



ASSESSMENT and  
QUALIFICATIONS  
ALLIANCE

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# Mark scheme January 2004

## GCE

### Business Studies

### Unit BUS2

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## **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, eg 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

Paul King is keen to encourage workers to be involved in decisions to improve the performance of the firm. Explain **two** possible benefits to *King and Dillworth Ltd* of the introduction of Quality Circles. (6 marks)

	<b>Content 3 marks</b>	<b>Application 3 marks</b>
<b>Level 2</b>	<b>3 marks</b> Clear explanation of the term <b>or</b> the benefit(s), showing good understanding	<b>3 marks</b> Effective application of the point(s) made in relation to King and Dillworth Ltd
<b>Level 1</b>	<b>2-1 marks</b> Some explanation of the term <b>or</b> the benefit(s), showing some understanding	<b>2-1 marks</b> Some application of the point(s) made in relation to King and Dillworth Ltd

**Content:**

Quality circles are groups of workers who meet regularly and voluntarily to discuss production problems and offer possible solutions to problematic products and processes. It is often said that workers have two jobs – doing the job and making it better

**Content/Application - Benefits include:**

- There is evidence of poor quality being “let through” to the finished product
- Quality circles might help to spot such problems earlier
- Reduction in reparation costs, if quality defects are spotted earlier
- May help King and Dillworth Ltd close the gap between them and the competition, which seems to be growing
- Motivational impacts on de-motivated production workers
- May mean a broader range of views can be heard on what improvements to make, not just the resistance to change of the Production Manager
- May have a positive effect on culture

2

Explain **two** possible problems that *King and Dillworth Ltd* might experience in extending performance-related pay to the administration staff. (6 marks)

	<b>Content 3 marks</b>	<b>Application 3 marks</b>
<b>Level 2</b>	<b>3 marks</b> Clear explanation of the term <b>or</b> the problem(s), showing good understanding	<b>3 marks</b> Effective application of the point(s) made in relation to King and Dillworth Ltd
<b>Level 1</b>	<b>2-1 marks</b> Some explanation of the term <b>or</b> the problem(s), showing some understanding	<b>2-1 marks</b> Some application of the point(s) made in relation to King and Dillworth Ltd

**Content:**

Links the annual salary of a worker to their performance. May be in the form of a salary or wage enhancement or profit sharing

**Application:**

- Measurement of output of two groups of worker? Would be easier for manufacturing staff than for administration staff
- Quantity or quality?
- Will introduction “distort” activity towards those things that will attract reward, eg faster completion at the expense of quality?
- How to calculate performance-related element?
- Who should be eligible for payment?
- Establishment of baseline?
- Would performance of administration staff be affected by external factors?

3

Paul King believes that delegating authority to the on-site teams is certain to improve quality and efficiency (**Item 2** in the case study). To what extent do you agree with this view? (15 marks)

	<b>Content 3 marks</b>	<b>Application 3 marks</b>	<b>Analysis 4 marks</b>	<b>Evaluation 5 marks</b>
<b>Level 3</b>				<b>5 marks</b> Judgement shown in weighing up the extent to which delegation can guarantee improved efficiency and quality, with clear conclusions
<b>Level 2</b>	<b>3 marks</b> Good understanding of 'delegation' shown	<b>3 marks</b> Relevant issue(s) applied in detail to the case	<b>4-3 marks</b> Analysis of question set using relevant theory	<b>4-3 marks</b> Judgement shown in weighing up the issue(s) in relation to efficiency or quality
<b>Level 1</b>	<b>2-1 marks</b> Some understanding of 'delegation'	<b>2-1 marks</b> Some application to issue(s) in the case	<b>2-1 marks</b> Some use of theory	<b>2-1 marks</b> Some judgement shown in text or conclusions

**Content:**

Passing of power and authority down the hierarchy, whilst retaining responsibility

**Possible arguments in favour include:**

- Possible motivational impacts of delegation – evidence of a decline in quality may be reversed, if workers feel part of the decision-making process
- Workers may have better informed opinions about quality improvements
- Delegation downwards would allow managers (even the Production Manager) to concentrate on quality assurance
- May provide greater flexibility as workers become more multi-skilled and decisions may be quicker, if reference to a manager is no longer required
- Might, in time, provide the potential supervisors that the Production Manager wants

**Possible evaluative comments include:**

- The extent to which delegation leads to improvements in quality will depend on whether the workers have the necessary skills and experience
- There is lots of evidence that the workers are not empowered at present – wouldn't there need to be a major change in culture before delegation was effective?
- Delegation may not, in the short-term, contribute to improvements in efficiency as costs may rise, possibly leading to slower decisions
- Will the introduction be well planned?
- Initial setting up costs

4

Analyse how workforce planning might contribute to the future success of *King and Dillworth Ltd.*  
(8 marks)

	<b>Content 2 marks</b>	<b>Application 2 marks</b>	<b>Analysis 4 marks</b>
<b>Level 2</b>	<b>2 marks</b> Good understanding shown of workforce planning	<b>2 marks</b> Relevant issue(s) applied in detail to the case	<b>4-3 marks</b> Analysis of question set using relevant theory
<b>Level 1</b>	<b>1 mark</b> Some understanding of workforce planning shown	<b>1 mark</b> Some application to issue(s) in the case	<b>2-1 marks</b> Some use of theory

**Content:**

Methods of forecasting the number and type of workers needed now and in the future. The likely demand for labour is assessed so that supply can be matched

**Possible answers include:**

- Short-term planning may help to fill vacancies
- In the longer term, the different skills needed for greater delegation and Quality Circles can be planned for and training or recruitment could be arranged
- Reductions in capacity could be anticipated, if the fall in demand is prolonged
- The joint venture will require additional workers, so this should be planned for

5

Paul King estimates that in the last recession *King and Dillworth Ltd's* capacity utilisation rate fell to less than 65%. Discuss the possible impact on *King and Dillworth Ltd* of a significant fall in capacity utilisation. (15 marks)

	<b>Content 3 marks</b>	<b>Application 3 marks</b>	<b>Analysis 4 marks</b>	<b>Evaluation 5 marks</b>
<b>Level 3</b>				<b>5 marks</b> Judgement shown in weighing up disadvantages, perhaps with reference to possible benefits
<b>Level 2</b>	<b>3 marks</b> Good understanding shown of capacity utilisation	<b>3 marks</b> Relevant issues applied in detail to the case	<b>4-3 marks</b> Analysis of the question set using relevant theory	<b>4-3 marks</b> Judgement shown in text or conclusions
<b>Level 1</b>	<b>2-1 marks</b> Some understanding of relevant issue(s) shown	<b>2-1 marks</b> Some application to issue(s) in the case	<b>2-1 marks</b> Some use of theory	<b>2-1 marks</b> Some judgement shown

**Content:**

Capacity utilisation is the proportion of maximum possible output that is currently being used

**Possible disadvantages include:**

- Reduction in the efficient use of fixed assets such as the warehouse
- Increased burden of fixed costs as output falls – fixed cost per unit will rise as capacity utilisation falls – may be worse if financed by debt
- Burden that labour costs impose, especially as most are fixed costs rather than variable, as sub-contracted workers would be
- Profit margin implications of above points
- Consequences of a significant fall may be to permanently reduce capacity or become more flexible by changing to temporary/flexible contract arrangements
- Motivational and public relations potential of rationalisation

**Evaluative comments may include:**

- Weighing up of significance of impact – is the impact likely to be less if the deal with Irkvale Homes plc happens?
- Length of time that reduction in capacity takes
- Is it an industry wide phenomenon? Can King and Dillworth Ltd survive a short-term reduction and benefit from long-term growth in market share if competition goes under?