

GCE A2
Business Studies

Summer 2008

Mark Schemes

Issued: October 2008

**NORTHERN IRELAND GENERAL CERTIFICATE OF SECONDARY EDUCATION (GCSE)
AND NORTHERN IRELAND GENERAL CERTIFICATE OF EDUCATION (GCE)**

MARK SCHEMES (2008)

Foreword

Introduction

Mark Schemes are published to assist teachers and students in their preparation for examinations. Through the mark schemes teachers and students will be able to see what examiners are looking for in response to questions and exactly where the marks have been awarded. The publishing of the mark schemes may help to show that examiners are not concerned about finding out what a student does not know but rather with rewarding students for what they do know.

The Purpose of Mark Schemes

Examination papers are set and revised by teams of examiners and revisers appointed by the Council. The teams of examiners and revisers include experienced teachers who are familiar with the level and standards expected of 16- and 18-year-old students in schools and colleges. The job of the examiners is to set the questions and the mark schemes; and the job of the revisers is to review the questions and mark schemes commenting on a large range of issues about which they must be satisfied before the question papers and mark schemes are finalised.

The questions and the mark schemes are developed in association with each other so that the issues of differentiation and positive achievement can be addressed right from the start. Mark schemes therefore are regarded as a part of an integral process which begins with the setting of questions and ends with the marking of the examination.

The main purpose of the mark scheme is to provide a uniform basis for the marking process so that all the markers are following exactly the same instructions and making the same judgements in so far as this is possible. Before marking begins a standardising meeting is held where all the markers are briefed using the mark scheme and samples of the students' work in the form of scripts. Consideration is also given at this stage to any comments on the operational papers received from teachers and their organisations. During this meeting, and up to and including the end of the marking, there is provision for amendments to be made to the mark scheme. What is published represents this final form of the mark scheme.

It is important to recognise that in some cases there may well be other correct responses which are equally acceptable to those published: the mark scheme can only cover those responses which emerged in the examination. There may also be instances where certain judgements may have to be left to the experience of the examiner, for example, where there is no absolute correct response – all teachers will be familiar with making such judgements.

The Council hopes that the mark schemes will be viewed and used in a constructive way as a further support to the teaching and learning processes.

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Rewarding Learning

ADVANCED
General Certificate of Education
2008

Business Studies
Assessment Unit A2 1

assessing

Modules 4 and 5:
Objectives and the Business Environment,
People in Organisations, Accounting and Finance,
Marketing and Operations Management

[A2T11]

THURSDAY 22 MAY, MORNING

MARK
SCHEME

General Marking Instructions

Introduction

This mark scheme is intended to ensure that the A2 examination is marked consistently and fairly. The mark scheme provides markers with an indication of the nature and range of candidate responses likely to be worthy of credit. It also sets out the criteria which they should apply in allocating marks to candidates' responses. The mark scheme should be read in conjunction with these general marking instructions which apply to all papers.

In marking the examination papers, examiners should be looking for a quality of response reflecting the level of maturity which may reasonably be expected of an 18-year-old which is the age at which the majority of candidates sit their GCE A2 examinations.

Positive Marking

Examiners are encouraged to be positive in their marking, giving appropriate credit for what candidates know, understand and can do rather than penalising candidates for errors or omissions. Examiners should make use of the whole of the available mark range for any particular question and be prepared to award full marks for a response which is as good as might reasonably be expected of an 18-year-old A2 candidate. Conversely, marks should only be awarded for valid responses and not given for an attempt which is completely incorrect or inappropriate.

Unanticipated Responses

The mark scheme is not intended to be totally prescriptive. For many questions, there may be a number of equally legitimate responses and different methods by which candidates may achieve good marks. No mark scheme can cover all the answers which candidates may produce. In the event of unanticipated answers, examiners are expected to use their professional judgement to assess the validity of answers. If an answer is particularly problematic, then examiners should seek the guidance of the Supervising Examiner.

Quality of Written Communication

Quality of written communication refers to candidates' ability to:

- select and use a form and style of writing appropriate to purpose and to complex subject matter;
- organise relevant material clearly and coherently using specialist vocabulary where appropriate;
- ensure writing is legible, with accurate use of spelling, punctuation and grammar in order to make meaning clear.

The assessment of questions which require candidates to respond in continuous prose takes account of the quality of candidates' written communication. These questions are indicated on the cover of the examination paper in the Information for Candidates.

Up to 5% of the total marks for the paper are available for the quality of written communication. After marking the paper, examiners are required to make a holistic judgement of candidates' quality of written communication across the paper as a whole. The following guidelines should be applied in making this judgement.

For (1)

The candidate makes only a limited attempt to select and use an appropriate form and style of writing. The organisation of material may lack clarity and coherence with little use of specialist vocabulary. Presentation, spelling, punctuation and grammar may be such that intended meaning is not clear.

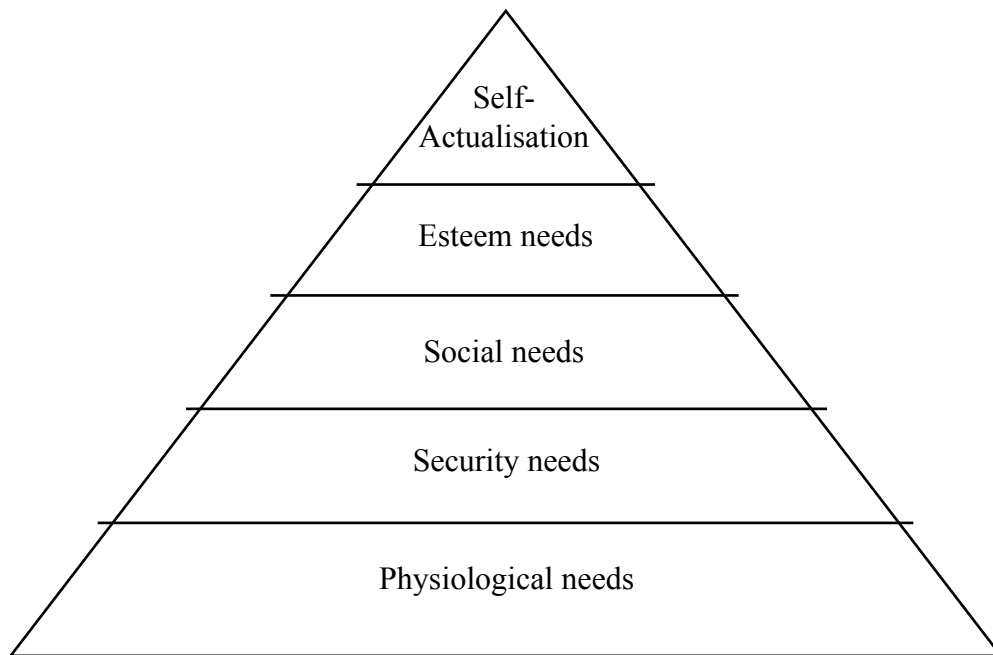
For (2)

The candidate makes a reasonable attempt to select and use an appropriate form and style of writing. Relevant material is organised with some clarity and coherence and there is some use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are sufficiently competent to make intended meaning evident.

For (3)

The candidate successfully selects and uses an appropriate form and style of writing. Relevant material is organised with a high degree of clarity and coherence and there is widespread use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are of a sufficiently high standard to make intended meaning absolutely clear.

- 1 (a) Maslow's hierarchy of needs attempts to explain what motivates people by setting out a pyramid of needs that individuals try to satisfy. When basic needs are met, they are motivated to try to satisfy the next level of needs on the hierarchy. The pyramid of needs is shown below.
Candidates may answer the question without drawing a pyramid.



Level 1 ([1]–[2])

Some knowledge and understanding of Maslow's hierarchy of needs is demonstrated. There is little attempt or no attempt at explanation or application to the context of Compex plc. Quality of written communication is less than satisfactory.

Level 2 ([3])

Adequate knowledge and understanding of Maslow's hierarchy of needs is demonstrated. There is a reasonable attempt at explanation and application to the context of Compex plc. Quality of written communication is satisfactory.

Level 3 ([4])

A thorough knowledge and understanding of Maslow's hierarchy of needs is demonstrated. There is good explanation and application to the context of Compex plc. Quality of written communication is of a high standard.
For level 3, candidates must indicate knowledge of progression up the pyramid. [4]

- (b) A business such as Compex plc needs to recognise that individual workers will be motivated to achieve the next level of needs on Maslow's pyramid. The business can then motivate its workers by providing opportunities for them to fulfil higher level needs, once lower level ones have been met.

Examples should be provided of how a business such as Compex plc might provide opportunities to achieve each level of the hierarchy. These might include:

- Physiological needs: Making sure that employees have a comfortable working environment by heating premises, providing canteen facilities and ensuring that pay is adequate.

- Security needs: Ensuring that the health and safety policy is fully implemented.
- Social needs: Giving employees opportunities to interact with colleagues and participate in teams in the workplace.
- Esteem needs: Offering promotional opportunities and allowing employees to work under less supervision. This is what Gareth Foley may have been aiming at within Compex plc.
- Self-Actualisation: Providing opportunities for learning new skills and taking on additional responsibilities.

Level 1 ([1]–[2])

Some knowledge and understanding of how a business such as Compex plc might motivate workers by applying Maslow's hierarchy of needs in the workplace is demonstrated. Only one level of the hierarchy is examined and there is little or no attempt at analysis or application to the context of Compex plc. Quality of written communication is limited.

Level 2 ([3]–[5])

Adequate knowledge and understanding of how a business such as Compex plc might motivate workers by applying Maslow's hierarchy of needs in the workplace is demonstrated. Two or three levels of the hierarchy are examined and there is a reasonable attempt at analysis and application to the context of Compex plc. Quality of written communication is satisfactory.

Level 3 ([6]–[8])

A thorough knowledge and understanding of how a business such as Compex plc might motivate workers by applying Maslow's hierarchy of needs in the workplace is demonstrated. Three or four levels of the hierarchy are examined. These are properly analysed and application to the context of Compex plc is good. Quality of written communication is of a high standard. [8]

- (c) Arguments for widening the span of control of the Production Supervisors within Compex Ltd might include:
- Gives assembly line workers more autonomy and therefore helps to meet their esteem needs as identified by Maslow. This motivates them to work harder.
 - Less supervisors needed so cuts down costs in the longer term.
 - Flat organisational structure means better communication and shorter chains of command.

Arguments against widening the span of control of the Production Supervisors within Compex Ltd might include:

- The extra supervision adds significantly to the workload of Production Supervisors like Orla.
- Assembly line workers may take advantage of the relaxed supervision and take things easy.
- May de-motivate Production Supervisors as they were not properly consulted.
- May lead to poor quality output from the factory or targets not met.
- Physical and mental limits of supervisors need to be monitored or increased stress will result.

Level 1 ([1]–[6])

Some knowledge and understanding of the arguments for and against widening the span of control of the Production Supervisors is demonstrated. One or two arguments are fully examined, or the candidate mentions more without adequate explanation. There is little application to the context of Compex Ltd. There is little attempt to analyse or evaluate arguments considered. Quality of written communication is limited.

Level 2 ([7]–[12])

Adequate knowledge and understanding of the arguments for and against widening the span of control of the Production Supervisors is demonstrated. Three or four arguments are fully examined, or the candidate mentions more with a lesser degree of explanation. There is some attempt to apply these to the context of Compex Ltd. There is some attempt made to analyse and evaluate arguments considered. Quality of written communication is satisfactory.

Level 3 ([13]–[18])

Good knowledge and understanding of the arguments for and against widening the span of control of the Production Supervisors is demonstrated. At least five arguments are fully examined, or the candidate mentions more with a lesser degree of explanation. The arguments are well applied to the context of Compex Ltd. They are thoroughly analysed and there is a comprehensive evaluation leading to a final judgement. This judgement should be consistent with the weight of evidence considered. Quality of written communication is of a high standard.

For a level three answer, candidates must consider both the arguments for and against. [18]

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- 2 (a) Candidates should explain the critical path and total float:
- The critical path is the series of activities which determine the length of a project. If any activity on the project is delayed, then so will the project itself. Activities on the critical path have the same earliest and latest start times and the same earliest and latest finish times.
 - Total float is the amount of time by which an activity can be delayed before it impacts on the duration of the entire project. Once this spare time is “used up” the activity will become part of the critical path. Total float is the latest finishing time minus the duration, minus the earliest start time.

Level 1 ([1]–[2])

Some knowledge and understanding of the critical path and total float is demonstrated. There is little attempt to explain these or to apply them to the stimulus material. Quality of written communication is limited.

Level 2 ([3])

Adequate knowledge and understanding of the difference between the critical path and total float is demonstrated. There is some attempt to explain these and to apply them to the stimulus material. Quality of written communication is satisfactory.

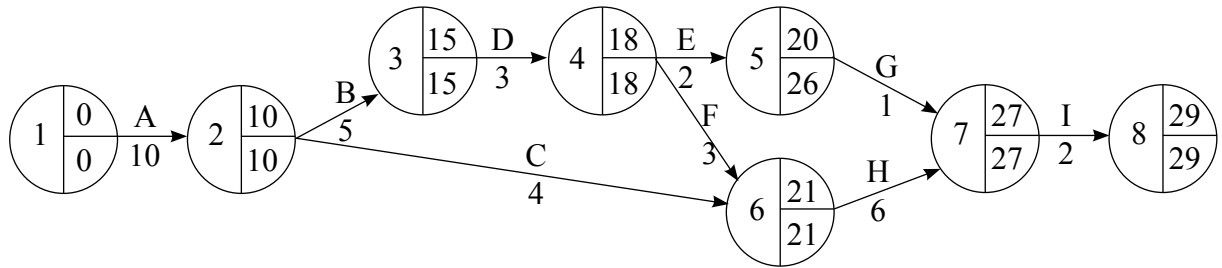
Level 3 ([4])

A thorough knowledge and understanding of the difference between the critical path and total float is demonstrated. These are well explained and application to the stimulus material is good. Quality of written communication is of a high standard.

[4]

AVAILABLE MARKS

(b) Candidates should draw and complete the critical path analysis diagram.



Correctly drawn diagram [3]

Calculation of Earliest Start and Latest Finish times [3]

(i) The critical path is ABDFHI [1]

(ii) The duration of the project is 29 weeks [1]

[8]

AVAILABLE MARKS

(c) Candidates should evaluate the usefulness of critical path analysis to a firm such as Build It Ltd. Having considered both positive and negative implications, candidates should then come to a reasoned judgement which reflects the weight of their arguments.

Advantages

- Critical path analysis improves liquidity. Working capital requirements can be reduced as the firm can plan for supplies and sub-contractors to arrive “just-in-time”.
- The plan which is produced can be used to control the completion of the project. For example, Rob Williams can monitor whether the plan is being adhered to, and take appropriate action to meet the deadline for completion. This would then avoid having to pay a fee.
- Efficiency is also improved as a result of organising production. For example, Build It Ltd can arrange for electricians to arrive at the right time. This means that there should be no lost time for production and no time wasted waiting for previous activities to be completed.
- By identifying activities that can be carried out simultaneously, the overall time of the project should be reduced.
- Carrying out a critical path analysis allows the firm to examine the duration of the activities. If some are believed to be taking too long to complete, the firm can look at ways to speed up their completion. This might not have happened had the analysis not been carried out.
- Helps to manage cash flow
- Visual aid
- Improves motivation/target for employees

Disadvantages

- The analysis is only as good as the data used to construct it. For example, if an activity on the critical path takes longer than estimated then the entire project will be delayed. This could result in extra charges for Build It Ltd as houses are not completed on time.
- Some projects are very complicated. If this is the case it may be impossible or very difficult to draw the critical path analysis diagram. If it is possible, then constructing the diagram can take up a lot of time and resources. It is also more likely to contain errors.
- Even when the chart is drawn up, factors outside the control of the firm can affect the duration of the project. For example, bad weather or unavailability of contractors will cause a delay that hasn't been provided for in the analysis. This limits its usefulness.

Level 1 ([1]–[6])

Some knowledge and understanding of the use of critical path analysis to a firm such as Build It Ltd is demonstrated. One or two arguments are fully examined, or the candidate mentions more without adequate explanation. There is little attempt to analyse or evaluate the arguments considered and there is limited application to the context of the stimulus material. Quality of written communication is limited.

Level 2 ([7]–[12])

Adequate knowledge and understanding of the use of critical path analysis to a firm such as Build It Ltd is demonstrated. Three or four arguments are fully examined, or the candidate mentions more with less explanation. There is some attempt to analyse or evaluate the arguments considered and there is some application to the context of the stimulus material. Quality of written communication is satisfactory.

Level 3 ([13]–[18])

Good knowledge and understanding of the use of critical path analysis to a firm such as Build It Ltd is demonstrated. At least five arguments are fully examined, or the candidate mentions more with less explanation. The arguments are well applied to the context of the stimulus material. They are thoroughly analysed and there is a comprehensive evaluation leading to a final judgement which is consistent with the weight of evidence considered. Quality of written communication is of a high standard.

For a level three answers, candidates must consider both the arguments for and against. [18]

30

- 3 (a) Candidates should explain two ways in which banks can assist a firm such as SetSail plc to market its products internationally.

This could include:

- Banks can provide the finance which is often needed when a firm expands into a foreign market. This finance might be needed for increased costs of production, distribution or promotion. Businesses in this situation often experience working capital difficulties unless they can obtain finance from other sources.
- Banks are often willing to give advice to business customers about buying and selling in international markets. They do this as they are likely to benefit if businesses can expand into foreign markets.

- Provision of intentional e-banking services, e.g. funds transfer.
- Banks will change sterling to the currency of the country into which a business is exporting or importing. This enables businesses to buy and sell their products easily. It also allows them to take advantage of exchange rate movements.
- Banks will issue letters of credit. These assure the supplier of a firm that payment is guaranteed if they fulfil certain conditions. If a letter of credit exists, SetSail plc will be more willing to sell their motorboats to foreign companies.

Level 1 ([1]–[2])

Some knowledge and understanding of ways in which banks can assist a firm like SetSail plc to sell its products internationally is demonstrated. There is little attempt to explain these or to apply them to the stimulus material. Quality of written communication is limited.

Level 2 ([3])

Adequate knowledge and understanding of ways in which banks can assist a firm like SetSail plc to sell its products internationally is demonstrated. There is some attempt to explain these and to apply them to the stimulus material. Quality of written communication is satisfactory.

Level 3 ([4])

A thorough knowledge and understanding of ways in which banks can assist a firm like SetSail plc to sell its products internationally is demonstrated. These are well explained and application to the stimulus material is good. Quality of written communication is of a high standard. [4]

(b) Setsail Plc may benefit from operating with the EU in the following ways:

- Lack of internal trade barriers will help it to keep prices down.
- Dealing with a single currency, the Euro will simplify transactions.
- Setsail Plc can buy raw materials within the EU and avoid tariffs.
- The firm can employ labour easily from member states.
- It is relatively close to its market.
- Setsail may benefit from rising incomes within the EU.
- Size of potential market.

Level 1 ([1]–[2])

Some knowledge and understanding of the benefits from operating within the EU is demonstrated. Only one benefit is examined, or the candidate mentions more without adequate explanation. There is little application to the context of the stimulus material. There is little attempt to analyse points. Quality of written communication is limited.

Level 2 ([3]–[5])

Adequate knowledge and understanding of the benefits from operating within the EU is demonstrated. Two or three benefits are examined, or the candidate mentions more with less explanation. There is some application to the context of the stimulus material. There is some attempt to analyse points. Quality of written communication is satisfactory.

Level 3 ([6]–[8])

Good knowledge and understanding of the benefits from operating within the EU is demonstrated. Three or four benefits are fully examined. There is good application to the context of the stimulus material. The points are properly analysed. Quality of written communication is of a high standard. [8]

- (c) Candidates should evaluate whether SetSail plc should extend its marketing mix. Having considered both positive and negative implications, candidates should then come to a reasoned judgement which reflects the weight of their arguments.

Advantages

- The extended marketing mix was developed to cater for increasingly complex consumer behaviour and to help companies meet the rising expectations of consumers. By paying attention to the 7Ps, firms should be able to meet those expectations.
- By improving the firm's physical environment, potential customers may be impressed with its showroom. This may help to reinforce the image of a quality organisation and help to gain sales.
- If the firm is able to make the process of buying faster or less complicated, this will reduce the costs of processing a sale. It will also appeal to the consumer, especially if it involves an international transaction.
- If the employees of the firm (i.e. the people) are knowledgeable about the products being sold and able to deal effectively with potential customers, then the firm will be able to sell more motorboats.

Disadvantages

- By giving attention to the additional 3Ps, the firm may lose focus on the original 4Ps. This may mean, for example, that the product being manufactured doesn't keep up with changing demand.
- Additional training, renovating the firm's premises or changing the buying process will cost the firm money and reduce profits in the short term.
- Given the nature of the business, most customers may not visit SetSail's premises. Alternatively the cost of the buying process may not be a major issue given the amount of money being spent on a motor boat. Consequently spending time and money on the additional 3Ps may not benefit the firm as much as expected.

- Each element of the marketing mix should be in harmony with the others. Trying to achieve this with seven elements instead of four will be more difficult.

Level 1 ([1]–[6])

Some knowledge and understanding of the effect of implementing the extended marketing mix in SetSail plc is demonstrated. One or two arguments are fully examined, or the candidate mentions more without adequate explanation. There is little attempt to analyse or evaluate the arguments considered and there is limited application to the context of the stimulus material. Quality of written communication is limited.

Level 2 ([7]–[12])

Adequate knowledge and understanding of the effect of implementing the extended marketing mix in SetSail plc is demonstrated. Three or four arguments are fully examined, or the candidate mentions more with less explanation. There is some attempt to analyse or evaluate the arguments considered and there is some application to the context of the stimulus material. Quality of written communication is satisfactory.

Level 3 ([13]–[18])

Good knowledge and understanding of the effect of implementing the extended marketing mix in SetSail plc is demonstrated. At least five arguments are fully examined, or the candidate mentions more with less explanation. The arguments are well applied to the context of the stimulus material. They are thoroughly analysed and there is a comprehensive evaluation leading to a final judgement which is consistent with the weight of evidence considered. Quality of written communication is of a high standard.

For a level three answer, candidates must consider both the arguments for and against.

[18]

30

- 4 (a) The expected value of each decision refers to the predicted overall profit or loss resulting from taking a particular decision. It is calculated by adding the financial values associated with each possible outcome, multiplied by probabilities of each outcome occurring, and then subtracting any costs associated with the decision.

For example, the expected value of an advertising campaign would consider the probability of the campaign being successful/failing along with the probable financial benefits associated with each result and the cost of the campaign.

Level 1 ([1]–[2])

Some knowledge and understanding of the expected value of a decision is demonstrated. There is little or no attempt at explanation or application to the context of Crisso Ltd. Quality of written communication is less than satisfactory.

Level 2 ([3])

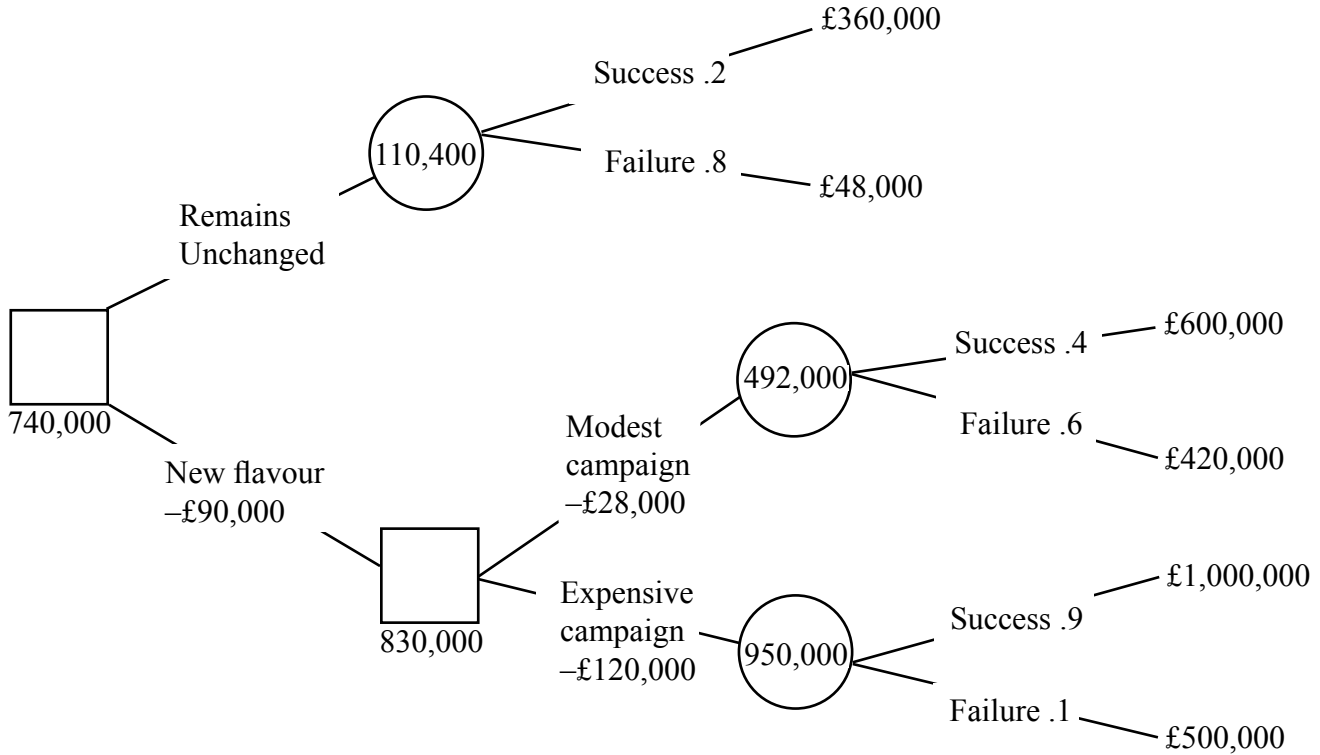
Adequate knowledge and understanding of the expected value of a decision is demonstrated. There is a reasonable attempt at explanation and application to the context of Crisso Ltd. Quality of written communication is satisfactory.

Level 3 ([4])

A thorough knowledge and understanding of the expected value of a decision is demonstrated. There is good explanation and application to the context of Crisso Ltd. Quality of written communication is of a high standard. [4]

AVAILABLE MARKS

- (b) Candidates should draw a decision tree to illustrate the options open to Noel and the expected values of the various decisions.



The expected value of a decision to keep the product unchanged would be:

$$\begin{aligned} &.2 (\text{£}360,000) + .8 (\text{£}48,000) \\ &= \text{£}72,000 + \text{£}38,400 \\ &= \text{£}110,400 \end{aligned}$$

The expected value of a decision to introduce a new flavour and undertake a modest advertising campaign would be:

$$\begin{aligned} &.4 (\text{£}600,000) + .6 (\text{£}420,000) - (\text{£}90,000 + \text{£}28,000) \\ &= \text{£}240,000 + \text{£}252,000 - \text{£}118,000 \\ &= \text{£}374,000 \end{aligned}$$

The expected value of a decision to introduce a new flavour and undertake an expensive advertising campaign would be:

$$\begin{aligned} &.9 (\text{£}1,000,000) + .1 (\text{£}500,000) - (\text{£}90,000 + \text{£}120,000) \\ &= \text{£}900,000 + \text{£}50,000 - \text{£}210,000 \\ &= \text{£}740,000 \end{aligned}$$

AVAILABLE MARKS

Introducing a new flavour and undertaking an expensive advertising campaign provides the best option for Crisspo Ltd. However, there may be qualitative arguments involved and the accuracy of the quantitative information may be questioned. Own figure rule to be applied.

Level 1 ([1]–[2])

Some knowledge and understanding of constructing and using decision trees is demonstrated. There is little or no attempt at analysis or application to the context of Crisspo Ltd. Quality of written communication is limited.

Level 2 ([3]–[5])

Adequate knowledge and understanding of constructing and using decision trees is demonstrated. There is a reasonable attempt at analysis and application to the context of Crisspo Ltd. Quality of written communication is satisfactory.

Level 3 ([6]–[8])

A thorough knowledge and understanding of constructing and using decision trees is demonstrated. Management options are properly analysed and application to the context of Crisspo Ltd is good. Quality of written communication is of a high standard. [8]

(c) Decision tree analysis might be useful because it:

- Forces management within Crisspo Ltd to think more carefully about the different options open to them. It may develop options not previously considered.
- Allows Noel to apply quantitative analysis in order to evaluate different decisions.
- Takes the degree of risk involved into consideration when making decisions.
- All alternatives shown
- Visual aid

However, decision tree analysis may not be so useful because:

- It is extremely difficult to calculate exact probabilities.
- It is also difficult to calculate exact financial outcomes associated with decisions
- External variables constantly change making data out of date quickly
- There are often qualitative aspects of decisions that need to be considered.

Level 1 ([1]–[6])

Some knowledge and understanding of the benefits and limitations of decision tree analysis is demonstrated. One or two points are fully examined, or the candidate mentions more without adequate explanation. There is little application to the context of Crisspo Ltd. There is little attempt to analyse or evaluate points considered. Quality of written communication is limited.

Level 2 ([7]–[12])

Adequate knowledge and understanding of the benefits and limitations of decision tree analysis is demonstrated. Three or four points are fully examined, or the candidate mentions more with a lesser degree of explanation. There is some attempt to apply these to the context of Crisspo Ltd. There is some attempt made to analyse and evaluate points considered. Quality of written communication is satisfactory.

Level 3 ([13]–[18])

Good knowledge and understanding of the benefits and limitations of decision tree analysis is demonstrated. At least five points are fully examined, or the candidate mentions more with a lesser degree of explanation. The points are well applied to the context of Crisspo Ltd. They are thoroughly analysed and there is a comprehensive evaluation leading to a final judgement. This judgement should be consistent with the weight of evidence considered. Quality of written communication is of a high standard.

For a level three answer, candidates must consider both the arguments for and against.

[18]

Total

**AVAILABLE
MARKS**

30

60



Rewarding Learning

ADVANCED
General Certificate of Education
2008

Business Studies
Assessment Unit A2 2
assessing

Module 1 to 5:
Objectives and the Business Environment,
People in Organisations, Accounting and Finance,
Marketing and Operations Management

[A2T21]

TUESDAY 27 MAY, AFTERNOON

MARK
SCHEME

General Marking Instructions

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Quality of Candidates' Responses

In marking the examination papers, examiners will be looking for a quality of response reflecting the level of maturity which may reasonably be expected of an 18-year-old which is the age at which the majority of candidates sit their A2 examinations.

Unanticipated Responses

The mark schemes which accompany the specimen examination papers are not intended to be totally prescriptive. For many questions, there may be a number of equally legitimate responses and different methods by which the candidates may achieve good marks. No mark scheme can cover all the answers which candidates may produce. In the event of unanticipated answers, examiners are expected to use their professional judgement to assess the validity of answers and to refer for guidance to the general descriptions of levels of response given in the general marking criteria that follow. If an answer is particularly problematic, then examiners should seek the guidance of the Supervising Examiner for the paper concerned.

Positive Marking

Examiners are encouraged to be positive in their marking, giving appropriate credit for valid responses rather than penalising candidates for errors or omissions. Examiners should make use of the whole of the available mark range for any particular question and be prepared to award full marks for a response which is as good as might reasonably be expected for a 18-year-old A2 candidate. Conversely, marks should only be awarded for valid responses and not given for an attempt which is completely incorrect or inappropriate.

Types of Mark Schemes

Mark schemes for questions which require candidates to respond in extended written form are marked on the basis of levels of response which take account of the quality of written communication. These questions are indicated on the cover of the examination paper. Other questions which require only short answers are marked on a point for point basis with marks awarded for each valid piece of information provided.

Marking Calculations

In marking answers involving calculations, examiners should apply the "own figure rule" so that candidates are not penalised more than once for a computational error.

Quality of Written Communication

Quality of written communication is taken into account in assessing candidates' responses to all questions that require them to respond in extended written form. These questions are marked on the basis of levels of response. The description for each level of response includes reference to the quality of written communication. Where the quality of candidates' business knowledge, understanding and skills is not matched by the quality of written communication, marks awarded will not exceed the maximum for Level 2.

Levels of Response

General descriptions of levels of response in terms of each assessment objective and the quality of written communication are given in the following table. These descriptions are intended to assist examiners in judging candidates' performance when they produce answers unanticipated by the detailed mark scheme for each question and to provide guidelines for examiners in assessing the appropriate level of response in respect of the quality of written communication.

The detailed mark schemes for each question relate these levels of response to the content of the relevant question. In deciding on the appropriate level of response for a candidate's answer, examiners should look for the "best fit". The level awarded will depend in practice upon the extent to which the candidate has met the relevant assessment objectives overall. Shortcomings in some areas may be balanced by better performance in others. In deciding which mark within a particular level to award any response, examiners are expected to use their professional judgement. The following guidance is provided to assist examiners:

Threshold performance: Response which just merits inclusion in the level and should be awarded a mark at or near the bottom of the range.

Intermediate performance: Response which clearly merits inclusion in the level and should be awarded a mark at or near the middle of the range.

High performance: Response which fully satisfies the level description and should be awarded a mark at or near the top of the range.

General Marking Criteria

Level of Performance	Assessment Objective	AO1 Knowledge and Understanding	AO2 Application	AO3 Analysis	AO4 Evaluation and Judgement
Level 1		Demonstrates knowledge and understanding of some relevant business theory and concepts.	Shows some ability to apply knowledge and understanding and makes some use of numerical and non-numerical techniques.	Shows some ability to analyse familiar and unfamiliar situations, problems and issues.	Evaluation of evidence and arguments is limited.
Level 2		Demonstrates knowledge and critical understanding of a range of relevant business theory and concepts.	Applies knowledge and understanding and uses numerical and non-numerical techniques.	Analyses familiar and unfamiliar situations, problems and issues.	Evaluates evidence and arguments to present reasoned conclusions.
Level 3		Demonstrates in-depth knowledge and critical understanding of a wide range of relevant business theory and concepts.	Applies knowledge and understanding and uses appropriate numerical and non-numerical techniques with accuracy.	Effectively analyses familiar and unfamiliar situations, problems and issues.	Effectively evaluates evidence and arguments, making reasoned judgements to present appropriate and supported conclusions.
		<p>Quality of Written Communication: Makes only a limited attempt to select and use an appropriate form and style of writing. Organisation of material may lack clarity and coherence with little use of specialist vocabulary. Presentation, spelling, punctuation and grammar may be such that intended meaning is not clear.</p> <p>Quality of Written Communication: Makes a reasonable attempt to select and use an appropriate form and style of writing. Relevant material is organised with some clarity and coherence and there is some use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are sufficiently competent to make meaning evident.</p> <p>Quality of Written Communication: Successfully selects and uses an appropriate form and style of writing. Relevant material is organised with a high degree of clarity and coherence and there is widespread use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are of a sufficiently high standard to make meaning absolutely clear.</p>			

- 1 Evaluate The Carphone Warehouse's philosophy of involving employees in the achievement of its objectives.

There are both advantages and disadvantages of encouraging employee involvement.

Advantages

- Employees may feel motivated if their opinions are being listened to
- Employees are involved in the day-to-day operations and will be more familiar with working practices than management
- Employees may be used as a source of new ideas
- It will encourage team work if employees work together
- There may be a more harmonious environment in the workplace
- Productivity/sales may increase/increased efficiency
- Less absenteeism and labour turnover
- Good employers may attract good staff

Disadvantages

- Too much involvement may lead to disputes taking place
- It can be expensive to implement
- Some employees may take advantage of the system
- Management will need to feel comfortable with the system and need to adopt an appropriate management system
- There is the danger that employees may try to adopt measures that are beneficial for them rather than the organisation as a whole
- Not all employees welcome involvement
- Time consuming taking employees out of core job
- Cost involved in employee involvement

Level 1 ([1]–[6])

Some knowledge and understanding of The Carphone Warehouse's policy of employee involvement is demonstrated and this is applied to the stimulus. One/two arguments are discussed. There is little attempt to analyse or evaluate The Carphone Warehouse's policy of employee involvement and quality of written communication is limited.

Level 2 ([7]–[13])

Adequate knowledge and understanding of The Carphone Warehouse's policy of employee involvement is demonstrated and there is reasonable attempt to apply this to the stimulus. Three/four arguments are discussed. Some attempt is made to analyse and evaluate The Carphone Warehouse's policy of employee involvement. Quality of written communication is satisfactory.

Level 3 ([14]–[20])

Good knowledge and understanding of The Carphone Warehouse's policy of employee involvement is demonstrated and there is appropriate reference to the stimulus. At least five arguments are discussed. There is a thorough analysis and evaluation of The Carphone Warehouse's policy of employee involvement. A final judgement is made and this is consistent with the weight of evidence in his/her answer. Quality of written communication is of a high standard. [20]

20

- 2 Evaluate the implications for The Carphone Warehouse of operating on a global scale.

Advantages

- If the company was to operate outside the EU, it could avoid trade barriers. However there is no evidence of this at the moment as the company's history suggest that any major expansion has taken place within Europe except for the acquisition of Ntel in Switzerland.
- The fact that the organisation is located in a different country means that there is the possibility of a new market being opened up. This has two main advantages. The first being that The Carphone Warehouse has now increased the size of its customer base. The second possible advantage to The Carphone Warehouse is that they could spread their risk. The organisation will no longer be at the mercy of recession in one economy.
- Future expansion problems may be aided through the multinational approach and UK monopoly legislation could be avoided.
- Economies of scale helps achievement of growth objective.
- Helps to prolong life of products.

Disadvantages

- There is the possibility of disputes taking place between countries. However as most of the countries are EU members, this difficulty is reduced.
- Difficulties can arise in relation to the differences in laws between nations. The Carphone Warehouse will need to ensure that they are complying with the laws in different countries and this can be a time consuming and costly exercise.
- There can be problems with different cultures. The management and working practices of other countries can be completely different to the UK and it is therefore important that this is fully understood if the operation is to be successful.
- There can be an issue in relation to the differences in languages or time differences. Although this is a problem that can be overcome it is something that the management at The Carphone Warehouse need to address.
- There may be costs associated with changing currencies.
- If they use cheap labour they may get a bad reputation.
- Risk associated with different cultures.
- Diseconomies of scale may arise.

Level 1 ([1]–[10])

Some knowledge and understanding of The Carphone Warehouse's decision to operate internationally is demonstrated and this is applied to the stimulus. One/two arguments are discussed. There is little attempt to analyse or evaluate the implications of adopting this strategy and quality of written communication is limited.

Level 2 ([11]–[20])

Some knowledge and understanding of The Carphone Warehouse's decision to operate internationally is demonstrated and this is applied to the stimulus. Three/four arguments are discussed. Some attempt to analyse and evaluate the implications of adopting this strategy. Quality of written communication is satisfactory.

Level 3 ([21]–[30])

Good knowledge and understanding of The Carphone Warehouse's decision to operate internationally is demonstrated and this is applied to the stimulus. At least five arguments are discussed. There is a thorough analysis and evaluation of the implications of adopting this strategy and this is consistent with the weight in evidence in his/her answer.

Quality of written communication is of a high standard.

[30]

30

3 Evaluate The Carphone Warehouse's strategy of acting in a socially responsible manner.

There is a range of pros and cons of The Carphone Warehouse acting in a socially responsible manner and the management of the organisation must consider these carefully before a decision is made as to the way forward.

Pros

- The most obvious argument in support of acting in a socially responsible manner relates to the obvious spin offs that the firm will benefit from as a result of the creation of a favourable image. This image will possibly help to generate customers, especially in today's society where consumers are more aware of the environment around them and the impact that industry can have on it. If the organisation is seen to be considering factors other than profits then many consumers may be more willing to buy from them than organisations that are willing to act in an irresponsible way. Taken as an extreme, firms that are not seen to be acting in this manner may lose customers to firms who are acting responsibly.
- A method of acting responsibly may involve encouraging communities to work alongside the organisation and can involve the use of various different schemes such as scholarships etc. This will have the effect of creating jobs and wealth for a community and can help to create a community atmosphere. Examples of this for The Carphone Warehouse may involve running competitions for schoolchildren that may help to raise awareness in relation to recycling and disposal of plastic bags.
- The manufacture of certain products can have a harmful effect on the environment such as the depletion of natural resources or damage to the ozone layer. Short term objectives of profit maximisation rarely give consideration to this. Therefore although it may be seen that products are being made in an efficient manner, socially responsible behaviour will ensure that the manufacturing of similar products can continue in the future.
- A firm acting in a socially responsible way will be beneficial to employees that are working in such organisations. This may occur in many different guises such as in relation to the way that employees are treated at work to practices that are related to health and safety at work.
- Can be used for marketing purposes.
- Can avoid conflict with pressure groups.
- If they don't they may have less chance of success as far as competitors are concerned.

Cons

Despite the range of positive factors associated with acting in a socially responsible manner, there are some drawbacks that must also be considered.

- One of the most obvious factors that needs to be addressed by management is the cost implications of adopting such a policy. Manufacturing methods may need to be changed which may not necessarily be the most efficient method of providing the product. This may arise as a result of many different factors such as the purchase and installation of new machinery and the retraining or employment of the workforce.
- If the cost rises significantly this will have an adverse effect on the firms profitability. This may result in the firm raising its price to a level that makes it uncompetitive. Thus any benefits that have resulted in being seen to be socially responsible may be lost as a result of declining demand for the product.
- The desire to produce goods in a responsible way can sometimes be counteracted by the inefficient use of alternative products. Therefore although the depletion of some resources may be slowed down this may be at the expense of others.
- The use of recycling etc. can often result in the production of products that are not of the same standard as the original product. The consumer must therefore make the choice between a product that is “environmentally friendly” and a better quality product.
- The company beer nights may not be considered as acting in a socially responsible manner.
- There may be shareholder conflict, if shareholders main objective is to maximise profits.

Level 1 ([1]–[10])

Some knowledge and understanding of The Carphone Warehouse’s decision to act in a socially responsible manner is demonstrated and this is applied to the stimulus. One/two arguments are discussed. There is little attempt to analyse or evaluate the implications of adopting this strategy and quality of written communication is limited.

Level 2 ([11]–[20])

Some knowledge and understanding of The Carphone Warehouse’s decision to act in a socially responsible manner is demonstrated and this is applied to the stimulus. Three/four arguments are discussed. Some attempt to analyse and evaluate the implications of adopting this strategy. Quality of written communication is satisfactory.

Level 3 ([21]–[30])

Good knowledge and understanding of The Carphone Warehouse’s decision to act in a socially responsible manner is demonstrated and this is applied to the stimulus. At least five arguments are discussed. There is a thorough analysis and evaluation of the implications of adopting this strategy and this is consistent with the weight of evidence in his/her answer. Quality of written communication is of a high standard.

[30]

30

Total

80

AVAILABLE
MARKS



Rewarding Learning

ADVANCED
General Certificate of Education
2008

Business Studies
Assessment Unit A2 3e

assessing

Module 1 to 5:

Objectives and the Business Environment,
People in Organisations, Accounting and Finance,
Marketing and Operations Management

[A2T51]

THURSDAY 29 MAY, MORNING

MARK
SCHEME

General Marking Instructions

Introduction

This mark scheme is intended to ensure that the A2 examination is marked consistently and fairly. The mark scheme provides markers with an indication of the nature and range of candidate responses likely to be worthy of credit. It also sets out the criteria which they should apply in allocating marks to candidates' responses. The mark scheme should be read in conjunction with these general marking instructions which apply to all papers.

In marking the examination papers, examiners should be looking for a quality of response reflecting the level of maturity which may reasonably be expected of an 18-year-old which is the age at which the majority of candidates sit their GCE A2 examinations.

Positive Marking

Examiners are encouraged to be positive in their marking, giving appropriate credit for what candidates know, understand and can do rather than penalising candidates for errors or omissions. Examiners should make use of the whole of the available mark range for any particular question and be prepared to award full marks for a response which is as good as might reasonably be expected of an 18-year-old A2 candidate. Conversely, marks should only be awarded for valid responses and not given for an attempt which is completely incorrect or inappropriate.

Unanticipated Responses

The mark scheme is not intended to be totally prescriptive. For many questions, there may be a number of equally legitimate responses and different methods by which candidates may achieve good marks. No mark scheme can cover all the answers which candidates may produce. In the event of unanticipated answers, examiners are expected to use their professional judgement to assess the validity of answers. If an answer is particularly problematic, then examiners should seek the guidance of the Supervising Examiner.

Quality of Written Communication

Quality of written communication refers to candidates' ability to:

- select and use a form and style of writing appropriate to purpose and to complex subject matter;
- organise relevant material clearly and coherently using specialist vocabulary where appropriate;
- ensure writing is legible, with accurate use of spelling, punctuation and grammar in order to make meaning clear.

The assessment of questions which require candidates to respond in continuous prose takes account of the quality of candidates' written communication. These questions are indicated on the cover of the examination paper in the Information for Candidates.

Up to 5% of the total marks for the paper are available for the quality of written communication. After marking the paper, examiners are required to make a holistic judgement of candidates' quality of written communication across the paper as a whole. The following guidelines should be applied in making this judgement.

For (1)

The candidate makes only a limited attempt to select and use an appropriate form and style of writing. The organisation of material may lack clarity and coherence with little use of specialist vocabulary. Presentation, spelling and grammar may be such that intended meaning is not clear.

For (2)

The candidate makes a reasonable attempt to select and use an appropriate form and style of writing. Relevant material is organised with some clarity and coherence and there is some use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are sufficiently competent to make intended meaning evident.

For (3)

The candidate successfully selects and uses an appropriate form and style of writing. Relevant material is organised with a degree of clarity and coherence and there is widespread use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are of a sufficiently high standard to make intended meaning absolutely clear.

AO1 – Demonstrate knowledge and understanding

AVAILABLE
MARKS

12–10	Comprehensive knowledge and understanding of theories, procedures and concepts relevant to the report is displayed, including use of correct format.
9–7	Good knowledge and understanding of theories, procedures and concepts relevant to the report is displayed, including use of correct format.
6–4	Some knowledge and understanding of theories, procedures and concepts relevant to the report is displayed, including use of correct format.
3–0	Little knowledge and understanding of theories, procedures and concepts relevant to the report is displayed, including use of correct format.

Candidates cannot achieve the top band if the report is not in the correct format.

Correct format should be:

Title – Managing Seasonal Fluctuations in Demand

Aim – The aim of the report is to investigate the impact on Blox Ltd of operating in a market which is subject to seasonal fluctuations in demand, and to analyse and evaluate possible measures that could be taken to make Blox Ltd more efficient under such conditions, before making recommendations to management.

Introduction – should set the scene by briefly discussing Blox Ltd and the market conditions under which the firm operates.

Analysis and discussion of findings – should analyse the impact on Blox Ltd of the seasonal fluctuations in demand and, in the light of impacts identified, identify possible measures which could be taken to make Blox Ltd more efficient.

Conclusions/Evaluation – The advantages and disadvantages of each measure should be discussed before deciding upon the most appropriate strategy for Blox Ltd. This should be justified using evidence from the case study and recommendations made to management.

Knowledge and understanding demonstrated. This report might include: Cash flow, liquidity, stock control, budgeting, market segmentation, quality, forecasting techniques, branding, economies of scale, investment appraisal, demographics, diversification, limited companies, motivation.

AO2 – Apply knowledge and critical understanding

AVAILABLE
MARKS

12–10	Comprehensive evidence that knowledge and critical understanding has been applied and all or most of the information relevant to the report has been selected.
9–7	Good evidence that knowledge and critical understanding has been applied and all or most of the information relevant to the report has been selected.
6–4	Some evidence that knowledge and critical understanding has been applied and all or most of the information relevant to the report has been selected.
3–0	Little comprehensive evidence that knowledge and critical understanding has been applied and all or most of the information relevant to the report has been selected.

Candidates should draw on information presented in the case study. They must apply their knowledge and understanding to select that information needed to analyse the impact on Blox Ltd of the seasonal fluctuations in demand. They must also apply their knowledge and understanding to consider recommendations for the management of Blox Ltd.

Information selected might include evidence relating to the firm's liquidity situation, problems relating to irregular cash flow, the problems arising from the lack of warehouse space, the difficulties caused by intensive production at peak times, problems making investment decisions in the face of unpredictable sales, budgeting problems, maintaining brand image, motivating staff and maintaining product quality.

AO3 – Analyse problems, issues and situations relating to the report

16–13	Comprehensive analysis of the problems, issues and situations relevant to the report.
12–9	Good analysis of the problems, issues and situations relevant to the report.
8–5	Some analysis of the problems, issues and situations relevant to the report.
4–0	Little analysis of the problems, issues and situations relevant to the report.

Candidates must analyse the selected information in order to assess the impact on Blox Ltd of the seasonal fluctuations in demand and, in the light of impacts identified, identify possible measures that could be taken to make Blox Ltd more efficient.

Candidates will probably find that analysing the areas mentioned above highlights a series of negative impacts on Blox Ltd. A number of measures might be identified to make Blox Ltd more efficient such as diversifying into new products to produce throughout the year, finding new markets abroad, the use of forecasting techniques to make sales forecasting and budgeting more accurate, the employment of extra staff on short term contracts at peak times, building extra warehouse facilities and the use of non-monetary methods of motivation.

AO4 – Evaluate, distinguish between fact and opinion and assess information from a variety of sources

20–16	Comprehensive evaluation of all the evidence to arrive at reasoned and valid conclusions.
15–11	Good evaluation of all the evidence to arrive at reasoned and valid conclusions.
10–6	Some evaluation of all the evidence to arrive at reasoned and valid conclusions.
5–0	Little evaluation of all the evidence to arrive at reasoned and valid conclusions.

Candidate should draw conclusions, based on analysis of their findings, regarding the most effective measures for Blox Ltd to employ. They must use different sources from the case study and be able to show that they know the difference between fact and people’s opinions. In the evaluation they must show both positive and negative sides of measures considered to get into the top band and they must make a few realistic recommendations for the management of Blox Ltd to follow. [60]

Quality of written communication

Total

AVAILABLE MARKS
60
3
63