



General Certificate of Education

Business Studies 5131

BUS2 People and Operations Management

Mark Scheme

2006 examination - January series

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.

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 may be 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**

Total 3 marks

1

Total for this question: 6 marks

Outline two possible benefits to <i>Abacus Aromatherapy Ltd</i> of constructing a workforce plan before the major expansion in 2002 (Section C). (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 <i>Abacus Aromatherapy Ltd</i>
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 <i>Abacus Aromatherapy Ltd</i>

Definition: A plan which details the number and type of workers needed in the future in order to achieve the organisation’s objectives.

Content/Application – benefits include:

- Ensures *Abacus Aromatherapy Ltd* has a sufficient number of suitable staff to meet the increased demand resulting from expansion
- Ensures effective use of the workforce
- Identifies the skills levels of the current workforce (skills audit) and enables *Abacus Aromatherapy Ltd* to highlight shortages plus training needs
- Labour turnover figures can be calculated to identify recruitment needs
- Enables identification of key and/or surplus staff who could be re-deployed to the new factory
- *Abacus Aromatherapy Ltd* can decide on the relative number of full-time and temporary staff they will need based upon their sales forecasts
- Particularly appropriate at this stage of business development as *Abacus Aromatherapy Ltd* is expanding rapidly
- It will be a useful technique, especially as Nadia and Jill lack HRM experience.

2

Total for this question: 6 marks

Explain **two** possible problems that *Abacus Aromatherapy Ltd* may have faced as a result of the stock control difficulties with Lavender Oil between September 2002 and December 2002 (**Figure 2, Section C**). (6 marks)

	Content 3 marks	Application 3 marks
Level 2	3 marks Clear explanation of the term or the problem(s), showing good understanding	3 marks Effective application of the point(s) made in relation to <i>Abacus Aromatherapy Ltd</i>
Level 1	2–1 marks Some explanation of the term or the problem(s), showing some understanding	2–1 marks Some application of the point(s) made in relation to <i>Abacus Aromatherapy Ltd</i>

Possible answers may include:

- Lavender oil is a key ingredient – running out means the production of many products could be halted
- Loss of potential sales
- Dissatisfied customers and damage to the company’s reputation (a key objective for *Abacus Aromatherapy Ltd*)
- Competitors may exploit this, especially as this market is attracting new entrants
- Reduced efficiency caused by falls in productivity and capacity utilisation.

3

Total for this question: 15 marks

Discuss the arguments **for** and **against** the decision to delegate more authority to the production teams and Scott Devine. *(15 marks)*

	Content 3 marks	Application 3 marks	Analysis 4 marks	Evaluation 5 marks
Level 3				5 marks Judgement shown in weighing up with clear conclusions
Level 2	3 marks Good understanding shown of delegation or relevant point(s) explained	3 marks Relevant issue(s) applied in detail to the case	4–3 marks Good analysis using relevant theory	4–3 marks Judgement shown in weighing up the issues
Level 1	2–1 marks Some understanding shown of delegation or relevant point(s) identified	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

Arguments that the decision was correct could include:

- Improved motivation resulting from increased responsibility and empowerment given to each team – Maslow’s higher needs and Herzberg’s motivators
- Improved teamwork resulting from each team deciding how to organise their work – Maslow social needs plus Mayo
- Increased sales and fall in customer complaints that resulted from these changes.

Arguments that the decision was incorrect could include:

- The problems that occurred at the new factory – would they have happened if Nadia had kept closer control?
- Are the workforce capable of being given extra responsibility? Do they have sufficient knowledge/training/experience?
- Are the staff sufficiently motivated?

Possible evaluative comments could include:

- Initially, it appeared to be a success as evidenced by the improvements at Jill’s factory
- To succeed, the workforce need to possess the experience/knowledge and motivation required
- It depends on the circumstances – in crisis situations as occurred in Section D, a more autocratic ‘hands on’ approach is required.

4

Total for this question: 8 marks

Analyse **two** possible implications for *Abacus Aromatherapy Ltd* of the falling productivity at Jill's factory (**Table 1, Section D**). (8 marks)

	Content 2 marks	Application 2 marks	Analysis 4 marks
Level 2	2 marks Candidate clearly explains the term or implication(s), showing good understanding	2 marks Effective application of the point(s) made in relation to <i>Abacus Aromatherapy Ltd</i>	4–3 marks Good analysis of the implication(s) arising from falling productivity
Level 1	1 mark Candidate identifies one implication or some understanding of the term	1 mark Some application of the point(s) made in relation to <i>Abacus Aromatherapy Ltd</i>	2–1 marks Limited analysis of the implication(s) arising from falling productivity

Possible implications could include:

- Increased labour costs per unit may lead to having to charge uncompetitive prices
- Problems with IP plc – current contract stipulates that ‘own brand’ goods must be priced 25% lower
- Falling profitability – long-term effects of this?
- Problems of low morale resulting from staff working long hours – increased absenteeism, late deliveries and customer complaints.

5

Total for this question: 15 marks

The agreement with IP plc was to employ capital intensive, flow production methods at the new factory. Evaluate the arguments **for** and **against** this decision. (15 marks)

	Content 3 marks	Application 3 marks	Analysis 4 marks	Evaluation 5 marks
Level 3				5 marks Judgement shown in weighing up the arguments with clear conclusions
Level 2	3 marks Good understanding shown of the term(s) or relevant point(s) explained	3 marks Relevant issue(s) applied in detail to the case	4–3 marks Good analysis using relevant theory	4–3 marks Judgement shown in text or conclusions
Level 1	2–1 marks Some understanding shown of the term(s) or relevant point(s) identified	2–1 marks Some application to issue(s) in the case	2–1 marks One or two point(s) made to analyse the question in a limited way	2–1 marks Some judgement shown in text or conclusions

Arguments for could include:

- Improved efficiency and productivity
- Economies of scale
- Pressure from IP plc to ensure ‘own brands’ are priced 25% below *Abacus Aromatherapy Ltd*
- Increased speed of production – need to deliver ‘own brands’ within two days.

Arguments against could include:

- Lack of variety and choice
- High initial cost – *Abacus Aromatherapy Ltd* had to borrow a six year loan from the bank
- Boring, unskilled jobs – issues of low morale may arise.

Possible evaluative comments could include:

- It may be the only way *Abacus Aromatherapy Ltd* can meet the extra demand for its products
- However, standardised products restricts the choice of products which may be one of the reasons for the popularity of *Abacus Aromatherapy Ltd*
- How confident is *Abacus Aromatherapy Ltd* that the extra demand for its products is strong enough to justify the extra investment necessary for flow production?