



General Certificate of Education

Business Studies 5131

BUS2 People and Operations Management

Mark Scheme

2007 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.

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General Marking Guidance

You should remember that your marking standards should reflect the levels of performance of Advanced Subsidiary Level 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**

Explain **two** possible reasons why *Kiki's* new directors were recruited externally
(Section E). (6 marks)

	Content 3 marks	Application 3 marks
Level 2	3 marks Relevant reason(s) explained showing effective understanding	3 marks Effective application of the reason(s) made in relation to <i>Kiki</i>
Level 1	2–1 marks Good understanding shown of the term or relevant reason(s) identified	2–1 marks Some application of the reason(s) made in relation to <i>Kiki</i>

Possible answers might include the following:

Definition: external recruitment is the process of attracting candidates from outside the company.

- the need to bring in new ideas and experiences
- the new directors were all recruited from the retail and textile sectors
- this was a 'fresh start' for *Kiki*. Hannah needed senior managers who agreed with her new strategy.

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

Outline **two** possible benefits to *Kiki* that may result from the greater use of teamworking.
(6 marks)

	Content 3 marks	Application 3 marks
Level 2	3 marks Relevant benefit(s) explained showing effective understanding	3 marks Effective application of the benefit(s) made in relation to <i>Kiki</i>
Level 1	2–1 marks Good understanding shown of the term or relevant benefit(s) identified	2–1 marks Some application of the benefit(s) made in relation to <i>Kiki</i>

Possible answers might include the following:

Definition: teamworking – when groups of employees are responsible for completing large units of work as opposed to a high division of labour.

- motivational benefits (Maslow social and esteem needs, Mayo: importance of belonging to a group)
- improved speed of decision making (crucial for fast fashion)
- better quality of decision making (leading to improved designs etc)
- this is a key element of Hannah's decision to decentralise decision making
- effective teamwork is crucial for both TQM and simultaneous engineering which were important parts of the new strategy.

3

Total for this question: 15 marks

A key element of Hannah’s strategy was to change *Kiki’s* existing organisational design by delayering and decentralising (**Sections D and E**). Discuss the arguments **for** and **against** the changes in *Kiki’s* organisational structure that Hannah implemented. (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 conclusion
Level 2	3 marks Good understanding shown of both delayering and decentralising	3 marks Relevant issues 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 Good understanding of delayering or decentralising or relevant point(s) identified	2–1 marks Some application to issue(s) in the case	2–1 marks Limited analysis of the question set	2–1 marks Some judgement shown

Possible answers might include the following:

Definitions:

Delayering is the removal of levels from the hierarchy.

Decentralisation is the passing down of decision making to lower levels in the organisation.

Arguments for the changes

- delayering can speed up decision making at head office – this is crucial in the fast fashion industry
- existing managers will be given increased responsibility – motivational benefits may result. Maslow esteem needs and Herzberg motivators
- wider spans of control will force managers to delegate more
- reduced supervision costs
- decentralisation enables greater empowerment for store managers
- decision making at store level enables a better response to local customers’ tastes.

Arguments against the changes

- redundancy costs resulting from delayering
- morale problems resulting from redundancies and insecurity amongst existing managers
- increased workload on existing managers – led to increased absenteeism
- do store managers possess the experience and/or desire for the extra decision making powers resulting from decentralisation?
- decentralisation may result in a lack of uniformity in *Kiki’s* stores – is this desirable?

Evaluative points may include:

- these changes were vital if Hannah was to succeed in changing the culture of *Kiki*
- businesses who operate in the fast fashion industry need to respond quickly to change if they are to compete
- these changes will only work if *Kiki’s* employees believe in them and are capable of undertaking their new roles successfully.

4

Total for this question: 8 marks

(a) Alan Gilzean aims to achieve a level of 90% capacity utilisation in the Blackburn factory. With reference to **Figure 2**, calculate the level of monthly output necessary to achieve this. (2 marks)

	Content 1 mark	Application 1 mark
Level 1	1 mark Candidate shows understanding of the formula for calculating capacity utilisation	1 mark Candidate correctly calculates the level of output

$$\text{Capacity utilisation} = \frac{\text{actual output}}{\text{maximum output}} \times 100$$

$$\begin{aligned} 90\% \text{ capacity utilisation} &= 0.9 \times 250\,000 \\ &= 225\,000 \text{ units} \end{aligned}$$

(b) Analyse **one** reason why a high level of capacity utilisation is desirable to *Kiki*. (6 marks)

	Content 1 mark	Application 1 mark	Analysis 4 marks
Level 2			4–3 marks Effective analysis of the question
Level 1	1 mark Candidate shows understanding of the term	1 mark Candidate applies answer to the case	2–1 marks Limited analysis of the question

Possible answers might include the following:

- high capacity utilisation enables fixed costs to be spread over more units of output resulting in lower unit costs
- lower unit costs provides opportunities for charging lower prices or increased profit margins
- lower prices could prove to be a significant advantage in such a competitive market.

5

Total for this question: 15 marks

According to XMart’s Chief Executive, to be successful in the fast fashion industry, “It’s time-based management that is important not quality” (**Section H**). To what extent do you agree with this view? (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 both quality and time-based management	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 Good understanding shown of quality or time-based management or relevant point(s) identified	2–1 marks Some application to issue(s) in the case	2–1 marks Limited analysis of the question set	2–1 marks Some judgement shown

Possible answers might include the following:

Definitions:

Quality is the ability to meet customers’ requirements successfully.

Time-based management focuses on time as a key business resource utilising techniques such as simultaneous engineering and JIT.

- in fast fashion a key USP is to constantly bring out new items before the competition
- due to short product life cycles items may go out of fashion quickly, consequently they will only be worn a few times
- good quality items can be expensive – would teenagers be prepared or could they afford to spend more?
- however, quality is still a key customer expectation
- the costs of poor quality in terms of customer dissatisfaction and lost reputation can be significant.

Evaluative points might include:

- does there have to be a trade off between speed of manufacture and quality?
- how important is quality to fast fashion consumers?
- how does *Kiki’s* quality compare to its competitors?