

NCFE Level 1/2 Technical Award in Business and Enterprise (603/2955/5)

Sample 2018

Unit 01 Introduction to business and enterprise

Mark Scheme

Version 1



This mark scheme has been written by the Assessment Writer and refined, alongside the relevant questions, by a panel of subject experts through the external assessment writing process and at standardisation meetings.

The purpose of this mark scheme is to give you:

- examples and criteria of the types of response expected from a learner
- information on how individual marks are to be awarded
- the allocated assessment objective(s) and total mark for each question.

Marking guidelines

General guidelines

You must apply the following marking guidelines to all marking undertaken throughout the marking period. This is to ensure fairness to all learners, who must receive the same treatment. You must mark the first learner in exactly the same way as you mark the last.

- The mark scheme must be referred to throughout the marking period and applied consistently.
 Do not change your approach to marking once you have been standardised.
- Reward learners positively giving credit for what they have shown, rather than what they might have omitted.
- Utilise the whole mark range and always award full marks when the response merits them.
- Be prepared to award zero marks if the learner's response has no creditworthy material.
- Do not credit irrelevant material that does not answer the question, no matter how impressive the response might be.
- The marks awarded for each response should be clearly and legibly recorded in the grid on the front of the question paper.
- If you are in any doubt about the application of the mark scheme, you must consult with your Team Leader or the Chief Examiner.

Guidelines for using extended response marking grids

Extended response marking grids have been designed to award a learner's response holistically and should follow a best-fit approach. The grids are broken down into levels, with each level having an associated descriptor indicating the performance at that level. You should determine the level before determining the mark.

When determining a level, you should use a bottom up approach. If the response meets all the descriptors in the lowest level, you should move to the next one, and so on, until the response matches the level descriptor. Remember to look at the overall quality of the response and reward learners positively, rather than focussing on small omissions. If the response covers aspects at different levels, you should use a best-fit approach at this stage, and use the available marks within the level to credit the response appropriately.

When determining a mark, your decision should be based on the quality of the response in relation to the descriptors. Standardisation materials, marked by the Chief Examiner, will help you with determining a mark. You will be able to use exemplar learner responses to compare to live responses, to decide if it is the same, better or worse.

You are reminded that the indicative content provided under the marking grid is there as a guide, and therefore you must credit any other suitable responses a learner may produce. It is not a requirement either, that learners must cover all of the indicative content to be awarded full marks.

Assessment objectives

This unit requires learners to:

AO1	Recall knowledge and show understanding.	
AO2	Apply knowledge and understanding.	
AO3	O3 Analyse and evaluate knowledge and understanding.	

The weightings of each assessment objective can be found in the qualification specification.



Section 1

Total for this section: 8 marks

Question number				
1	1 Which one of the following is an entrepreneurial motivation?			
	Answer: C (Financial)	AO1=1		
2	2 Which of the following is not a business legal structure?			
	Answer: B (Government)	AO1=1		
3	Which one of the following is an internal stakeholder?	1		
	Answer: A (Employees)	AO1=1		
4	Which one of the following is not a pricing strategy?	1		
	Answer: B (Demand)	AO1=1		
5	5 Which one of the following is a stage of the product lifecycle?			
	Answer: B (Decline)	AO1=1		
6	NCFE Fashions sell high quality clothes. The sales of their clothes have fallen dramatically. Which two of the following are	2		
	product lifecycle extension strategies that the business could use to increase its sales?	AO2=2		
	Answer: A (Introduce 'limited edition' products) C (New advertising campaign)			
7	Which one of the following is an example of primary research?	1		
	Answer: D (Questionnaire)	AO1=1		

Section 2 Total for this section: 51 marks

8	Describe two features of a private limited company (Ltd).	4			
	Award one mark for identification of each feature and one mark for a description of each feature.	AO1=2 AO2=2			
	Indicative content				
	AO1Owned by shareholder (1)Limited liability (1)				
	Accept any other suitable response.				
	 AO2 Shares are sold privately (1) Shareholders are only liable for the amount they invested (1) 				
	Accept any other suitable response.				
9 (a)	Identify one characteristic of 'delayering'.	1			
	Award one mark for an understanding of the term delayering.	AO1=1			
	Indicative content				
	 AO1 Removal of a layer in the organisation/organisation chart (1) Taking out a group of managers (1) Reducing the number of staff who are at the same level (1) 				
	Accept any other suitable response.				
9 (b)	Using Figure 1, explain the terms chain of command and span of control. Award two marks for an understanding of the terms and two marks for effectively using Figure 1.	4 AO1=2 AO2=2			
	Indicative content				
	 AO1 Chain of command: The way that messages are passed down (1) How authority is shown in an organisational chart (1) The flow of instruction down the business (1) 				
	Accept any other suitable response.				
	Span of control:				

stakeholders and one mark for expanding on how this benefits a business. Indicative content AO1/AO3 Gives information on what customers want (1) which means the business provides products that are in demand (1) Get ideas from employees (1) which will improve motivation (1) Accept any other suitable response. Using Figure 2, identify the parts of the supply and demand diagram labelled A and B. Answer: A: Demand B: Equilibrium/equilibrium price 11 (b) Analyse why a business might use a 'loss leader' pricing strategy. Award one mark for an understanding of the term and three marks for			
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AO1 Outline what a loss leader strategy is: Goods sold for less than cost price (1)			AO1=1 AO3=3
Outline what a loss leader strategy is: Goods sold for less than cost price (1)		Indicative content	
No profit is made on good sold (1)		Outline what a loss leader strategy is: Goods sold for less than cost price (1)Good sold at a loss (1)	
Accept any other suitable response.		Accept any other suitable response.	
AO3 Why business would use this strategy: Increases the number of customers (1) Customers will buy other things that are sold for profit (1) Encourages customers to visit (1)		 Why business would use this strategy: Increases the number of customers (1) Customers will buy other things that are sold for profit (1) Encourages customers to visit (1) 	
i i i i i i i i i i i i i i i i i i i		Accept any other suitable response.	

12 (a)	Identify one characteristics of a product that is in the introductory stage of the product lifecycle.	1 AO1=1					
	Award one mark for the correct identification of a characteristic of the introduction stage.						
	Indicative content						
	AO1 Characteristics of the introduction stage: • Sales low (1)						
	 Customer knowledge low (1) Advertising typically high (1) Loss being made (1) Low levels of profit made (1) Market share low (1) 						
	Accept any other suitable response.						
12 (b)	Explain one reason why innovation is important to NCFE Fashions. Award one mark for understanding why product development/ innovation is important and one mark for linking this factor to NCFE Fashions.	2 AO2=2					
	Indicative content						
	AO2						
	Allows the business to enter new markets (1) which means the						
	business has a wider range of potential customers (1)						
	 The business increases its market share (1) because it takes customers from competitors (1) 						
	oustomers from competitors (1)						
	Accept any other suitable response.						
13 (a)	Analyse whether these three locations would be good places to set up the new NCFE Fashions shops.	6					
	Award three marks for correctly applying response to the three location options provided (maximum of 1 AO2 mark per location). Award three marks for relevant analyse of these locations relating to NCFE Fashions (maximum of 1 AO3 mark per location).	AO2=3 AO3=3					
	Indicative content						
	 AO2 Relevant application place factors: Location one: busy shopping centre (1) (popular) competitor shops at this location (1) Location two: near a motorway and train station/good transport links (1) small car park (1) Location three: small town/low number of local customers (1) location people are wealthy/high levels of local customer disposable income (1) 						
	Accept any other suitable response.						

AO3

Analysis of examples:

- Location one: the business will have lots of passing trade (1) rent would be high (1) might find it difficult to compete with existing competitor shops (1)
- Location two: customers will find it easy to get to this location (1) customers from many location could get to the shop easily (1) customers might not visit/go elsewhere because they will not be able to park (1)
- Location three: only a small number of potential local customers
 (1) the customers that visit are likely to spend a lot because they are wealthy/have lots of disposable income (1)

Accept any other suitable response.

Compare these two types of data and how useful each type would be for NCFE Fashions when deciding where to locate their two new shops.

Award four marks for a comparison between qualitative and quantitative research and/or a comparison of how useful each type is.

Indicative content

AO3

Accurate/realistic comparison:

- Qualitative information gives detail about customers ideas and opinion (1) whereas quantitative only provides data/numbers about what is popular/unpopular (1)
- Quantitative shows patterns and trends (1) whereas qualitative gives the opinions of a smaller number of people and may not be representative (1)

Linking the comparison points to the location of NCFE Fashions should be awarded one mark for each relevant point provided (maximum of two marks).

Accept any other suitable response.

4

AO3=4

14 (a)	Explain to Muhammed what market research activities he should carry out to discover this information. Award two marks for a description of the market research techniques (one mark for each method) and two marks for an explanation of how each of these can be used to find the required information.	4 AO1=2 AO2=2
	Indicative content	
	 AO1/AO2 Description of the correct market research techniques and how these provide the required information: Internet research (AO1-1) to discover the local competition (AO2-1) Observations locally (AO1-1) to find out what other similar businesses exist and what they provide (AO2-1) Interview conducted in the high street (AO1-1) to ask potential customers what services they would like from his business (AO2-1) Questionnaires sent to local households (AO1-1) to ask local people what they want from this type of business (AO2-1) Accept any other suitable response. N.B. To access four marks the learner will have included information on both competitors and local community/customers. If answers only contain information from either competitors or local community/ customers learners can only access a maximum of three marks. 	

14 (b)	Explain why Muhammed would benefit from operating in a mass market.	3
	Learners should be making specific reference to the case study	AO2=3
	business or its owner to access marks.	
	Indicative content	
	AO2	
	 Can purchase clothing stock in higher quantities (1) therefore receiving bulk discounts (1). 	
	 More potential customers of clothes and alterations (1) therefore profit could be higher (1). 	
	Higher levels of output (1) therefore economies of scale enjoyed (1).	
	Accept any other suitable response.	

15	Analyse two benefits to NCFE Fashions of adopting 'Total Quality	4
	Management' (TQM) for their clothes production. Award two marks for understanding the benefits of TQM and two marks for how this approach can benefit NCFE Fashions.	AO2=2 AO3=2
	Indicative content	
	AO2	
	 All employees involved so motivation enhanced (1) All areas of the business involved so potential problems reduced (1) 	
	AO3	
	 If staff are more highly motivated then they will produce better clothes (1) so the reputation of the business will increase (1 If problems are reduced then the business will produce clothes more efficiently (1) which will reduce waste/increase profit (1). 	
	Accept any other suitable response.	
16	Explain two benefits to NCFE Fashions of ensuring that they provide	4
	good levels of customer service. Award two marks for correctly identifying relevant benefits and two marks expanding on this benefit to describe how NCFE Fashions benefits.	AO1=2 AO2=2
	Indicative content	
	AO1 Relevant benefits: Improves reputation (1) Encourages repeat business (1) Differentiates the business from competitors (1) Develops customer loyalty (1)	
	Accept any other suitable response.	
	 AO2 Description of benefits: If NCFE Fashions has an improved reputation this can lead to customers coming to this business rather than going to another high quality fashion shop (1) If NCFE Fashions has repeat customers then this helps them increase clothes sales and bring in income in the future (1) 	

17	Outline the theory of motivation as described by Mayo in his human relations theory.	2
		AO1=2
	Award two marks for two points or two marks for one point with an accurate explanation of this point.	
	Indicative content	
	AO1	
	Social needs motivate workers (1)	
	Team/group working is important (1)	
	Managers should be involved in employees work (1)	
	Good communication is important (1)	
	Accept any other suitable response.	
40	Finals in how two outsmall influences off act the amount in a CANOTE	_
18	Explain how two external influences affect the operations of NCFE	4
	Fashions.	AO1=2
	Award two marks for correctly identifying accurate external influences	AO2=2
	and two marks for describing how these affect the business	
	operations of NCFE Fashions.	
	operations of two ET astilloris.	
	Indicative content	
	AO1	
	External influences:	
	Gross Domestic Product (1)	
	• interest rates (1)	
	changes in fashions/trends (1)	
	levels of (un)employment (1)	
	Accept any other suitable response.	
	100	
	AO2 Description of the external influence:	
	Description of the external influence:	
	 If interest rates increase then NCFE Fashions might not be able to take out a mortgage that they would use to buy new stores (1) 	
	 If unemployment increases then people will have less disposable 	
	income to spend on the businesses products (1)	
	,	

Section 3 Total for this section: 21 marks

19			is business should change from a tall to a flat	6
	manager	ment struc	ture.	AO1=2
	Level	Marks	Description	AO2=2
	3	5 – 6	A wide range of relevant knowledge and understanding is shown, which is accurate and detailed. Subject specific terminology is used consistently throughout.	AO3=2
			Application of knowledge and understanding is appropriate, with clear relevance to the context.	
			Analysis and evaluation is present and very effective. The conclusions drawn are fully supported by judgements.	
	2	3 – 4	A range of relevant knowledge and understanding is shown, but may be lacking in sufficient detail, with a few errors. Subject specific terminology is used, but not always consistently.	
			Application of knowledge and understanding is mostly appropriate, but sometimes lacks clarity, and there may be a few errors.	
			Analysis and evaluation is present and effective, but may be lacking appropriate development. There are attempts to draw conclusions, which are supported by judgements, but it is likely that some will be irrelevant.	
	1	1-2	A limited range of relevant knowledge and understanding is shown, but is often fragmented. Subject specific terminology, if used, is often inappropriate and a lack of understanding is evident.	
			Application of knowledge and understanding is inappropriate, with any attempt showing fundamental errors.	
		0	Analysis and evaluation, if present, is of limited effectiveness. Attempts to draw conclusions are seldom successful and likely to be irrelevant. No relevant material	
		0	INO TELEVALIL HIGHERIAL	
			possible content could include:	
	• Easy coun	tries	ructure managers to communicate directly with the various to be passed to all countries quickly and accurately	
			management therefore a short chain of command	

- Less managers therefore salary costs are lower
- Staff have more decision making powers therefore each country could have their own staff making decisions based around their countries needs

Tall organisation structure

- Smaller spans of control therefore managers of each country have smaller teams so management is better
- Managers can closely monitor staff which is important when staff are based in different countries
- Everyone has clear roles and responsibilities
- More chance of promotion therefore employees are more motivated

20	Discuss	whether Is	abel should use job or batch production in her	6
	business	S.		AO1=
	Level	Marks	Description	AO2=
	3	5 – 6	A wide range of relevant knowledge and understanding is shown, which is accurate and detailed. Subject specific terminology is used consistently throughout.	AO3=2
			Application of knowledge and understanding is appropriate, with clear relevance to the context.	
			Analysis and evaluation is present and very effective. The conclusions drawn are fully supported by judgements.	
	2	3-4	A range of relevant knowledge and understanding is shown, but may be lacking in sufficient detail, with a few errors. Subject specific terminology is used, but not always consistently.	
			Application of knowledge and understanding is mostly appropriate, but sometimes lacks clarity, and there may be a few errors.	
			Analysis and evaluation is present and effective, but may be lacking appropriate development. There are attempts to draw conclusions, which are supported by judgements, but it is likely that some will be irrelevant.	
	1	1-2	A limited range of relevant knowledge and understanding is shown, but is often fragmented. Subject specific terminology, if used, is often inappropriate and a lack of understanding is evident.	
			Application of knowledge and understanding is inappropriate, with any attempt showing fundamental errors.	

		Analysis and evaluation, if present, is of limited effectiveness. Attempts to draw conclusions are seldom successful and likely to be irrelevant.
	0	No creditworthy material

Indicative content/possible content could include:

Job production benefits:

- High quality phone cases will be produced
- Phone cases can be made specifically for the customers' requirements.

Job production drawbacks:

- Costs of production are higher
- Takes more time to produce each item

Flow production benefits:

- Unit costs lower because the business can produce many items at the same time
- Specialist members of staff

Flow production drawbacks:

- Can lead to demotivation
- Only one type of product can be produced at a time

21	Using your knowledge of promotional methods, evaluate why a small						
	business would prefer to use social media to promote their business						
	rather than using local radio and local newspaper advertising.						
	Level	evel Marks Description					
	3	7 - 9	A wide range of relevant knowledge and	AO3=3			
		7 – 3	understanding is shown, which is accurate and				
			detailed. Subject specific terminology is used				
			consistently throughout.				
			and agree an				
			Application of knowledge and understanding is				
			appropriate, with clear relevance to the context.				
			Analysis and evaluation is present and very				
			effective. The conclusions drawn are fully				
			supported by judgements.				
	2	4 – 6	A range of relevant knowledge and				
			understanding is shown, but may be lacking in				
			sufficient detail, with a few errors. Subject				
			specific terminology is used, but not always				
			consistently.				
			Application of knowledge and understanding is				
			mostly appropriate, but sometimes lacks clarity,				
			and there may be a few errors.				
			and there may be a row errore.				
			Analysis and evaluation is present and effective,				
			but may be lacking appropriate development.				

		There are attempts to draw conclusions, which are supported by judgements, but it is likely that some will be irrelevant.
1	1 – 3	A limited range of relevant knowledge and understanding is shown, but is often fragmented. Subject specific terminology, if used, is often inappropriate and a lack of understanding is evident.
		Application of knowledge and understanding is inappropriate, with any attempt showing fundamental errors.
		Analysis and evaluation, if present, is of limited effectiveness. Attempts to draw conclusions are seldom successful and likely to be irrelevant.
•	0	No creditworthy material

Indicative content/possible content could include:

Social media benefits:

- Inexpensive or free which is an important consideration for a small business
- Can reach a wide number of potential customers
- Good way of communicating directly with customers
- Can be constantly updated (with new offers, products, information etc.)

Social media drawbacks:

- Relies on effective ICT equipment (both from the business and user/customer)
- Negative feedback can be spread very quickly
- Looks unprofessional if not updated regularly
- May not be used by some customers (particularly older users/customers)

Local radio/newspaper benefits:

- Information can be made specific for local customers
- Doesn't require user/customer to have any specialist equipment

Local radio/newspaper drawbacks:

- Limited number of potential customers
- Costs to advertise in these media which may be prohibitive for a small business

Assessment Objective Grid

Question	AO1	AO2	AO3	Total					
Section 1									
1	1			1					
2	1			1					
3	1			1					
4	1			1					
5	1			1					
6		2		2					
7	1			1					
Total	6	2		8					
Section 2									
8	2	2		4					
9(a)	1			1					
9(b)	2	2		4					
10	1		1	2					
11(a)	2			2					
11(b)	1		3	4					
12(a)	1			1					
12(b)		2		2					
13(a)		3	3	6					
13(b)			4	4					
14(a)	2	2		4					
14(b)		3		3					
15		2	2	4					
16	2	2		4					
17	2			2					
18	2	2		4					
Total	18	20	13	51					
Section 3									
19	2	2	2	6					
20	2	2	2	6					
21	3	3	3	9					
Total	7	7	7	21					
Paper Total	31	29	20	80					