

GCE 2004

June Series



Mark Scheme

Business Studies

Unit BUS2

Mark schemes are prepared by the Principal Examiner and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation meeting attended by all examiners and is the scheme which was used by them in this examination. The standardisation meeting ensures that the mark scheme covers the candidates' responses to questions and that every examiner understands and applies it in the same correct way. As preparation for the standardisation meeting each examiner analyses a number of candidates' scripts: alternative answers not already covered by the mark scheme are discussed at the meeting and legislated for. If, after this meeting, examiners encounter unusual answers which have not been discussed at the meeting they are required to refer these to the Principal Examiner.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of candidates' reactions to a particular paper. Assumptions about future mark schemes on the basis of one year's document should be avoided; whilst the guiding principles of assessment remain constant, details will change, depending on the content of a particular examination paper.

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Dr Michael Cresswell Director General

GENERAL MARKING GUIDANCE

You should remember that your marking standards should reflect the levels of performance of Advanced Subsidiary candidates, mainly 17 years old, writing under examination conditions. The level of demand of this unit is that expected of candidates half-way through a full A Level course.

Positive Marking

You should be positive in your marking, giving credit for what is there rather than being too conscious of what is not. Do not deduct marks for irrelevant or incorrect answers as candidates penalise themselves in terms of the time they have spent.

Mark Range

*You should use the whole mark range available in the marking scheme. Where the candidate's response to a question is such that the mark scheme permits full marks to be awarded, full marks **must** be given. A perfect answer is not required. Conversely, if the candidate's answer does not deserve credit, then no marks should be given.*

The use of Levels of Response

Levels of response marking has holistic aspects, yet must conform to the rule of positive marking. A candidate who has built a strong argument must have that achievement recognised fully, even if a subsequent paragraph of ambiguity reduces the power of the whole. For this to occur consistently requires careful annotation of the level of response achieved within each skill category, at each significant stage within an answer.

Fundamental to a Levels of Response approach is that there maybe more than one right answer to a written question. Examiners must use their professional judgement to credit any reasonable answer, whether or not it is listed on the mark scheme.

Levels of response marking requires examiners to follow the logic of a candidate's answer. A concept that would receive credit for knowledge in one context could become a means of analysis in another. It is also possible that a candidate's line of argument could validate knowledge that would not have been recognised if the candidate had simply tabled it. For example, acid test is not listed within the specification as a test of financial efficiency, yet a candidate could build an argument that made it relevant. Then knowledge could be rewarded as well as analysis.

Despite the value of skills such as analysis and evaluation, all answers must be based upon relevant knowledge and understanding. Therefore, it is not possible to credit application, analysis or evaluation unless recognisable knowledge has been rewarded.

The skills we seek from candidates are as follows:

1. Knowledge and understanding: accurate definitions or explanations of relevant terms should always be credited within this category; candidates can also gain credit for knowing and explaining a point relevant to the question, e.g. an advantage of factoring.
2. Application is the skill of bringing knowledge to bear to the business context faced by the candidate. Candidates should not be rewarded for simply dropping the company name or product category into their answer; the response must show recognition of some specific business aspect of the firm, its management or its situation.
3. Analysis: building up an argument using relevant business theory in a way that answers the question specifically and shows understanding of cause and effect.
4. Evaluation is judgement. This can be shown within an answer, through the weighting of an argument or in the perceptiveness shown by the candidate (perhaps about the degree of crisis/strength of the XYZ Company). It can also be shown within a conclusion, perhaps by weighing up the strength of the candidate's own arguments for and against a proposition. Evaluation is **not** shown simply by the use of drilled phrases such as "On the other hand" or "Business operates in an ever-changing environment". It is shown through the weighting of the candidate's response plus the logic and justification of his/her conclusions.

Quality of Language

The GCSE and GCE A/AS Code of Practice requires the assessment of candidates' quality of written communication wherever they are required to write in continuous prose. In this unit, this assessment will take place for each candidate's script as a whole by means of the following marking criteria.

- | | | |
|---------|--|----------------|
| LEVEL 3 | Moderately complex ideas are expressed clearly and reasonably fluently, through well linked sentences and paragraphs. Arguments are generally relevant and well structured. There may be occasional errors of grammar, punctuation and spelling. | 3 marks |
| LEVEL 2 | Straightforward ideas are expressed clearly, if not always fluently. Sentences and paragraphs may not always be well connected. Arguments may sometimes stray from the point or be weakly presented. There may be some errors of grammar, punctuation and spelling, but not such as to suggest a weakness in these areas | 2 marks |
| LEVEL 1 | Simple ideas are expressed clearly but arguments may be of doubtful relevance or obscurely presented. Errors in grammar, punctuation and spelling may be noticeable and intrusive, suggesting a weakness in these areas. | 1 mark |
| LEVEL 0 | Ideas are expressed poorly and sentences and paragraphs are not connected. There are errors of grammar, punctuation and spelling, showing a weakness in these areas. | 0 marks |

Total 3 marks

1**Total for this question: 6 marks**

Outline **two** possible benefits to *ScrewLoose Ltd* of the off-the-job training provided for the directors and senior staff (see **Section G** and **Appendix B**). (6 marks)

	Content 3 marks	Application 3 marks
Level 2	3 marks Clear explanation of the term or the benefit(s), showing good understanding	3 marks Effective application of the point(s) made in relation to ScrewLoose
Level 1	2-1 marks Some explanation of the term or the benefit(s), showing some understanding	2-1 marks Some application of the point(s) made in relation to ScrewLoose

Content/Application – benefits include:

- Able to discuss issues without the immediate pressure of work – issues such as the company’s response to the N & Q television campaign could have been discussed.
- More time to discuss strategic issues – new managers would welcome this.
- A residential might create a stronger corporate identity amongst new managers.
- Motivational impacts on new and existing managers.
- Less likely to learn “bad habits” – is there evidence in the case of a reluctance in the past to take on new ideas.
- This kind of investment in human capital might encourage greater loyalty.

2

Total for this question: 6 marks

Explain **two** possible problems *ScrewLoose Ltd* might have experienced as a consequence of the under-utilisation of capacity at *ScrewLoose (Ireland) Ltd* (see **Section E & G**). (6 marks)

	Content 3 marks	Application 3 marks
Level 2	Clear explanation of the term or the problem(s), showing good understanding	Effective application of the point(s) made in relation to ScrewLoose
Level 1	Some explanation of the term or the problem(s), showing some understanding	Some application of the point(s) made in relation to ScrewLoose

Possible answers may include:

- Cost implications – fixed costs spread over fewer units - ScrewLoose had invested in new facilities, which presumably had high FC.
- Inefficiency – more difficult for ScrewLoose to survive the difficult trading period in 2003.
- Possibility of other costs cut – there is a suggestion that without the sub contracting, jobs would have had to go.
- Low gross profit of 23% will be negatively affected by a rise in FC/unit.
- May cause a loss of price flexibility due to rising costs/unit.
- In a competitive market, the need for cost control is important.

3

Total for this question: (15 marks)

The warehouse manager was sceptical that Michelle's approach to motivation could work in other areas of the business. Discuss the arguments for and against such a view (see **Section D**). (15 marks)

	Content (3 marks)	Application (3 marks)	Analysis (4 marks)	Evaluation (5 marks)
Level 3				5 marks Judgement shown in weighing up the extent to which methods of motivation can be extended, with clear conclusions
Level 2	3 marks Good understanding shown of motivation or relevant point(s) explained	3 marks Relevant issue(s) applied in detail to the case	4-3 marks Analysis of the question set using relevant theory	4-3 marks Judgement shown in weighing up the issues
Level 1	2-1 marks Some understanding of motivation or relevant point(s) made	2-1 marks Some application to issue(s) in the case	2-1 marks One or two points made to analyse the question in a limited way	2-1 marks Some judgement shown in text or conclusions

Possible arguments supporting the warehouse manager include:

- Michelle had an open democratic management style - was that appropriate in other areas?
- Canteen staff are empowered to make decisions - can that be applied to other areas? Would it carry greater risks?
- How highly skilled is canteen work? Can other areas be as multi skilled as easily?
- Small section of the business – seven workers – possibly easier to adopt certain approaches.
- FW Taylor or McGregor in support of warehouse manager's arguments.

Possible arguments against include:

- Any appropriate use of motivation theory to support the view that these methods might benefit other areas of the business.
- Eg Mayo and the impact on team relations in the canteen.
- Maslow and the satisfaction of higher needs being met by Michelle's approach.
- Herzberg and the motivational impact of the additional responsibility Michelle gives workers.

Possible evaluative comments include:

- Comments that balance possible value of approaches against possible difficulties of extending them beyond the canteen.
- Comments that suggest one particular approach is more/less easily extended.

4

Total for this question: 8 marks

Analyse the ways in which changes in organisational structure might have contributed to the success of <i>ScrewLoose Ltd.</i> (8 marks)
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	Content 2 marks	Application 2 marks	Analysis 4 marks
Level 2	2 marks Good understanding shown of the term or relevant point(s) explained	2 marks Relevant issue(s) applied in detail to the case	4-3 marks Analysis of the question set using relevant theory
Level 1	1 mark Some understanding of the term or relevant point made	1 mark Some application to issue(s) in the case	2-1 marks One or two points made to analyse the question in a limited way

Possible answers include:

- The creation of specialist roles as the business grew seemed to work - the appointment of a MD seemed to be very successful for example, and proved that the original owner could not do everything.
- CY's strengthening of the higher tiers should have given the business a stronger strategic view - little evidence it did however.
- CY's initial restructuring seemed problematic – some seemed overwhelmed by the additional responsibility, others felt they had had their jobs diminished.
- Are the motives behind CY's second restructuring questionable? Suggestion he did it merely to make his life easier rather than for the benefit of the business.
- Does a change in organisational design have any effect if culture remains unchanged? - evidence that the canteen manager's approach was not universally adopted or it would take time to persuade the managers.
- Andrew's restructuring in 2002 seemed to reverse the previous one by CY – lack of a strategic view of organisational design?
- Michelle's appointment as Deputy Chief Executive does not appear to have been thought through.

5

Total for this question: 15 marksTo what extent was effective stock management crucial to the success of *ScrewLoose Ltd*?

(15 marks)

	Content (3 marks)	Application (3 marks)	Analysis (4 marks)	Evaluation (5 marks)
Level 3				5 marks Judgement shown in weighing up the significance of stock management to ScrewLoose's success
Level 2	3 marks Good understanding shown of stock management or relevant point(s) explained	3 marks Relevant issue(s) applied in detail to the case	4-3 marks Analysis of the question set using relevant theory	4-3 marks Judgement shown in text or conclusions
Level 1	2-1 marks Some understanding of stock management shown or relevant point(s) made	2-1 marks Some application to issue(s) in the case	2-1 marks One or two points made to analyse the question in a limited way	2-1 marks Some judgement shown in text or conclusions

Possible answers include:

- Initially stock management seemed easy - very simple manual system. Difficult to see how it could have contributed either way to success. However, a low profit margin could be evidence of a scope to reduce costs through more efficient stock management.
- A widening of the product range in the early days would make stock management more important.
- Problems described in Section C are clearly related to stock management - but was it the system or the technology?
- The switch from telephone sales to distribution over the Internet was an important change – stock management became essential at this point.
- Expanding sales and rapid growth would have placed strains on stock management.
- Importance of stock management to a reliability benchmark target?
- Flexible pricing might affect stock levels and increase need to match purchases to sales.
- Next day delivery dependent on effective stock management – need for 100% reliability.

Evaluative comments may include:

- Balance of stock management issues against other factors likely to affect success - credit here for any relevant factors discussed in comparison.
- Success influenced by an unusually favourable external environment.
- Stock management especially important once internet sales had been established.