

## **GCSE**

### **Business Studies**

Unit **A292**: Business and People

General Certificate of Secondary Education

### **Mark Scheme for June 2018**

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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 used in the detailed Mark Scheme.

| Annotation  | Meaning               |
|---|-----------------------|
|    | Unclear               |
|    | Cross                 |
|    | Error carried forward |
|    | Level 1               |
|    | Level 2               |
|    | Level 3               |
|    | Level 4               |
|    | Not answered question |
|    | Repeat                |
|    | Tick                  |
|    | Benefit of doubt      |
|  | Expansion of a point  |
|  | Own figure rule       |

**Note**

Every question and additional item must be annotated to show it has been considered.

| Question |   |      | Answer  | Mark | Guidance  |
|----------|---|------|---|------|---|
| 1        | a | i    | A charity is usually a business which operates not for profit.  | 1    | One mark  |
| 1        | a | ii   | <p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>To support specific individuals or groups of people who need support</li> <li>To support good causes</li> </ul> <p>Actual examples to be used include OXFAM, Cathod, AgeUK.<br/>Generic examples such as the 'homeless' and 'children in Africa' are to be awarded.</p> <p><b>Exemplar responses</b><br/>To support financially specific individuals or groups of people that need support (1) e.g., Oxfam (1).<br/>To provide money to people / communities that need support (1) e.g. building a well in Africa (1).</p>   | 2    | One mark for the explanation.<br>One mark for correct example.                    |
| 1        | a | iii  | <p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>HSS will need supplies and this may create sales for local businesses e.g. need for leather.</li> <li>HSS may sell products similar to other companies in the area and this may decrease competitors' sales.</li> <li>Competition from HSS leading to improved efficiency of competitors.</li> <li>Attract potential customers to the area increasing sales of other businesses</li> </ul> <p><b>Exemplar response</b><br/>HSS may demand supplies from a local business (1) which increases its sales may increase (1) e.g., HSS need leather and that means that the business has more profit.</p> | 2    | One mark for stated affect.<br>One mark for explanation.                          |
| 1        | a | (iv) | <p><b>Indicative content:</b></p> <p>Employees, customers, inland revenue, local community, public, Board of Trustees (owners), volunteers, suppliers, government, pressure groups, local businesses, animal/horse lovers, vets.</p>  | 4    | One mark for each stakeholder identified.<br>One mark for the explained interest. |

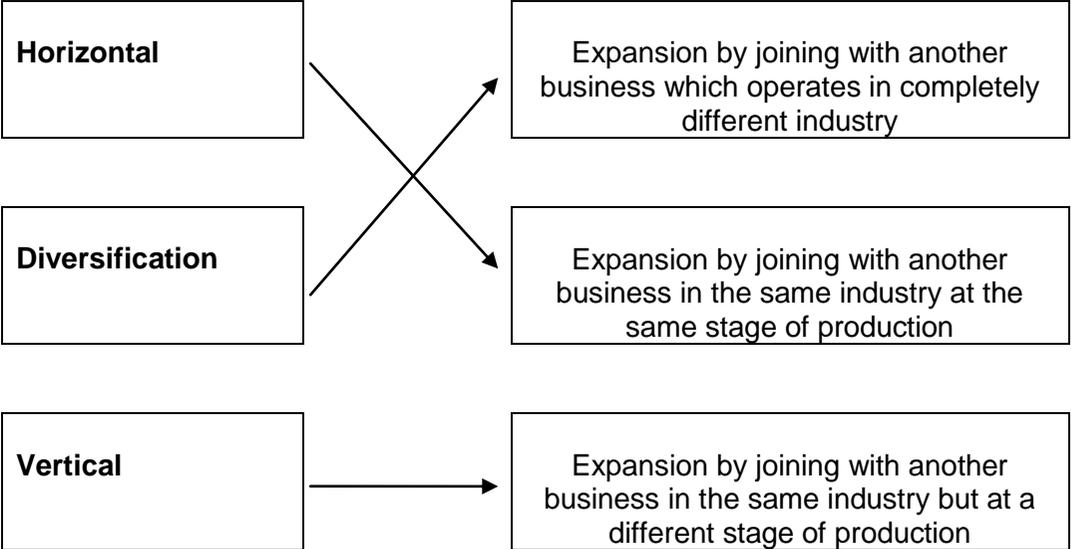
| Question |   | Answer   | Mark | Guidance   |
|----------|---|--|------|--|
|          |   | <p><b>Exemplar response</b><br/>Employees (1) as they work for a business to be paid (1)</p> <p>Local community (1) may be impacted by noise from the making of the saddles e.g., banging leather (1)</p>  |      |  |
| 1        | b | <p><b>Indicative content:</b></p> <p><b>Giving each employee their own company email address</b><br/>Record of communication (1) so the communication can be re-read (1).</p> <p>It is an easy way of communication (1) as messages can be sent to numerous people at once (1).</p> <p>Email means that communication is an efficient way of communication (1) in that the message is relayed instantaneous (1).</p> <p><b>Video conferencing</b><br/>Will save the business money and time (1) as staff do not leave the building to go to meetings (1)</p> <p>Face to face communication (1) which allows management to see body language therefore can check understanding (1).</p> | 4    | <p>Stated benefits of each method of communication up to two marks.</p> <p>Explanation of each method of communication up to two marks.</p>                      |
| 1        | c | <p><b>Exemplar response</b></p> <ul style="list-style-type: none"> <li>• <b>Skilled workforce</b><br/>Given HSS makes things like saddles, they will need skilled employees (1) so as to make quality products which customers want (1).</li> <li>• <b>Grants</b><br/>Provides money with no interest charges/not have to be paid back (1) which can be used to help make the charity better (1).</li> </ul>   | 4    | <p>Stated reason why factor provided is important to HSS up to two marks.</p> <p>Explanation reason why factor provided is important to HSS up to two marks.</p> |

| Question |   | Answer  | Mark | Guidance  |
|----------|---|---|------|---|
|          |   | <ul style="list-style-type: none"> <li>• <b>Closeness to transport links</b><br/>Closeness to transport links is important, as this will directly affect income levels (1) because of additional time it would take to distribute its goods if the business was not close to transport links (1).</li> <li>• <b>Closeness to raw materials</b><br/>This is important as HSS can get supplies quicker (1) which means they have available stock to sell which possibly means higher sales (1).</li> </ul>  |      |   |
| 1        | d | <p><b>Indicative content:</b></p> <p><b>Tall Structure</b> - In its simplest form, a tall structure results in one long chain of command. As an organisation grows the number of management levels increases and the structure grows taller. In a tall structure managers have a small area of control.</p> <p><u>Advantages</u></p> <ul style="list-style-type: none"> <li>• Clarity and managerial control. The narrow span of control allows for close supervision of employees.</li> <li>• Tall structures provide clear distinct layers with obvious lines of responsibility and control, and a clear promotion structure.</li> </ul> <p><u>Disadvantages</u></p> <ul style="list-style-type: none"> <li>• Communication begins to take too long to travel through all the levels.</li> <li>• Possible distortion of communication.</li> <li>• Possible communication problems hinder decision-making and hinder progress/efficiency.</li> </ul> <p><b>Flat Structure</b> - Flat structures have fewer management levels, with each level controlling a broad area or group.</p> | 6    | <p><b>SCORIS annotations:</b><br/>Use L1, L2, and L3 where these can be credited.</p> <p><b>Level 3 (5-6 marks)</b><br/>Reasoned judgement for 6<sup>th</sup> mark</p> <p>One fully developed advantage of chosen organisational structure.</p> <p>One fully developed disadvantage of other organisational structure.</p> <p><b>Level 2 (3-4 marks)</b><br/>Explained advantage or disadvantage of either tall or flat structure linked to HSS.</p> <p><b>Level 1 (1-2 marks)</b><br/>Basic knowledge of either organisational structure.</p> <p><b>0 marks</b><br/>No response or no response worthy of credit.</p> |

| Question |   | Answer   | Mark | Guidance   |
|----------|---|--|------|--|
|          |   | <p><u>Advantages</u></p> <ul style="list-style-type: none"> <li>• Flatter structures are flexible and better able to adapt to changes.</li> <li>• Faster communication makes for quicker decisions.</li> <li>• Flat organisations lean toward a more democratic style.</li> </ul> <p><u>Disadvantages</u></p> <ul style="list-style-type: none"> <li>• The heavy managerial workload and large number of employees reporting to each boss sometimes results in confusion over roles.</li> <li>• Managers must be team leaders who generate ideas and help others make decisions. When too many people report to a single manager, his job becomes impossible.</li> </ul> <p><b>Exemplar response – L3</b><br/>I would choose a tall structure; that is one with a long chain of command and a number of management levels. This is because management would have better control (L1) as they would probably have less employees to control, unlike a flat structure where they may have more employees under their control (L2). I would not choose a flat structure because managers may be stressed with too many people to look after, and the fact that managers are most likely not able to monitor effectively which means the business is less efficient (L3). Also with a tall structure there is potential for worker promotion which should lead to a more motivated workforce therefore more efficient business (L3) '.</p> <p><b>Exemplar response – L2</b><br/>I would choose a flat structure because communication will be faster (L1) which will mean that decisions can be made quicker making the business be more efficient (L2).</p> |      |  |
| 1        | e | <p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• Retention</li> <li>• Motivation</li> </ul>  | 2    | <p>One mark for knowledge of staff appraisal</p> <p>Second mark for correctly linking to the</p> |

| Question |   | Answer  | Mark | Guidance   |
|----------|---|---|------|--|
|          |   | <ul style="list-style-type: none"> <li>Identifying employee strengths and weaknesses</li> </ul> <p><b>Exemplar response</b><br/>Staff appraisal offers both the employee and the business a chance to discuss aspirations and highlight problems within the company (1). This information can be used to inform the business and lead to the employee being more motivated (1).</p>                                 |      | importance of staff appraisal to HSS.  |
| 1        | f | <p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>Alessia gains 4% increase</li> <li>Kellie gains 5.36% (accept 5.3%, 5.4%, 5%)</li> <li>Natalia gains 17.5% (accept 17%, 18%)</li> </ul> <p><b>Exemplar response</b><br/>The apprentice gains the highest percentage increase (1) is the highest namely 17.5% (1) as compared to Alessia's 4% increase and Kellie's 5.36% increase (1).</p> | 3    | <p>One mark for correctly identifying Natalia / apprentice as the person having the biggest percentage increase.</p> <p>One mark for quantification that is a correct percentage (17.5%)</p> <p>One mark for correctly calculating the percentage increase for Kellie and Alessia.</p> |
| 1        | g | <p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>Need to find a new supplier</li> <li>Cost of supplies may increase</li> <li>Quality of supplies may be worse</li> <li>Reduced rate of production as can't make saddles</li> </ul> <p><b>Exemplar response</b><br/>HSS have to find a new supplier (1) and its prices may be higher therefore the cost of supplies may increase (1).</p>    | 2    | <p>One mark for the effect on HSS of a supplier closing</p> <p>One mark for explaining the impact on HSS of a supplier closing down.</p>   |

| Question |   |    | Answer   | Mark | Guidance |
|----------|---|----|--|------|----------|
| 2        | a | i  | <p><b>Sentence one</b></p> <p>On the profits Passion will pay</p> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 10px auto;">CORPORATION TAX</div> <p><b>Sentence two</b></p> <p>By making perfumes Passion belongs in the</p> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 10px auto;">SECONDARY SECTOR</div> <p><b>Sentence three</b></p> <p>A multinational such as Passion operates in</p> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 10px auto;">MANY COUNTRIES</div>   | 3    | 3x1      |
| 2        | a | ii | <p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• A variety of languages spoken therefore you may have to employ employees who understand and this may increase costs.</li> <li>• Labour costs can be higher / lower in other countries therefore the business costs could increase / can save money. Candidate may refer to average costs or total costs.</li> <li>• The number of potential customers is potentially high therefore multinationals can have more customers / profit.</li> <li>• Political issues can relate to social, cultural domain as well as the politics of that country which includes issues linking to EU membership.</li> </ul> <p><b>Exemplar response:</b></p> <p><u>Advantage</u><br/>Number of potential customers is high (1) therefore multinationals can have more customers / profit (1).</p> | 4    | 2x2      |

| Question | Answer   | Mark | Guidance   |
|----------|--|------|--|
|          | <p>Labour costs can be lower in other countries (1) therefore the business can save money (1).</p> <p><u>Disadvantage</u><br/>Political issues includes the UK leaving the EU (1) e.g., this may mean the products which Passion plc sell to the EU may have a tariff added which may mean lower sales as its products are too expensive compared to EU companies (1).</p> <p>A variety of languages spoken therefore you may have to employ employees who understand (1) and this may increase costs (1).</p>   |      |  |
| 2 b i    |  <p>The diagram illustrates three types of business expansion:</p> <ul style="list-style-type: none"> <li><b>Horizontal</b>: Expansion by joining with another business which operates in completely different industry.</li> <li><b>Diversification</b>: Expansion by joining with another business in the same industry at the same stage of production.</li> <li><b>Vertical</b>: Expansion by joining with another business in the same industry but at a different stage of production.</li> </ul> | 3    | 3x1  |
| 2 b ii   | <p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• Removal of a competitor therefore higher market share/profit</li> <li>• Passions plc is now a bigger the company therefore economies of scale are bigger and therefore greater potential profit as you own the business not shared.</li> <li>• May have gained better workers / more ideas through takeover of the other company</li> </ul>   | 4    | <p>Up to two marks for stated advantage to Passions plc of taking over a similar business.</p> <p>Up to two marks for explained advantage to Passions plc of taking over a similar business.</p> |

| Question | Answer  | Mark | Guidance   |
|----------|---|------|--|
|          | <p><b>Exemplar response</b></p> <p>Removal of a competitor (1) therefore higher market share/profit for Passions plc (1).</p> <p>'Passions plc is now a bigger the company (1) therefore economies of scale are bigger and therefore greater potential profit as you own the business not shared (1).</p>   |      |  |
| 2        | <p><b>c</b></p> <p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• Being an efficient way to <b>keep costs down</b> in areas where you don't yet need full-time cover - direct reference to reducing costs by using part time workers</li> <li>• Increasing <b>recruitment and retention of staff</b> by offering family-friendly working practices</li> <li>• Allowing you to bring in <b>highly skilled and experienced staff members</b> even when you have a fixed budget and can't afford to bring someone in on a full-time basis</li> <li>• <b>Expanding the pool of potential recruits</b> - part-time work tends to attract parents with younger children and older people, who may not want to work full time but can bring a wealth of skills, experience and expertise</li> <li>• Increasing the ability of your business to <b>respond to change and peaks of demands</b> - for example, you can use more employees at peak times and extend your operating hours by using part-time employees in the evening or at weekends</li> <li>• Employees maybe more productive as they work less than full-time employees so more motivated when in work</li> </ul> <p><b>Exemplar response</b></p> <p>Using part time employees is an efficient way to keep costs down (L1) in areas where you do not yet need full-time cover (L1). In addition, it is a way of helping to maintain staff levels / retain staff as it is a flexible pattern of working (L2) and this will save on recruitment costs (L2).</p> | 4    | <p><b>Level 2 (3-4 marks)</b><br/>Analysis of at least two benefits to Passion plc of using part time employees.</p> <p><b>Level 1 (1-2 marks)</b><br/>Explanation of a benefit to Passion plc of using part-time employees.</p> |
| 2        | <p><b>d*</b></p> <p><b>Indicative content:</b></p> <p><u>Overtime ban</u></p> <ul style="list-style-type: none"> <li>• Overtime ban may not have much of an impact on Passion plc although some orders will be delayed therefore may get a poor image which may lead to a decrease in sales</li> </ul>  | 6    | <p><b>SCORIS annotations:</b><br/>Use L1, L2, and L3 where these have been awarded.</p> <p><b>Level 3 (5-6 marks)</b></p>  |

| Question | Answer   | Mark | Guidance   |
|----------|--|------|--|
|          | <p>therefore longer term job uncertainty.</p> <ul style="list-style-type: none"> <li>• Overtime hours are paid at higher rate therefore some have a decrease in income.</li> </ul> <p><u>Strike action</u></p> <ul style="list-style-type: none"> <li>• Strike action will have a big impact assuming all employees are out on strike. If they are this will reduce production and quickly impact on sales and profits. This should impact management therefore put pressure on them to give what the employees want.</li> <li>• Strike action may make employee jobs less certain in the future.</li> <li>• Strike action means employees do-not receive pay when they are striking which means standard of living is negatively impacted.</li> </ul> <p><b>Exemplar response - Level 3</b></p> <p>I would say in the first instance the TU should impose an overtime ban due to employees will still receive their pay unlike with a strike action (L1). The overtime ban will have an impact as certain orders will not be met (L2) and it is a clear message to the management of Passion plc that its employees are not happy and may begin to look for other jobs (L2). The trouble with strike action is if it lasts too long employees will lose a lot of money (L3) and more importantly the business profits will reduce and in the long run jobs will be at risk (L3).</p> <p><b>Exemplar response - Level 2</b></p> <p>I would recommend the overtime ban because employees are giving a clear message to Passion plc's management that employees are not happy and the business may struggle to meet certain orders (L1). At the same time however employees will still receive their normal wage (L1) which means they can still pay their bills (L2).</p> |      | <p>Judgement based on reasoned analysis – sixth mark.</p> <p>Analysis of the impact of an overtime ban and a strike. This should include both an advantage of one and a disadvantage of the other type of industrial action</p> <p><i>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> <p><b>Level 2 (3-4 marks)</b><br/>Impact of one type of industrial action explained</p> <p><i>Relatively straightforward ideas are expressed relatively clearly, legibly and appropriately. There will be some errors of spelling, punctuation and grammar which will be noticeable and intrusive.</i></p> <p><b>Level 1 (1-2 marks)</b><br/>Basic knowledge of either an overtime ban or a strike</p> |

| Question | Answer  | Mark | Guidance   |
|----------|---|------|--|
|          |   |      | <p><i>Some simple ideas have been expressed. There will be some errors of spelling, punctuation and grammar which will be noticeable and intrusive.</i></p> <p><b>0 marks</b><br/>No response or no response worthy of credit.</p>   |
| 2 e      | <p><b>Indicative content:</b></p> <p>Candidates are not to be awarded marks when referencing company cars/gifts/holidays abroad/fringe benefits. A non-monetary means no financial value.</p> <p><b>Non-monetary factors are rewards intrinsic to work, such as the following:</b></p> <ul style="list-style-type: none"> <li>• <b>Status</b> - An employee maybe motivated by better status and designation. Organisations should offer job titles (allow promotion) that convey the importance of the position.</li> <li>• <b>Appreciation and recognition</b> - Employees must be appreciated and reasonably compensated for all their achievements and contributions.</li> <li>• <b>Work-life balance</b> - Employees should be in a position to balance the two important segments of their life—work and life. This balance makes them ensure the quality of work and life. A balanced employee is a motivated employee.</li> <li>• <b>Delegation/Empowerment</b> - Delegation of authority promotes dedication and commitment among employees. Employees are satisfied that their employer has faith in them and this motivates them to perform better.</li> <li>• <b>Working conditions</b> - Healthy working conditions such as proper ventilation, proper lighting, proper sanitation and longer breaks improve the work performance of employees.</li> <li>• <b>Job enrichment</b> - This provides employees with more challenging tasks and responsibilities. The job of the employee becomes more meaningful and satisfying.</li> <li>• <b>Job security</b> - This promotes employee involvement and better performance.</li> <li>• <b>Job rotation</b> - This provides employees with more varied work and stops boredom</li> </ul> | 6    | <p><b>Level 3 (5-6 marks)</b><br/>Appropriate recommendation based on reasoned analysis of at least two non-monetary methods linking to stated business</p> <p><b>Level 2 (3-4 marks)</b><br/>Explanation of a non-monetary method of motivation linked to business.</p> <p><b>Level 1 (1-2 marks)</b><br/>Basic knowledge and understanding of a non-monetary method</p> <p><b>0 marks</b><br/>No response or no response worthy of credit.</p> |

| Question | Answer  | Mark | Guidance |
|----------|---|------|----------|
|          | <p><b>Level 3 - Exemplar response</b><br/>           I would say Job enrichment (L1) as this provides the employees at Passion plc more challenging tasks and responsibilities (L2). Therefore, the job of the employee becomes more meaningful and satisfying (L2). Additionally, the management should ensure they show appreciation to employees for their hard work, as that will mean they feel recognized and part of the business (L3). Both methods would then mean Passions plc would benefit from a more 'happier' and 'focused' staff (L3) which would increase efficiency and competitiveness and should lead to higher profits which they could invest (L3).</p> <p><b>Level 2 – Exemplar response</b><br/>           I would say an award such as employee of the month (L1). This would be a good method as it would increase the motivation of staff as they complete against each other and work harder to receive the award (L2).</p> |      |          |

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