

Mark Scheme (Results) January 2008

GCE

GCE Applied Business (6916/01)

General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

Applying the mark scheme to the final sections of 6916 questions 1, 2 and 3

Each question ends with a 10-mark section with the candidate being required to ' . . . record details of **ONE** business . . . studied . . . You will need to refer to this business . . . '

The relevant sections in each question appear on two A4 pages. Candidates complete the 'details of ONE business' section at the top of each page.

There is no stipulation as to the type of 'business'. Examples will include the candidate's centre, a business visited (eg, on work experience), an employer, businesses from private and public sectors, franchises, etc.

NB

- Markers are **not** expected to be familiar with the businesses named. Many candidates will inevitably refer to businesses about which markers have no knowledge.
- Any responses relating to non-UK businesses to which a marker cannot respond are to be escalated to Team Leader/Principal Examiner.
- If a marker is suspicious that a business is fictional, give the candidate the benefit of doubt. Markers are requested to keep a record of the occasions when there is good cause to doubt the authenticity of a named business. The name and type of business is to be recorded and this record forwarded to the Principal Examiner as part of the final Report.
- Responses are to be forwarded to the Team Leader where a marker is certain that the response is based on a fictional business.
- Markers are to give benefit of doubt on factual matters concerning the named business, unless there is an obvious factual error that affects the quality of the answer (and therefore the marks awarded): for example, a limited company is named, followed by description of unlimited liability.
- Many candidates will use the same business when answering both parts of the final section. (The same business can be used throughout the paper.) This is acceptable. It is possible that a candidate will use one business for one part-answer and then describe and refer to a different business for the next part-answer. Mark and give credit as normal.
- Because candidates must name and refer to a business studied, markers cannot award a candidate any marks where a business cannot be identified from the candidate's answer.

Question Number	Answer	Mark
1(a)	<p>AO2 MB2 = 1 MB3 = 1</p> <ul style="list-style-type: none"> • Very competitive - company mergers and takeovers are a major feature in recent years • Very competitive - WL has to be efficient to survive • Company mergers and takeovers a major feature in recent years - WL is at risk because it is a plc 	<p>1 mark for evidence (maximum 2 marks)</p> <p>1 mark for application</p>
		Total 2 marks

Question Number	Answer	Mark
1(b)	<p>AO1 MB1 = 2 MB2 = 2</p> <ul style="list-style-type: none"> • Shares/shareholders will finance - influences <i>WL</i> in ensuring efficient operation/need for profits to satisfy shareholders • Loans/overdrafts/lenders will finance - influences <i>WL</i> in terms of ensuring it can meet finance debts/<i>WL</i> will operate to in a way to ensure it can repay these debts • Acquiring finance less of a problem/<i>WL</i> finds it easy to acquire finance as a plc - allows for future growth/plans • Retained profits could be used - this may affect dividend paid to shareholders/shareholders may not like/agree with this way of financing 	<p>1 mark for each way a plc is financed</p> <p>1 mark for outlining how finance influences operation</p> <p>(1 + 1) x 2</p>
		Total 4 marks

Question Number	Answer	Mark
1(c)	<p>AO1 MB3 = 2 AO2 MB3 = 2</p> <p><u>WL's customers</u></p> <ul style="list-style-type: none"> • WL/we will recognise our customers' interests and treat them fairly • WL/we will respond to customers' needs in a timely, consistent and transparent manner • WL/we are committed to high standards of quality delivered to our customers <p><u>WL's local community</u></p> <ul style="list-style-type: none"> • WL/we offer the highest professional and ethical standards in our dealings with the local community. • WL/we recognise our social, environmental and economic obligations to our local community 	<p>1 mark for showing knowledge of each aim by appropriate wording (maximum 2 marks)</p> <p>or</p> <p>1 mark for applying aim in the context of customers and the local community (maximum 2 marks)</p>
		Total 4 marks

Question Number	Answer	Mark
1(d)	<p>AO3 MB1 = 2 AO4 MB2 = 2 MB3 = 2</p> <ul style="list-style-type: none"> • Paid salaries - motivates because 'better' than/superior to hourly pay or being paid a wage - but not so relevant nowadays • At or near the average - employees feel valued - but may not feel sufficiently special/different so may not motivate • Structured bands - responsibility motivates - but may cause resentment to those not on the band • Scale - motivates to stay because pay increase guaranteed - but pay rise guaranteed and so may not motivate <p>(Note: answer must be based on 'motivation' - not on benefit to WL)</p>	<p>1 mark for selecting relevant features of WL's pay structure (maximum 2 marks)</p> <p>1 mark for assessing the effectiveness of the different features in terms of motivating employees (maximum 4 marks)</p>
		Total 6 marks

Question Number	Answer	Mark
1(e)	<p>AO2 MB1 = 2 AO2 MB1 = 2</p> <p><u>Maintain labour costs at a consistent level</u></p> <ul style="list-style-type: none"> • Years of service increases will increase overall costs • Meeting/matching the industrial average will increase costs • No incentive to promote staff as this will increase wage bill <p><u>Increase labour productivity</u></p> <ul style="list-style-type: none"> • Years of service increases may not encourage harder work - so productivity will not rise • Average pay is not considered anything special - not likely to motivate employees to work harder/better/increase productivity • If staff are kept in same band over time they will become demotivated - likely to be less committed/not work so hard 	<p>1 mark for how a specific feature of the pay structure does not support maintaining labour costs (maximum 2 marks)</p> <p>1 mark for how a specific feature of the pay structure does not support increasing labour productivity (maximum 2 marks)</p>
		Total 4 marks

Question Number	Answer	Mark
1(f)	<p>AO1 MB1 = 2 AO2 MB1 = 2</p> <p><u>e.g. Wellingley Windows Ltd:</u> <u>Marketing and Finance functional areas</u></p> <ul style="list-style-type: none"> • <i>WW</i> needs to market its products efficiently because it faces strong local competition, and therefore also needs to control its finances • Marketing through promotion (advertising in local paper and on local radio), budget agreed with Finance - this helps <i>WW</i> control its costs • Competition means that while Finance wants cost-plus pricing approach, Marketing wants to take account of competitor pricing policies - so discussions take place to agree appropriate pricing strategies, including 'sale' price times <p><u>E.g. Polycell Products Ltd:</u> <u>Sales and Customer Service departments</u></p> <ul style="list-style-type: none"> • Sales team takes the orders/sells the products - customer service team look after customers interests to make sure that they get the correct orders delivered as required - at <i>Polycell</i> the sales team visit retail outlets, check stock and take orders which are sent to customer service team electronically - this means that they can track orders and deliveries all the time and make sure that customers are satisfied 	<p>1 mark for knowing how functional areas work together (maximum 2 marks)</p> <p>1 mark for how they work together to demonstrate success of chosen business (maximum 2 marks)</p>
		Total 4 marks

Question Number	Answer	Mark
1(g)	<p>AO2 MB1 = 2 AO3 MB1 = 2 MB2 = 2</p> <p><u>eg Wellingley Windows Ltd:</u> <u>Salesman: responsibility to sell WW products</u></p> <ul style="list-style-type: none"> • (AO2) WW employs a single salesman only to sell the windows, conservatories and porches - this means his responsibility includes being consistent and efficient, and being available outside normal work hours • (AO3) As the sole expert in this area, WW is wholly dependent on him to generate income - failure to do so will lead to losses and problems with survival of the business • (AO3) In the financial year 2006/2007 WW increased sales by 6.5% and profits by 4% on the previous year, after taking inflation into account - work of the salesman has therefore helped WW become more profitable and therefore more successful 	<p>1 mark for how the responsibility applies to the chosen business (maximum 2 marks)</p> <p>1 mark for analysing how carrying out the responsibility contributes to the success of this business (maximum 4 marks)</p>
		Total 6 marks

Question Number	Answer	Mark
2(a)	<p>AO2 MB1 = 2</p> <ul style="list-style-type: none"> • You will need a flexible attitude to work • A minimum of five GCSEs, including Maths, is required • Experience of administration is desirable 	<p>1 mark for each item</p>
		Total 2 marks

Question Number	Answer	Mark
2(b) (i)	<p>AO1 MB2 = 2 MB3 = 2</p> <ul style="list-style-type: none"> • Targets are set for employees to achieve - they will be based on efficiency • Employees can indicate their needs in the appraisal - discussion during appraisal will identify any employee problems/concerns about inefficiency • Training needs can be identified - employees feel valued • Motivation - employee feels that employer is taking notice of them/taking their feelings seriously and consequently starts to work harder/more efficiently • Recognition - acknowledgement of good work 	<p>1 mark for description (maximum 2 marks)</p> <p>1 mark for contribution to the efficiency (maximum 2 marks)</p>
		Total 4 marks

Question Number	Answer	Mark
2(b) (ii)	<p>AO2 MB2 = 2 AO3 MB2 = 2</p> <ul style="list-style-type: none"> • (AO2) Appraisal is on a yearly basis only - (AO3) more frequent appraisals would produce more regular feedback - this will correct any problems more quickly before they get out of hand/so that problems do not run for such a long time before being addressed • (AO2) Use an independent appraiser rather than Head of department - (AO3) likely to produce more discussion/more detailed information/employees can speak more openly - having got problems out in the open employees attitude to <i>WL</i> changes/improves and their work rate also improves • (AO2) A relatively formal process - (AO3) less formality should make communication more effective - any issues/problems can be identified more readily and addressed more quickly to help improve work efficiency 	<p>1 mark for points applying to current process (maximum 2 marks)</p> <p>1 mark for analysing how to change in order to improve work efficiency (maximum 2 marks)</p>
		Total 4 marks

Question Number	Answer	Mark
2(b) (iii)	<p>AO1 MB1 = 1 MB2 = 1 AO1 MB1 = 1 MB2 = 1</p> <p><u>Benefit</u></p> <ul style="list-style-type: none"> Appraisal is based on discussion - this allows employees to express what they think are their training needs <p><u>Drawback</u></p> <ul style="list-style-type: none"> Appraisals take place once a year - this time framework may be too long/specific training needs may arise more frequently than once a year 	<p>1 mark for benefit 1 mark for outline</p> <p>1 mark for drawback 1 mark for outline</p>
		Total 4 marks

Question Number	Answer	Mark
2(c)	<p>AO1 MB1 = 3 AO1 MB2 = 3</p> <ul style="list-style-type: none"> No interruptions from normal work so employees focus on the training - means quality training for <i>WL</i> Large groups can be instructed at the same time - so cost effective for <i>WL</i> Specialists can impart the information - so existing expertise is not required in <i>WL</i> Information/knowledge gained can be cascaded throughout <i>WL</i> - makes it an efficient method 	<p>1 mark for feature of off-the-job training</p> <p>1 mark for why a suitable method for <i>WL</i></p> <p>(1 + 1) x 3</p>
		Total 6 marks

Question Number	Answer	Mark
2(d)	<p>AO2 MB1 = 2 AO2 MB2 = 2</p> <p><u>eg (candidate's) college:</u> <u>lecturer job role</u></p> <ul style="list-style-type: none"> • Punctuality - to make sure there at start of lesson/to set good example • Communication - as the expert, a need to impart information/knowledge • Approachability - to enable pastoral duties to be carried out • Fairness - to treat all students equally/individually according to situation rather than eg race/sex/religion/belief 	<p>1 mark for stating each quality (maximum 2 marks)</p> <p>1 mark for reasons in context (maximum 2 marks)</p>
		Total 4 marks

Question Number	Answer	Mark
2(e)	<p>AO3 MB3 = 3 AO4 MB1 = 3</p> <p><u>eg B&Q</u></p> <ul style="list-style-type: none"> • (AO3) B&Q has a policy of promoting diversity in the workplace - eg its support of 'Age Positive', a campaign promoting the benefits of employing mixed-age workforce • (AO3) B&Q actively recruits older workers - CE Ian Cheshire stated that this policy has contributed to B&Q's success (it is twice the size of its nearest 'DIY' competitor) • (AO3) eg in 1989 it opened a store in Macclesfield staffed solely by employees over 50 - profits 18% higher than in equivalent stores, and LTO 6 times lower • (AO4) Conclusion that this law has less of an impact on B&Q than on many employers as they already have a positive attitude to employing older staff • (AO4) B&Q accept that older employees may be less resilient to illness/may have commitments that conflict with work as a consequence the business has contingency plans in place to overcome any potential problems relating to the employment of older staff 	<p>1 mark for identifying the impact (maximum 3 marks)</p> <p>1 mark for analysing the impact on chosen business (maximum 3 marks)</p>
		Total 6 marks

Question Number	Answer	Mark
3(a)	<p>AO2 MB1 = 2 AO2 MB3 = 4</p> <p><u>Policy may be that calls have to be answered within 3 rings</u></p> <ul style="list-style-type: none"> callers then put on hold for an indeterminate time before their query is dealt with - this can cause annoyance/frustration for callers - creates negative feeling in customers - conflicts with key aim of improving customer service <p><u>Operators have to meet target times</u></p> <ul style="list-style-type: none"> this encourages speedy handling of calls - could lead to unsatisfied customers/lower standard of customer service <p><u>Operators have to deal with both business and domestic customers</u></p> <ul style="list-style-type: none"> this means there is less chance to specialise - as a result some operators will find it difficult to handle specialist enquiries 	<p>1 mark for how conflict arises from target (maximum 2 marks)</p> <p>1 mark for what would be the consequence of the conflict (maximum 4 marks)</p>
		Total 6 marks

Question Number	Answer	Mark
3(b)	<p>AO1 MB1 = 2 MB2 = 2 MB3 = 2</p> <ul style="list-style-type: none"> Operator may enjoy work - does not want to lose job/therefore demotivated at prospect of losing job May be few alternative local jobs available - may not have relevant skills/may fear retraining Payment received when made redundant - gives the operator capital/spending money/opportunity to invest Operator may have another job lined up - will be motivated if gaining financially when made redundant Threat of redundancy might motivate operator to work harder - in order not to be one of those made redundant 	<p>1 mark for outlining why demotivated (maximum 4 marks)</p> <p>1 mark for outlining why motivated (maximum 4 marks)</p> <p>(maximum 6 marks overall)</p>
		Total 6 marks

Question Number	Answer	Mark
3(c)	<p>AO1 MB1 = 1 MB2 = 1</p> <ul style="list-style-type: none"> • "right or "good" behaviour - as measured against commonly accepted rules of conduct for a business/industry 	<p>1 mark for simple definition 1 mark for full definition</p>
		Total 2 marks

Question Number	Answer	Mark
3(d)	<p>AO1 MB1 = 2</p> <ul style="list-style-type: none"> • Loss of custom • Loss of confidence from investors • Loss of reputation • Loss of trust • Loss of money because of fine • Demotivating employees 	<p>1 mark for each effect</p>
		Total 2 marks

Question Number	Answer	Mark
3(e)	<p>AO1 MB1 = 4</p> <ul style="list-style-type: none"> • Environmental focus • Responsible trading/fair price • Social responsibility • Educational activities • Contributing to the global community <p>(or)</p> <ul style="list-style-type: none"> • Customers • Shareholders • Staff/managers/employees • Local communities • Other relationships • The environment • Security • Maintaining confidentiality <p>(Note: no marks for 'stakeholders' as this is stated in given information in question)</p>	<p>1 mark for each appropriate area</p>
		Total 4 marks

<ul style="list-style-type: none"> • Question Number 	<ul style="list-style-type: none"> • Answer 	<ul style="list-style-type: none"> • Mark
<ul style="list-style-type: none"> • 3(f) • 	<p>AO2 MB2 = 4</p> <ul style="list-style-type: none"> • Trade Descriptions Act • Sale of Goods Act • Consumer Protection Act • Video Recordings Act • Food Safety Act <p>e.g. <u>DSG International</u> (the leading European <u>consumer</u> electronics retailer: In the UK, the group includes Currys, Dixons, PC World, The Link)</p> <ul style="list-style-type: none"> • The Trade Descriptions Act makes it a criminal offence to give a false description to goods - so DSGi makes sure all its new products are accurately described/it creates about 5 000 adverts a year, and those containing descriptions are reviewed for accuracy • For the Sale of Goods Act, DSGi makes sure that its own policies are better than those provided for in law (goods must be accurately described, of satisfactory <u>quality</u> and fit for purpose, and the consumer is entitled to a refund on a faulty or unsatisfactory product) - it also has its own service operation, PC Servicecall, which solves most PC problems by a telephone call • Under the Consumer Protection Act, products must be safe - DSGi makes sure that its own laboratory tests products sold in its stores • The Video Recordings Act ensures age restricted products are not sold to under-age buyers - DSGi trains its staff to be aware of this law • • <u>E.g. Local College</u> • The Trade Descriptions Act makes it a criminal offence to give a false description to goods - management at <i>Local College</i> makes sure that all advertisements for courses are correct and accurate and do not make any false claims • Food Safety Act states that any food which is not of the nature or substance or quality demanded by the purchaser shall be guilty of an offence - <i>Local College</i> catering team must make sure that all food sold in canteen is of top quality/must train catering staff in the requirements of the Act • 	<ul style="list-style-type: none"> • • • 1 mark for naming relevant consumer protection legislation • • • • • 1 mark for how business responds • • • (1 + 1) x 2 •

	<ul style="list-style-type: none"> (Answers must be based on consumer protection legislation that is relevant to named business and its main activities i.e. Food Safety Act would not be relevant to DSGi; equally, Video Recordings Act not likely to be relevant to a food shop) 	
		<ul style="list-style-type: none"> Total 4 marks

Question Number	Answer	Mark
3(g)	<p>AO2 MB1 = 2 AO3 MB1 = 2 AO4 MB1 = 2</p> <p><u>eg RedHouse Hotel</u></p> <ul style="list-style-type: none"> Median LTO rate is 18.3% but 42.5% in hotel, catering & leisure (CIPD, 2006) so <i>RH</i> has a major challenge to retain staff <i>RH</i> tries to ensure retention by recruiting efficiently - eg prospective employees are given a 'realistic job preview' at the recruitment stage <i>RH</i> makes line managers accountable for LTO in their teams - it rewards managers whose record at keeping people is good - it offers training to existing managers with a poor record of keeping their staff <i>RH</i> has regular staff meetings and appraisals to ensure dissatisfied employees can discuss problems/issues <i>RH</i> encourages employees to develop skills - where possible, offers moves that vary experience and offer interesting work <i>RH</i> tries to accommodate employee preferences on working hours/shifts - so employees less likely to seek alternative 'non-social hours' employment Retention at <i>RH</i> is therefore well above the industry average - but when staff leave, <i>RH</i> seeks to discover why (particularly in 'hard to recruit' areas eg kitchen staff) they leave by using exit interviews, conducting them a short time after the employees hand in their notice - in order to learn how retention can be further improved 	<p>1 mark for knowledge of business and retention policy (maximum 2 marks)</p> <p>1 mark for analysing the effectiveness of the business in retaining employees (maximum 2 marks)</p> <p>1 mark for judging the effectiveness of the business in retaining employees (maximum 2 marks)</p>
		Total 6 marks

Content area distribution

Question	Content area			
	1.1	1.2	1.3	1.4
1 a)	2			
1 b)	4			
1 c)	4			
1 d)			6	
1 e)	4			
1 f)	4			
1 g)	6			
2 a)		2		
2 b)		12		
2 c)		6		
2 d)		4		
2 e)		6		
3 a)	6			
3 b)			6	
3 c)				2
3 d)				2
3 e)				4
3 f)				4
3 g)			6	
Marks	30	30	18	12

Question	AO1 Band equivalent			AO2 Band equivalent			AO3 Band equivalent			AO4 Band equivalent			
	1	2	3	1	2	3	1	2	3	1	2	3	
1 a)					1	1							2
1 b)	2	2											4
1 c)			2			2							4
1 d)							2				2	2	6
1 e)				4									4
1 f)	2			2									4
1 g)				2			2	2					6
2 a)				2									2
2 b) (i)		2	2										4
2 b) (ii)					2			2					4
2 b) (iii)	2	2											4
2 c)	3	3											6
2 d)				2	2								4
2 e)									3	3			6
3 a)				2		4							6
3 b)	2	2	2										6
3 c)	1	1											2
3 d)	2												2
3 e)	4												4
3 f)					4								4
3 g)				2			2			2			6
Total	18	1	6	1	9	7	6	4	3	5	2	2	90
	36			32			13			9			

Analysis of paper

The overall target for each Assessment Objective is based on 40%, 35%, 15% and 10% as agreed for Unit 1, which, on a 90 mark paper, gives:

36 marks for AO1; 31.5 (= 32) marks for AO2; 13.5 (= 13) marks for AO3;

9 marks for AO4.

MB level analysis: MB1 18+16+6+5 = 45 (50%)
 MB2 12+9+4+2 = 27 (30%)
 MB3 6+7+3+2 = 18 (20%)
 (weightings as per Specimen Paper)