



**General Certificate of Secondary Education
2012**

Business and Communication Systems

Unit 2: The Business Environment

[GBC21]

FRIDAY 22 JUNE, MORNING

**MARK
SCHEME**

- 1 Archie L Gamble has started an insurance business called ACE Insurers. The business covers both the commercial and private insurance sectors. Recently Archie has encouraged some employees to work from home, providing telephone quotes for customers, enabling a faster and more efficient service with greater flexibility in “after hours” quotes. There has been substantial investment in ICT over the last few years.

- (a) Identify and explain **two** ways in which the increased **use of ICT** may **impact** on ACE Insurers.

All the points below must be in the context of the impact of ACE Insurers.

Changing in work patterns

- the introduction of ICT has led to a huge change in working hours. People who traditionally only worked 9.00am–5.00pm, Monday to Friday, may now find that they have to work evenings, nights and weekends in order to provide the service that customers expect
- customers expect to be able to call their insurance in the evenings, sometimes even at 3.00am – someone has to be there to answer the telephone.

Job displacement and retraining

- ICT has caused some employees to lose their job. Perhaps the job has moved to a new geographical location causing them to move
- retraining – ICT developments have required employees to retrain to keep abreast of current technology.

Job creation

- ICT has created more jobs by adding increased levels of efficiency to business, generating more revenue and investment in ICT technology/practices.

Home-based employment

- ICT has been responsible for allowing employees greater flexibility to work at home, thereby gaining more family time by not having to commute.

Videoconferencing and teleconferencing

- permits meetings to be conducted by way of high speed/broadband Internet connectivity and reduces travel costs to a business.

Storage of information

- customers – communication purposes/improvements
- records – production of business documents.

On-line quotes

- customers can obtain an on-line quote 24/7
- increased customer base
- wider customer base.

More efficient

- faster and quicker business
- software packages available.

Relying on technology

- ICT equipment failures in systems or telecommunications.

Promotion/marketing

- advertising ACE Insurers
- popups, etc on the Internet.

(AO1 2 × [1], AO2 2 × [1])

[4]

- (b) Explain the difference between **risk** and **reward** in relation to this business.

Whether it is investing, driving, or just walking down the street, everyone exposes themselves to risk. If you invest in stocks/insurance and have trouble sleeping at night, you are probably taking too much risk. Risk is investing money in the knowledge that it could be lost if ACE Insurers gets into financial difficulties.

Reward is what you get in return for your money and investments at ACE Insurers.

(AO2 [2])

[2]

- (c) Explain **two** ways in which ACE Insurers may remain ahead of its' competitors.

- ACE Insurers must innovate by changing its product which makes it more desirable
- ACE Insurers must reduce its prices below the level of competitors
- ACE Insurers supply goods in the shortest possible time, e.g. immediate cover/policy from using ICT
- ACE Insurers must ensure that the quality of their product is at the highest possible standard
- Promotion
- Place, e.g. 24/7 online quotes/weekend working/additional hours
- Good customer service.

(AO1 2 × [1], AO2 2 × [1])

[4]

- (d) ACE Insurers plans to hold personal details of their customers.

- (i) Identify the Act that ACE Insurers must comply with.

Data Protection Act 1998.

(AO1 [1])

[1]

(ii) Identify and describe **two** principles of this Act, that could apply to ACE Insurers.

- Information must be fairly and lawfully processed
- Information must be processed for limited purposes
- Information must be adequate, relevant and not excessive
- Information must be accurate and up-to-date
- Information must not be kept for longer than is necessary
- Information must be processed in line with your rights
- Information must be secure
- Information must not be transferred to other countries without adequate protection.

(AO1 2 × [1], AO2 2 × [1]) [4]

(e) ACE Insurers needs to recruit another member of staff for the office.

(i) Identify and explain **two** methods of recruitment that ACE Insurers could use.

- Local national newspapers – these usually contain a jobs section. It is usually an inexpensive method of advertising
- Job centres – government agency which advertise job vacancies to potential applicants. It is free to advertise
- The Internet – there are different kinds of websites that ACE Insurers could use, including sites that advertise a range of jobs, e.g. social networking sites, Facebook, Twitter. It is relatively inexpensive to use these sites
- Private recruitment agencies – these businesses will try to find suitable employees in return for a fee.

(AO1 2 × [1], AO2 2 × [1]) [4]

(ii) Identify and describe **two** pieces of information on the new member of staff's payslip.

- Name – so that the named individual receives his/her payslip correctly
- Employee number – a unique number to identify the individual
- National insurance number – for query purposes
- Pay date – date paid into employee's account
- Pay period – to identify the weekly/monthly period that the pay relates to in case of a pay query by the employee
- Details of pay – that the employee is in receipt of pay for the correct responsibilities that they hold and the hours worked or rate of pay
- PAYE tax code and amount of tax paid – showing the amount paid in tax and to check that the tax code is correct
- Gross pay – to check that the employee is paid the correct amount before tax is deducted
- Net pay – the employee can check with their bank statement that the correct amount of pay has been deposited into their account

- Bank account number – to permit ACE Insurers with the bank account to pay the wage/salary into and that the payment is made to the correct account
 - Superannuation – shows the amount that the employee sets aside during their working life for use as retirement income.
- (AO1 2 × [1], AO2 2 × [1]) [4]

(iii) ACE Insurers uses BACS to pay their employees. Explain what is meant by the term BACS.

- BACS stands for “Bank’s Automated Clearing System” – this involves funds being transferred directly to employee’s account
 - It is a simple and cost effective way to make payments directly from your bank account to another bank account
 - It is the most popular way for suppliers and employees to be paid
 - You do not need to get to the bank to cash a cheque or make a lodgement.
- (AO3 [3]) [3]

26

2 John Rankin owns a plumbing business JR Plumbing. He employs five plumbers and two clerical staff.

(a) What type of business ownership is JR Plumbing?

Sole trader.
(AO1 [1])

[1]

(b) A feature of this type of business ownership is unlimited liability. Explain what this means to JR Plumbing.

Unlimited liability means that if JR Plumbing does not have enough money in their business to pay debts, they may have to use their private funds to meet them. This could have serious consequences because, in extreme circumstances, their cars, houses and other private possessions might have to be sold to pay off the business debt.

(AO2 [2])

[2]

(c) Apart from unlimited liability explain **one** advantage and **one** disadvantage of this type of business ownership to JR Plumbing.

Advantages of a sole trader

- the business JR Plumbing is cheaply and easily formed without involved legal procedures
- the owner John Rankin can keep all the profits made in the business
- the owner John Rankin can make all the decisions and can make them quickly without having to consult anyone

- as the business is usually small, John Rankin can have very close links with the customers and employees
- the financial affairs of the business JR Plumbing do not have to be published, although tax authorities must have access to them.

Disadvantages of a sole trader

- John Rankin must raise all his own capital
 - JR Plumbing is very dependent on one person
 - the amount of capital which John Rankin has is limited, so his business is likely to be small
 - John Rankin frequently does not have anyone with whom to discuss business problems
 - because JR Plumbing is small, banks are less likely to lend money to John Rankin than they would to large businesses, as they are seen as higher risk
 - if John Rankin becomes ill or is on holiday, there is often no one to call on to cover for him
 - when John Rankin dies the sole trader ends automatically.
- (AO3 2 × [2]) [4]

(d) In order to achieve greater efficiency John Rankin intends to improve communication within the business.

(i) Explain what is meant by “internal communication”.

Internal communications is communication which takes place within the business, ie between people who work there. However, these people need not necessarily work in the same building or the same branch of the business.

(AO1 [2])

[2]

(ii) Identify and explain **two** types of internal communication that JR Plumbing could use.

JR Plumbing could use the following types of communication:

Written communication

- letter – is a formal means of communication used. It is a written record which may be referred to at a later date
- memo – a less formal means of communication
- report – can be written or may be delivered orally perhaps at a meeting or conference
- notice – a noticeboard carries general information which applies to a large number of people
- agenda – is a list of the discussions to take place at a meeting
- minutes – is a written record of a meeting and presents a full record of all the decisions made at the meeting as well as other details such as the names of all those who attended.

Verbal communication

- telephone – a fast way for communication by which the sender can get instant feedback
- voice mail – allows communication to take place between two people via the telephone and stores a message until the receiver is available to take the call
- face-to-face – interviews, meetings and conferences are all face-to-face and are very effective methods of communication, since body language can be interpreted as well as what is actually said.

Visual communication

- charts, tables, diagrams and graphs – clear methods of giving numerical information, in particular
- pictures and films – they are attractive ways of presenting information and immediately focus attention
- demonstrations – live demonstrations are very useful in showing correct processes and methods.

Electronic communication

- computers – permits all users of the network to have access to any data stored on the system
- electronic mail – links computer terminals to one another, allowing the sender to communicate with people nationally and internally
- internet – gives immediate entry to a world-wide communications network through the telephone and a modem
- intranet – is a system which stores internally all the records of that particular organisation
- pagers.

(AO1 2 × [1], AO2 2 × [1])

[4]

- (iii) JR Plumbing is in the process of creating a database of all their suppliers.

Explain **one** advantage and **one** disadvantage of using a database to JR Plumbing.

Advantages using a database to JR Plumbing

- improved efficiency
- reduced updating errors and increased consistency, e.g. changing supplier details
- improved data security for personal details on the computer, e.g. password
- reduced data entry, storage, and retrieval costs
- faster access to supplier details.

Disadvantages of using a database to JR Plumbing

- database systems are complex, difficult, and time-consuming to design, e.g. maintain
- substantial hardware and software start-up costs
- damage to database affects virtually all applications programs, e.g. system crash
- initial training required for all programmers and users.

(AO3 2 × [2])

[4]

- (e) Analyse the advantages and disadvantages of e-business to JR Plumbing.

Advantages to JR Plumbing

- the business will look professional
- people can access information on the business or buy its products
- people can access information or buy from business 24 hours a day, seven days a week
- it is easier and quicker to update a website compared to documentation such as catalogues
- it could lead to a cut in costs for business: if they start doing more business online, less staff will be needed
- methods of advertising the business through search engine listings.

Disadvantages to JR Plumbing

- designing and maintaining a website can be costly
- expert staff are needed to design and maintain the website
- technical difficulties can lead to problems
- security concerns can be a problem, especially when dealing with people's money or personal details
- delivery of goods to customers.

Level 0 [0]

Candidates answer is not worthy of credit.

Level 1 ([1]–[3])

The candidate has made a limited analysis of the advantages and disadvantages of e-business to JR Plumbing. Candidate makes limited use of specialist terms. Candidate demonstrates a limited level of accuracy in spelling, punctuation and grammar. The meaning of the text is clear some of the time. The candidate demonstrates a limited level of writing, form and style appropriate to the purpose of the question. The organisation of the work is limited.

Level 2 ([4]–[6])

The candidate has made a satisfactory analysis of the advantages and disadvantages of e-business to JR Plumbing. Candidate makes satisfactory use of specialist terms. Candidate demonstrates a satisfactory level of accuracy in spelling, punctuation and grammar. The meaning of the text is clear most of the time. The candidate demonstrates a satisfactory level of writing, form and style appropriate to the purpose of the question. The organisation of the work is satisfactory.

Level 3 ([7]–[8])

The candidate has made a good analysis of the advantages and disadvantages of e-business to JR Plumbing. Candidate demonstrates a good use of specialist terms. Candidate demonstrates a good level of accuracy in spelling, punctuation and grammar. The meaning of the text is always clear. The candidate demonstrates a good level of writing, form and style appropriate to the purpose of the question. The organisation of the work is good.

(AO2 [2], AO3 [6])

[8]

25

- 3** Ronan is starting a new electrical installation business called Romac Electrical Contractors providing all types of electrical work for both domestic and commercial customers. Ronan intends to carry out research to find potential customers.

- (a)** Identify and explain **two** market research methods that Ronan could use.

Secondary Research (Desk Research)

- is done by using published statistics, data and other information which had been collected previously.

Primary Research (Field Research)

- is the collection of original information and is carried out by making direct contact with consumers and members of the public who may become consumers.

(AO1 2 × [1], AO2 2 × [1])

[4]

- (b) (i)** Explain the difference between **random** and **quota sampling**.

Random sampling

- random sampling is where people are randomly selected and asked for their opinions
- the random sample may be taken of every fifth person who walks down the street or every tenth name in the telephone directory
- there is a possibility that some of the people questioned may not be familiar with the product or even be interested in it, eg there is not much point in questioning a very elderly lady about trainers. Therefore the results of random sampling are of most use where the product is one which nearly everyone uses.

Quota sampling

- quota sampling is where a set number of people who fall into predetermined categories, eg a quota sample might consist of 50% males and 50% females or one-third teenagers, one-third middle-aged people and one-third elderly people
- as in random sampling, these people's views are taken to reflect the reviews of everyone in their gender or age group.

(AO3 [2])

[2]

- (ii) Identify and explain **two** elements of the marketing mix which Romac Electrical Contractors should consider.

Price – how much a customer pays for a product.

Promotion – how customers are informed about products.

Place – the point where products are made available to customers.

Product – the features and appearance of goods and services.

(AO1 2 × [1], AO2 2 × [1])

[4]

- (c) Identify and explain **three** reasons for staff training at Romac Electrical Contractors.

To introduce new employees to the business

- employees to be familiar, eg the history, products or services, layout.

To introduce employees to new equipment or methods

- equipment can be upgraded at any time so it is important that employees are familiar with it
- any changes to the methods of how products and services are produced needs to be highlighted to employees.

To improve the efficiency of the employees

- highlight employees to any new methods or ideas on how to improve their efficiency
- improved customer service.

To lessen the possibility of accidents in the workplace

- employees need to be aware of the health and safety policies
- how to avoid accidents in the workplace
- health and safety required by law.

(AO2 3 × [2])

[6]

(d) Evaluate on-the-job training and off-the-job training and justify the most appropriate method of training for Romac Electrical Contractors.

On-the-job training

- on-the-job training is the most common form of training for unskilled and semi-skilled workers
- it is training given at the employee's normal place of work during his/her normal working hours
- on-the-job training may be done in a variety of ways: internal courses, work shadowing and role play
- the content of the course is designed specifically for the business
- it is usually more economical because the work of the business is not interrupted
- training is given to each individual
- employees feel at home in their own surroundings
- normal working patterns disturbed
- bad habits could be observed.

Off-the-job training

- off-the-job training is training provided by a specialist and takes place outside the business, e.g. college or university
- the training is paid for by the business and may be on a day release basis or for a longer period of attendance at a full-time course for a term or longer
- off-the-job training may be done in a variety of ways: lecturers, demonstrations, role play
- since the training is done by specialists, it usually is of a higher quality
- employees meet people from other organisations and can exchange ideas
- employees visit a new environment and perhaps are introduced to new equipment
- employees can attend evening classes which means they do not miss their work and this reduces the cost
- training can be expensive for the business
- time consuming
- loss of normal working business.

Level 0 [0]

Candidates answer is not worthy of credit.

Level 1 ([1]–[3])

The candidate has made a limited analysis and evaluation of on-the-job training and off-the-job training that Romac Electrical Contractors should use. Candidate makes a recommendation and it can be either on or off-the-job training with relevant justification. Candidate makes limited use of specialist terms. Candidate demonstrates a limited level of accuracy in spelling, punctuation and grammar. The meaning of the text is clear some of the time. The candidate demonstrates a limited level of writing, form and style appropriate to the purpose of the question. The organisation of the work is limited.

Level 2 ([4]–[6])

The candidate has made a satisfactory analysis and evaluation of on-the-job training and off-the-job training that Romac Electrical Contractors should use. Candidate makes a recommendation and it can be either on or off-the-job training with relevant justification. Candidate makes satisfactory use of specialist terms. Candidate demonstrates a satisfactory level of accuracy in spelling, punctuation and grammar. The meaning of the text is clear most of the time. The candidate demonstrates a satisfactory level of writing, form and style appropriate to the purpose of the question. The organisation of the work is satisfactory.

Level 3 ([7]–[8])

The candidate has made a good analysis and evaluation of on-the-job training and off-the-job training that Romac Electrical Contractors should use. Candidate makes a recommendation and it can be either on or off-the-job training with relevant justification. Candidate demonstrates a good use of specialist terms. Candidate demonstrates a good level of accuracy in spelling, punctuation and grammar. The meaning of the text is always clear. The candidate demonstrates a good level of writing, form and style appropriate to the purpose of the question. The organisation of the work is good.

(AO1 [2], AO3 [6])

[8]

24

75