locating a shop.</p> <p><b>Allow 1x2 and 2x1</b></p>

Question		Expected Answer	Mark	Rationale
	(c) (ii)	<p><b>Target: to apply knowledge of social benefits.</b></p> <p>Many possible answers</p> <ul style="list-style-type: none"> <li>• employment (1) as the business will recruit (1)</li> <li>• attracting other businesses to area and more shops equals more potential customers'</li> <li>• brings more money to area</li> <li>• increasing product range available in area</li> <li>• increasing competition (1) therefore decreasing prices (1)</li> <li>• cheaper prices</li> <li>• product availability</li> <li>• saves time (1) no need to travel (1)</li> </ul> <p><u>Example</u> Opening of a new shop will increase jobs (1), as sales people will be required (1) and thus incomes within the local area should increase (1)</p>	[2]	<p>One mark for a correct identification of a benefit, plus a further one mark for an explanation.</p> <p>Allow two advantages if there is a logical linkage between them; <b>Do NOT</b> allow second mark if simply states two advantages Allow 'create more jobs (1) so employment will increase / unemployment will decrease (1)</p> <p><b>Allow 1x2 and 2x1</b></p>
	(d) (i)	<p><b>Target: to analyse text thus enabling the selection of appropriate 'personal qualities'.</b></p> <p>Many possible answers;</p> <ul style="list-style-type: none"> <li>• be hard working</li> <li>• have good interpersonal skills</li> <li>• be able to work under pressure.</li> </ul> <p>Allow answers linked to managerial qualities such as</p> <ul style="list-style-type: none"> <li>• <i>Good communicator</i></li> <li>• <i>Well organised</i></li> <li>• <i>Good team leader</i></li> <li>• <i>Good delegator</i></li> <li>• <i>Ability to control staff</i></li> <li>• <i>Confident</i></li> </ul>	[2]	Any two of listed points, one mark each

Question		Expected Answer	Mark	Rationale
	(d) (ii)	<p><b>Target: to demonstrate knowledge of internal and external recruitment.</b></p> <p>Possible <b>advantages:</b></p> <ul style="list-style-type: none"> <li>• know the strengths and weaknesses of existing employees</li> <li>• have existing knowledge of business</li> <li>• cheaper than advertising outside of the business</li> </ul> <p><i>Allow 'employee will receive <u>less training</u> than if they recruited externally as they know the business'</i></p> <p>Possible <b>disadvantages:</b></p> <ul style="list-style-type: none"> <li>• we do not know how many potential candidates thus this is restricting choice of candidates</li> <li>• may lack an injection of fresh ideas</li> <li>• external candidates may be better than existing employees</li> </ul> <p><i>Do not allow 'recruiting internally will save money as they will not need <u>training</u> as they are already in the business'</i></p> <p><b>Example</b>  <i>Although with internal recruitment you know existing workers' strengths and weaknesses (1), and you would not have to pay external recruitment costs (1), I think it is silly S&amp;F (1 <b>mark - application</b>) is considering only recruiting a manager from within the business. You will be limiting the amount of workers you will be recruiting from (1) and therefore you may be losing the chance of recruiting an excellent manager who may bring new and better ideas (1). Therefore I think S&amp;F should recruit externally to avoid missing out on the wider range of candidates. (1<b>mark - judgement</b>)</i></p>	[6]	<p><b>Point marking</b></p> <ul style="list-style-type: none"> <li>• <b>Advantage/s of internal recruitment</b> (up to two marks)</li> <li>• <b>Disadvantage/s of internal recruitment</b> (up to two marks)</li> <li>• <b>Application to S&amp;F and scenario</b> (clothing / design / shop / manager) (one mark)</li> <li>• <b>Reasoned, supported judgement</b> (one mark)</li> </ul> <p><i>Disadvantages of internal recruitment may be expressed in terms of advantages of external recruitment</i></p>

Question		Expected Answer	Mark	Rationale
(e)	(i)	<p><b>Target: to analyse data thus allowing changes in employee remuneration.</b></p> <p>Correct answer gains two marks.</p> <p>10% of £1 million = 100 000 (1) 10% distributed between 10 managers = £10 000 each (1)</p>	[2]	<p>Award one mark if calculation used is correct but wrong total is given.</p> <p>No need to show workings if answer is correct. No need to provide £ sign.</p>
(e)	(ii)	<p><b>Target: to apply knowledge of monetary methods of motivation.</b></p> <p>Overtime pay is additional pay for work done (1) outside of contract hours (1). This can be at an increased rate eg time and a half or double time (1) to account for the additional effort put in by workers/loss of personal time.</p> <p><i>Allow 'an overtime payment is where you are paid for working extra hours (1) than are in your contract (1)'</i></p>	[2]	Two marks for a correct definition of an overtime payment
(f)	(i)	<p><b>Target: to apply knowledge of strike action to stated business.</b></p> <p>Many possible <b>impacts</b></p> <ul style="list-style-type: none"> <li>• If the employees go on strike, S&amp;F cannot produce or sell the clothes (1) thus making less profit (1)</li> <li>• If the employees go on strike, then the shops will not open and customers will not be able to purchase the clothes (1) thus they may take their business else where (1)</li> <li>• Even if there was a strike there is still 50% of workers not in the union therefore S&amp;F may still be able to operate (1) with minimal affect on sales (1).</li> </ul> <p><i>Allow 'poor image (1) thus may decrease sales (1)'</i> <i>Allow 'decrease income (1) as not selling may lead to business closure if strike continues a long time (1)'</i> <i>Allow 'strike action may lead to increased wage (1) may lead to decreased profit (1)'</i></p>	[4]	One mark for each of two correct identifications of likely impacts, plus a further one mark for each of two explanations.

Question		Expected Answer	Mark	Rationale
	(f) (ii)	<p><b>Target: to apply knowledge of single union agreements to stated business.</b></p> <p>All the workers in the S&amp;F will speak with one voice (1) thus making it easier for the firm to negotiate with the employees (1).</p> <p>A single union agreement would simplify relations between S&amp;F and the employees (1) which aids decision making (1).</p> <p><i>Allow 1 mark for demonstration of understanding of term 'single union agreement'</i></p> <p><i>Allow 'strike action less likely (1) therefore improved efficiency (1)</i></p>	[2]	One mark for a correct identification of a benefit, plus a further one mark for an explanation.

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