



**General Certificate of Education**

**Business Studies 5131**

**BUS2      People and Operations Management**

**Mark Scheme**

*2008 examination - June 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 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 the new Head Chef at the Tottenham restaurant was recruited externally (**Section B**). (6 marks)

	<b>Content 3 marks</b>	<b>Application 3 marks</b>
<b>Level 3</b>	<b>3 marks</b> Identifies two reasons and shows some understanding of external recruitment <b>or</b> identifies one reason and shows good understanding of external recruitment	
<b>Level 2</b>	<b>2 marks</b> Identifies two reasons <b>or</b> identifies one reason and shows some understanding of external recruitment <b>or</b> shows good understanding of external recruitment	<b>3 marks</b> Good application of the reason(s) to <i>Mobeen</i>
<b>Level 1</b>	<b>1 mark</b> Identifies one reason <b>or</b> shows some understanding of external recruitment	<b>2–1 marks</b> Some application of the reason(s) to <i>Mobeen</i>

**Definition:** External recruitment is when applicants are recruited from outside the business.

**Relevant answers might include the following:**

- more choice – the advert in the specialist catering magazine attracted many suitable candidates
- new ideas – Ricky Stephenson implemented a staff training programme and batch production system
- lower training costs – Ricky Stephenson had several years experience working for a variety of fast food establishments.

2

**Total for this question: 8 marks**

Analyse **two** possible reasons why *Mobeen's* restaurants aimed to achieve high levels of capacity utilisation. (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> Identifies two reasons <b>or</b> identifies one reason and shows some understanding of capacity utilisation <b>or</b> shows good understanding of capacity utilisation	<b>2 marks</b> Good application of the reason(s) to <i>Mobeen</i>	<b>4–3 marks</b> Good analysis of the reason(s) to <i>Mobeen</i>
<b>Level 1</b>	<b>1 mark</b> Identifies one reason <b>or</b> shows some understanding of capacity utilisation	<b>1 mark</b> Some application of the reason(s) to <i>Mobeen</i>	<b>2–1 marks</b> Some analysis of the reason(s) to <i>Mobeen</i>

**Definition:** Capacity utilisation is the extent to which the maximum capacity of the firm is being used. It can be calculated using the formula:

$$\frac{\text{Current output}}{\text{Maximum possible output}} \times 100$$

**Relevant answers might include the following:**

- high levels of capacity utilisation enables fixed costs to be spread over more units (particularly an issue as the restaurants will have high fixed costs due to expensive rents and large investment in capital equipment)
- lower unit costs can be achieved enabling greater profit margins per meal (*Mobeen's* target market was affluent professionals who would be prepared to pay high prices)
- lower unit costs could also enable *Mobeen* to charge more competitive prices
- busy restaurants would attract potential customers
- staff would be motivated if the business was doing well.

3

**Total for this question: 15 marks**

A major feature of *Mobeen's* organisational design, was that 'all key decisions would be made centrally at head office' (**Section D**). Discuss the arguments **for** and **against** this centralised structure. (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>3 marks</b> Identifies two arguments and shows some understanding of centralisation <b>or</b> identifies one argument and shows good understanding of centralisation			<b>5 marks</b> Good judgement shown in weighing up the argument(s), with clear conclusion
<b>Level 2</b>	<b>2 marks</b> Identifies two arguments <b>or</b> identifies one argument and shows some understanding of centralisation <b>or</b> shows good understanding of centralisation	<b>3 marks</b> Relevant issue(s) applied in detail to the case	<b>4–3 marks</b> Good analysis of the question set	<b>4–3 marks</b> Judgement shown in weighing up the argument(s)
<b>Level 1</b>	<b>1 mark</b> Identifies one argument <b>or</b> shows some understanding of centralisation	<b>2–1 marks</b> Some application to issue(s) in the case	<b>2–1 marks</b> Limited analysis of the question set	<b>2–1 marks</b> Some judgement shown in text or conclusion

**Relevant answers might include the following:**

**Definition:** Centralisation is when decision-making power is kept at the top of the organisation.

**Arguments for centralisation:**

- it enables consistent policies to be implemented (this was important as every restaurant was identical in layout and menu)
- customers may prefer the fact that each restaurant is the same
- it enables faster decision making (*Mobeen* offered a constantly changing menu)
- expertise is concentrated at the top of the organisation (Mark Coles has plenty of successful experience in the fast food sector)
- it suits Mark Coles' autocratic management style.

**Arguments against centralisation:**

- junior managers may become de-motivated
- restaurant managers will have better local knowledge of their customer preferences
- lack of flexibility in terms of responding to local customer needs
- the success of the Tottenham restaurant where the manager implemented job rotation and Kaizen contrary to company policy.

**Evaluative points might include the following:**

- a weighing up of the arguments
- a recognition that it is unlikely that Mark Coles would alter his policy of centralisation
- a recognition that the majority of fast food chains are identical in format and this is a key reason for their success.

4

**Total for this question: 6 marks**

Outline **two** possible benefits for *Mobeen* that could result from the implementation of 'the strict quality control system' described in **Section D**. (6 marks)

	<b>Content 3 marks</b>	<b>Application 3 marks</b>
<b>Level 3</b>	<b>3 marks</b> Identifies two benefits and shows some understanding of quality control <b>or</b> identifies one benefit and shows good understanding of quality control	
<b>Level 2</b>	<b>2 marks</b> Identifies two benefits <b>or</b> identifies one benefit and shows some understanding of quality control <b>or</b> shows good understanding of quality control	<b>3 marks</b> Good application of the benefit(s) to <i>Mobeen</i>
<b>Level 1</b>	<b>1 mark</b> Identifies one benefit <b>or</b> shows some understanding of quality control	<b>2–1 marks</b> Some application of the benefit(s) to <i>Mobeen</i>

**Definition:** Quality control is a system that maintains quality through a team of inspectors.

**Relevant answers might include the following:**

- *Mobeen's* strategy is to offer high quality food and customer service – quality control is intended to ensure that high standards are maintained
- it would enable *Mobeen* to gain a reputation for quality
- the monthly league tables enable *Mobeen* to identify the best performing restaurants and to reward them with bonuses
- the tables would also identify the worst performing restaurants and enable corrective action to be implemented.



5

**Total for this question: 15 marks**

To what extent do you think that the use of just-in-time techniques was critical to *Mobeen's* success? (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>3 marks</b> Identifies two arguments and shows some understanding of JIT <b>or</b> identifies one argument and shows good understanding of JIT			<b>5 marks</b> Good judgement shown in weighing up the argument(s), with clear conclusion
<b>Level 2</b>	<b>2 marks</b> Identifies two arguments <b>or</b> identifies one argument and shows some understanding of JIT <b>or</b> shows good understanding of JIT	<b>3 marks</b> Relevant issue(s) applied in detail to the case	<b>4–3 marks</b> Good analysis of the question set	<b>4–3 marks</b> Judgement shown in weighing up the argument(s)
<b>Level 1</b>	<b>1 mark</b> Identifies one argument <b>or</b> shows some understanding of JIT	<b>2–1 marks</b> Some application to issue(s) in the case	<b>2–1 marks</b> Limited analysis of the question set	<b>2–1 marks</b> Some judgement shown in text or conclusion

**Relevant answers might include the following:**

**Definition:** Just-in-time is a system that organises operations so that stock arrives just at the time it is needed for production.

**Arguments that JIT did contribute to *Mobeen's* success:**

- reduced stockholding costs
- less storage space required which could be put to more profitable use such as room for extra customers
- *Mobeen's* ingredients were perishable – JIT could result in less waste and reduces the chances of stock becoming out-of-date
- improved cash flow (especially important as *Mobeen* was expanding rapidly).

**Arguments that JIT did not contribute to *Mobeen's* success:**

- local suppliers were unreliable – there were missed deliveries and inorganic ingredients sent to the Chelsea restaurant
- the constantly changing menu would have created problems for suppliers
- increased administration costs and the inability to achieve purchasing economies of scale.

**Evaluative points might include the following:**

- a recognition that *Mobeen's* success can be attributed to a variety of factors such as good quality food and service, marketing, location and effective leadership
- that JIT is dependent upon reliable suppliers – there is plenty of evidence that this was not the case.