



**General Certificate of Secondary Education
(Short Course)
June 2012**

Business Studies

413013

(Specification 4131)

Business Start Up

Mark Scheme

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1

Total for this question: 18 marks

1 (a) Explain what is meant by a 'social enterprise'. (2 marks)

A social enterprise is a business (1) set up with a clear intention to have a positive effect on society (1). One mark for notion of a business, one mark for implication of social benefit as a key driver.

All AO1.

1 (b) In addition to the government grant, Omar needs to raise an extra £2000 to start up his athletics club.

Identify **two** sources of finance that Omar could use to raise the extra £2000. (2 marks)

Possible answers could include:

- bank loan
- loans/money from friends/family
- overdraft
- personal savings
- mortgage.

One mark per point. All AO1 marks.

1 (c) Explain what is meant by 'profit'. (2 marks)

Two marks for an accurate explanation, one mark for showing some understanding.

The surplus once total costs have been deducted from revenue (2 marks).

Accept revenue minus costs (2 marks).

The money made by the business (1 mark).

All AO1 marks.

1 (d) Using **Figure 1**, calculate the profit per year that Omar can expect to make if he attracts 220 members a year. (3 marks)

Just stating £400 profit, award 3 marks.

Revenue = $220 \times £20 = £4400$ (1 mark).

Minus costs £4000 (1 mark).

Equals profit = £400 (1 mark).

OFR applies, ie if revenue wrongly calculated can still credit 2 marks.

All AO2 marks.

1 (e) Omar wants to carry out market research to help him to decide exactly what his athletics club should offer. He is considering two options:

- a questionnaire to be answered in PE lessons by 200 local children
- a focus group where he would meet with a group of 8 teenagers to discuss the athletics club.

Recommend to Omar how he should carry out his research. Give reasons for your recommendation. (9 marks)

A questionnaire to be answered in PE lessons by 200 local children:

- targeted at potential customers – children and locals and during PE lessons
- however, will need to interpret data carefully – showing an awareness of possible bias (from PE teachers?)
- quantitative research may fail to provide the type of insight that may be required.

A focus group where he would meet with a group of 8 teenagers to discuss the athletics club:

- will give detailed information, allowing a better understanding of customer attitudes
- possible bias from children he already works with
- should be easy to organise – already in regular contact with possible participants.

Possible evaluative themes could include:

- the questionnaire is unlikely to provide the level of insight he may be looking for, yet is more likely to provide reliable results, representative of the views of local teenagers
- cost is likely to be very important to Omar – small, social enterprise, starting up - focus group may be cheaper
- does he have contacts to get questionnaires into schools?

Level	Descriptor	Marks	Assessment Objective
3	Candidate analyses option(s).	4–3	AO3
2	Candidate explains relevant point(s) in context.	2	AO2
1	Candidate makes a relevant point(s).	1	AO1
0	No valid response.	0	

In addition and separately, award marks for evaluation using the grid below.

Note: AO3 also assesses candidates' quality of written communication. When deciding on the AO3 level to be awarded, consider the degree to which the candidate order and communicates his/her ideas.

Level	Descriptor	Marks	Assessment Objective
E2	Candidate offers recommendation with clear justification. Ideas are communicated with some structure and use of technical terms. There are occasional errors in accepted convention.	5–3	AO3 and Quality of written communication
E1	Candidate offers recommendation with limited justification. Ideas are communicated in a simplistic way with limited use of technical terms. Errors in accepted conventions are noticeable.	2–1	

2

Total for this question: 22 marks

2 (a) Explain **one** problem for MyTeddyBear.com Ltd of using part-time staff instead of full-time staff in the factory. (2 marks)

Problems could include:

- lower level of staff commitment to organisation – affecting quality of bears
- possible unavailability of staff, - especially during peak periods such as Christmas and Valentines
- hard to get all staff together at the same time – to run training or to explain 2013 objective.

Level	Descriptor	Marks	Assessment Objective
2	Candidate explains problem in context of MyTeddyBear.com.	2	AO2
1	Candidate states relevant problem.	1	AO1
0	No valid response.	0	

2 (b) Explain **one** possible benefit and **one** possible problem for MyTeddyBear.com Ltd of using only personal recommendation when recruiting new factory workers. (4 marks)

Possible benefits may include:

- cheaper than other methods as there will not be the need to advertise
- helps to build a close team as recommendations came from existing workers.

Possible problems could include:

- staff recommended may lack relevant skills, very restricted pool of applicants or existing staff may be biased in their recommendation.

Level	Descriptor	Marks	Assessment Objective
2	Candidate explains the benefit/problem.	2	AO2
1	Candidate states relevant benefit/problem.	1	AO1
0	No valid response.	0	

Apply grid twice.

2 (c) Explain **one** benefit to MyTeddyBear.com Ltd of selling only through their own website. (2 marks)

Possible responses may include:

- access to a global market – they sell worldwide
- customers can place orders at any time – not limited by opening hours – easier to sell globally
- cost saving due to cheaper distribution method
- allows automation of ordering process.

Do NOT allow ‘more people use the internet these days’ (unless clearly linked to greater potential geographical market).

Level	Descriptor	Marks	Assessment Objective
2	Candidate explains benefit.	2	AO2
1	Candidate states relevant benefit.	1	AO1
0	No valid response.	0	

2 (d) Using the information in **Item B**, explain why MyTeddyBear.com Ltd’s stakeholders might support the objective to increase profit by 50% in 2013. (5 marks)

Possible responses may include:

- Prianka and Jemma may want to pay out more to themselves in dividends, necessitating a higher profit, or may wish to expand the business (‘the firm is still growing’, ‘a small business’)
- there may be other shareholders who want increased dividends
- more profit may lead to increased wages for employees or increased job creation within the local community.

Level	Descriptor	Marks	Assessment Objective
2	Candidate explains why stakeholder(s) may support objective.	5–3	AO2
1	Candidate makes relevant point/shows understanding of stakeholders or objective.	2–1	AO1
0	No valid response.	0	

- 2 (e)** *Prianka and Jemma agree that, if the business is going to grow, they must improve efficiency in the factory.*
- *Prianka thinks that introducing cutting and stuffing machines is the best way to improve efficiency.*
 - *Jemma thinks that providing more staff training is the best way to improve efficiency.*
- Recommend which you think is the best way for MyTeddyBear.com Ltd to improve efficiency. Give reasons for your recommendation. (9 marks)*

Possible responses could include:

Prianka may be right because:

- increased use of machinery may reduce running costs
- machinery may herald a switch to cheaper batch production
- helps overcome bottlenecks identified in item.

BUT:

- will machinery make customisation harder?

Jemma may be right because:

- customisation tends to be labour intensive
- they are planning to take on new staff who may need training.

BUT:

- current staff are already skilled.

Possible themes for evaluation:

- the danger of increased use of technology is that it would fundamentally alter the business model (handmade, personalised bears)
- not all machines are inflexible
- the strongest judgements will make clear reference to *MyTeddyBear.com Ltd's* particular situation (stated objectives, personalised products).

Level	Descriptor	Marks	Assessment Objective
3	Candidate analyses point(s).	4–3	AO3
2	Candidate explains relevant point(s) in context.	2	AO2
1	Candidate makes a relevant point(s).	1	AO1
0	No valid response.	0	

In addition and separately, award marks for evaluation using the grid overleaf.

Note: AO3 also assesses candidates' quality of written communication. When deciding on the AO3 level to be awarded, consider the degree to which the candidate orders and communicates his/her ideas.

Level	Descriptor	Marks	Assessment Objective
E2	Candidate offers judgement with clear justification. Ideas are communicated with some structure and use of technical terms. There are occasional errors in accepted convention.	5–3	AO3 and Quality of written communication
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