



Introduction to Business

25 May 2016

Marking Scheme

This marking scheme has been prepared as a **guide only** to markers. This is not a set of model answers, or the exclusive answers to the questions, and there will frequently be alternative responses which will provide a valid answer. Markers are advised that, unless a question specifies that an answer be provided in a particular form, then an answer that is correct (factually or in practical terms) **must** be given the available marks.

If there is doubt as to the correctness of an answer, the relevant NCC Education materials should be the first authority.

Throughout the marking, please credit any valid alternative point.

Where markers award half marks in any part of a question, they should ensure that the total mark recorded for the question is rounded up to a whole mark.

Answer ALL questions

Marks

Question 1

- a) Define the term *service* and provide an example. 2
Services are something that someone does for you, for example, a haircut or a stadium tour (1 mark for definition and 1 mark for providing an example).
- b) List TWO (2) different types of inputs that businesses can obtain. 2
 - **Raw materials**
 - **Labour**
 - **Machinery**
 - **Equipment**
 - **Land****Any two for 1 mark each.**
- c) Identify and briefly define TWO (2) types of private sector business. 2
 - **Sole traders – the business and its owner are one and the same.**
 - **Partnerships – owned, financed and controlled by two or more partners**
 - **Limited Companies – organisations with limited liability**
 - **Franchise – arrangement where one organisation allows another party the right to use its trademark or brand name**
 - **Cooperative – a group of likeminded people with similar aims and business interests.****Award 1 mark for each identification with brief description to a maximum of 2 marks. Award ½ mark if only identification is provided.**
- d) Define the term *primary business activity*. 1
Primary business activity is extractive. It involves taking out things that are already provided by nature. Examples include mining and farming. (1 mark)
- e) Define the term *secondary business activity*. 1
Secondary business activity involves manufacturing (making/building/assembling products). Examples include motor car and furniture manufacturers. (1 mark)
- f) List ONE (1) advantage and ONE (1) disadvantage of partnerships. 2
There are several advantages and disadvantages, so award any realistic suggestion, for example:
1) One advantage is greater access to capital (1 mark)
2) One disadvantage is the risk of unlimited liability (1 mark)

Total 10 Marks

Question 2

- a) Describe the term *business environment*. 2
Anything that surrounds the business organisation. This includes culture, laws, economy and social factors. (2 marks)
- b) List TWO (2) areas of business that the external business environment can influence. 2
 - ***Finance***
 - ***Planning***
 - ***Strategy***
 - ***Activities***
 - ***Objectives***
 - ***Decisions***
 - ***Strategies***
 - ***Processes******Any two for 1 mark each.***
- c) State the benefit of businesses operating in competition with each other. 2
It creates a healthy business environment that benefits both business and customers; it forces businesses to be more efficient (2 marks).
- d) List TWO (2) ways in which businesses can act in a socially responsible manner towards their customers. 2
 - ***No pressure selling techniques or taking advantage of vulnerable customers such as the elderly***
 - ***Distributing brochures telling the truth without hiding anything in the small print.******(1 mark each for any acceptable answer up to a maximum of 2 marks)***
- e) State TWO (2) ways a business organisation can positively contribute towards a healthier environment. 2
 - ***Reducing carbon emission***
 - ***Recycling materials***
 - ***Reducing transport related energy and costs******(1 mark each for any acceptable answer up to a maximum of 2 marks)***

Total 10 Marks

Question 3

- a) Describe *job production*. 2
Job production is generally used for one-off items (1 mark), where products are made towards certain specifications (1 mark).
- b) State TWO (2) benefits of practising *quality management* in a business organisation. 2
 - ***Helps to improve efficiency***
 - ***Reduces expenses***
 - ***Builds consumer confidence in the business and its products******(1 mark each for any acceptable answer up to a maximum of 2 marks)***
- c) State TWO (2) advantages of *flexible working practices*. 2
 - ***Allows people to work in a sensible way***
 - ***Reduces stress in workplace***
 - ***Reduces frequent labour turnover***
 - ***Improves relationships and communication******(1 mark each for any acceptable answer up to a maximum of 2 marks)***
- d) State the reason behind encouraging empowerment in the workplace. 2
It allows managers and workers to contribute ideas towards directing the business organisation (2 marks).
- e) Define *high quality control*. 2
High quality control measures at all stages of development, design, marketing and selling process. Emphasis is on 'right first time'. (2 marks)

Total 10 Marks

Question 4

- a) List TWO (2) characteristics of a democratic leadership style. 2
- ***The democratic leader makes decisions by consulting his or her team***
 - ***Allows the team to decide how the task will be tackled and who will perform which task***
 - ***Motivates the team and gets them involved in problem-solving***
- (1 mark each for any acceptable answer up to a maximum of 2 marks)***
- b) State the difference between management and leadership. 2
- Management is the process of planning, organising, leading and controlling the efforts of organisation members. It involves using all organisational resources to achieve stated organisational goals.***
- Leadership deals with the future, establishing a clear vision, sharing that vision and inspiring others.***
- (1 mark each up to a maximum of 2 marks)***
- c) Explain the relationship between marketing and customers. 2
- Marketing is about achieving the organisation's objectives (generally profit related) through meeting customers' needs. (Award up to 2 marks for any acceptable answer)***
- d) Why is market segmentation needed? 2
- Customers have different needs. It is not possible to satisfy all customers by treating them alike.***
- e) State TWO (2) objectives of conducting marketing research. 2
- ***To determine whether current products and services are still in demand in the market***
 - ***To determine what sex, age group, income, occupation, etc., the people that the business wants to sell to are***
 - ***If there are changes taking place, to determine how this might affect what the business sells.***
- (1 mark for any acceptable answer up to a maximum of 2 marks)***

Total 10 Marks

Question 5

Michelle is the head teacher of a large school. She is an autocratic leader. She believes that highly motivated teachers are very important if the school is to get good examination results. The teachers are all paid the same salary.

- a) What is meant by an *autocratic leader*? 2
Candidates can gain full marks by either briefly identifying two points or by developing one point appropriately.
An autocratic leader is one who dominates their organisation. They manage by telling and directing not by discussion and persuasion. (2 marks)
Some simple idea such as leader in charge. (1 mark)
(Maximum of 2 marks)
- b) What is meant by *highly motivated*? 1
Highly motivated implies workers have a positive work attitude (1 mark).
Alternatively, a candidate might answer that motivation is reflected by job satisfaction, enjoyment and enthusiasm (1 mark).
- c) Describe ONE (1) advantage and ONE (1) disadvantage to the teachers of them all being paid the same salary 4
One advantage:
 - **It produces a collective team spirit which is good for morale.**
 - **It also means no resentment about someone earning more than another****(2 marks for any acceptable advantage)**

One disadvantage:
 - **The salary does not reflect individual work effort and hence some teachers might feel exploited****(2 marks for any acceptable disadvantage)**

As stated in the question, advantages and disadvantages must be to the teachers, not to the employer/school.
- d) Identify and explain the most important factor that Michelle should consider when recruiting new teachers to her school. 3
Factors might include:
 - **Qualifications**
 - **Experience**
 - **Training**
 - **Attitude**
 - **Personal qualities such as personality****Award 1 mark for identifying the factor and up to 2 marks for the accompanying explanation.**

Total 10 Marks

End of paper

Marking note

Multiply original mark out of 50 by two to produce final mark out of 100 to be recorded.

Learning Outcomes matrix

Question	Learning Outcomes assessed	Marker can differentiate between varying levels of achievement
1	1	Yes
2	5, 1	Yes
3	4, 5	Yes
4	2, 3	Yes
5	2	Yes

Grade descriptors

Learning Outcome	Pass	Merit	Distinction
Understand different types of businesses and their functions	Demonstrate adequate level of understanding	Demonstrate robust level of understanding	Demonstrate highly comprehensive level of understanding
Understand a range of basic business and management structures	Demonstrate adequate level of understanding	Demonstrate robust level of understanding	Demonstrate highly comprehensive level of understanding
Be able to demonstrate an understanding of basic marketing principles in business	Demonstrate adequate level of understanding	Demonstrate robust level of understanding	Demonstrate highly comprehensive level of understanding
Understand the basic concepts of production	Demonstrate adequate level of understanding	Demonstrate robust level of understanding	Demonstrate highly comprehensive level of understanding
Be able to utilise a number of key business concepts	Demonstrate adequate and appropriate use	Demonstrate appropriate and effective use	Demonstrate highly appropriate and effective use