

**Published Mark Schemes for  
GCE AS Business Studies**

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

**MARK SCHEMES (2010)**

**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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New  
Specification



*Rewarding Learning*

**ADVANCED SUBSIDIARY (AS)  
General Certificate of Education  
2010**

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## **Business Studies**

Assessment Unit AS 1

*assessing*

The Competitive Business

**[AT111]**

**FRIDAY 11 JUNE, AFTERNOON**

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# **MARK SCHEME**

- 1 (a) Adding value refers to the process by which a business makes a product more desirable to consumers. Thus, raw materials are transformed into finished products and sold on at a profit.

Greggs takes a variety of raw materials and bakes them into a range of food products which it then sells to customers. Furthermore, these products are sold at convenient locations throughout the country so that customers benefit even more.

	<b>AO1 Knowledge and Understanding [2]</b>	<b>AO2 Application [2]</b>
<b>Level 2</b>	<b>[2]</b> Candidate demonstrates good understanding of adding value	<b>[2]</b> Candidate applies knowledge effectively
<b>Level 1</b>	<b>[1]</b> Candidate demonstrates some understanding of adding value	<b>[1]</b> Candidate attempts to apply knowledge
<b>Level 0</b>	<b>[0]</b> Candidate demonstrates no understanding of adding value	<b>[0]</b> Candidate does not attempt to apply knowledge

[4]

- (b) Batch production occurs when a number of similar products are produced at the same time, in a batch. Machines are then re-set and the next set of items with slightly different characteristics are produced.

Many bakeries use the batch production method. Items requiring similar temperatures or baking times are baked together. This enables the bakers to mix all the ingredients for a particular product and then move on to the next product.

	<b>AO1 Knowledge and Understanding [2]</b>	<b>AO2 Application [2]</b>
<b>Level 2</b>	<b>[2]</b> Candidate demonstrates good understanding of batch production	<b>[2]</b> Candidate applies knowledge effectively
<b>Level 1</b>	<b>[1]</b> Candidate demonstrates some understanding of batch production	<b>[1]</b> Candidate attempts to apply knowledge
<b>Level 0</b>	<b>[0]</b> Candidate demonstrates no understanding of batch production	<b>[0]</b> Candidate does not attempt to apply knowledge

[4]



(c) Competitive advantage refers to the advantage that a business has over its rivals which enables it to attract and retain customers. There are a number of ways in which a business can achieve competitive advantage. Greggs main source of competitive advantage is its cost advantage.

By producing on such a large scale Greggs is able to set up specialised bakeries throughout the country that supplies its shops with many of their products. These large bakeries are able to benefit from economies of scale. This keeps costs down for Greggs. Smaller independent bakeries simply cannot compete with this scale of production although Greggs also competes with supermarkets and fast food outlets.

Greggs also tries to achieve competitive advantage by locating its stores where consumers work and travel. It recognises the importance of place in the marketing mix for its convenience products and seeks to bring the product to its customers where they need it.

It could also be argued that Greggs tries to achieve competitive advantage by differentiation/Unique Selling Point. Its unique product range is large and of a high quality. Small independent bakeries find it difficult to match the range of products on offer. Greggs has built up a strong brand image to make this range of products appeal to male customers particularly. Greggs can also make use of the latest technological advances

	<b>AO1 Knowledge and Understanding</b> <b>[2]</b>	<b>AO2 Application</b> <b>[2]</b>	<b>AO2 Analysis</b> <b>[4]</b>
<b>Level 2</b>	<b>[2]</b> Candidate demonstrates good understanding of competitive advantage. Candidate makes good use of specialist vocabulary when it is appropriate	<b>[2]</b> Candidate applies knowledge effectively	<b>[3]–[4]</b> Good analysis of competitive advantage
<b>Level 1</b>	<b>[1]</b> Candidate demonstrates some understanding of competitive advantage. Candidate makes good use of specialist vocabulary when it is appropriate	<b>[1]</b> Candidate attempts to apply knowledge	<b>[1]–[2]</b> Limited analysis of competitive advantage
<b>Level 0</b>	<b>[0]</b> Candidate demonstrates no understanding of competitive advantage	<b>[0]</b> Candidate does not attempt to apply knowledge	<b>[0]</b> No analysis of competitive advantage

[8]

- (d) Businesses such as Greggs have to choose between different methods of market research in order to collect primary information. Candidates should examine the advantages and disadvantages of both internet surveys and focus groups.

Internet surveys usually involve a questionnaire being sent to selected individuals via e-mail. Alternatively, it may be posted on an organisation's website with an invitation to encourage individuals to complete it.

Advantages of internet surveys include:

- Greggs could send it out and receive replies very quickly
- Greggs would save money over printing and postage on traditional questionnaires
- Greggs can ensure that the survey only goes to the intended recipient
- it is very cheap to send out large numbers of questionnaires.

Disadvantages of internet surveys include:

- response rates may be very low for Greggs as potential respondents often delete unsolicited mail or route it to bulk folders
- there may be problems for Greggs relating to internet security
- responses may be biased since not everyone has an e-mail account or access to the internet.

Focus groups involve a group of individuals being asked to share their thoughts, attitudes and feelings on a particular product. Groups are normally small with members forming part of the relevant market segment.

Advantages of focus groups include:

- focus groups are particularly useful in the collection of qualitative information. This would help Greggs in the development of new products
- focus groups often allow people to build on the answers of others. This can be useful in helping Greggs to analyse why people prefer particular flavours, etc.
- focus groups are quick and easy to assemble so that Greggs can obtain the results quickly.

Disadvantages of focus groups include:

- group sizes are usually small so Greggs need to be careful before using results obtained as they may not be fully representative
- Greggs may have difficulty analysing results due to their qualitative nature
- sometimes the results in a focus group can be biased depending on the researcher who is leading the discussion or dominant members of the group. Greggs need to ensure researchers are properly trained.

As part of their discussion, candidates should consider both advantages and disadvantages and come to a final judgement concerning the suitability of these methods for a business such as Greggs.

	<b>AO1 Knowledge and Understanding [3]</b>	<b>AO2 Application [2]</b>	<b>AO2 Analysis [3]</b>
<b>Level 3</b>	<b>[3]</b> Candidate demonstrates very good understanding of the advantages and disadvantages. Candidate makes good use of specialist vocabulary when it is appropriate		<b>[3]</b> Very good analysis of arguments
<b>Level 2</b>	<b>[2]</b> Candidate demonstrates good understanding of the advantages and disadvantages. Candidate makes good use of specialist vocabulary when it is appropriate	<b>[2]</b> Candidate applies knowledge effectively	<b>[2]</b> Good analysis of arguments
<b>Level 1</b>	<b>[1]</b> Candidate demonstrates some understanding of the advantages and disadvantages. Candidate makes good use of specialist vocabulary when it is appropriate	<b>[1]</b> Candidate attempts to apply knowledge	<b>[1]</b> Limited analysis of arguments
<b>Level 0</b>	<b>[0]</b> Candidate demonstrates no understanding of advantages and disadvantages	<b>[0]</b> Candidate does not attempt to apply knowledge	<b>[0]</b> No analysis of arguments

	<b>AO4 Evaluation [4]</b>
<b>Level 3</b>	<b>[4]</b> Candidate gives a full evaluation of the arguments presented and comes to a final judgement. Candidate demonstrates good spelling, punctuation and grammar. The meaning of the text is clear. The candidate has consistently used a form and style of writing appropriate to the purpose of the question. Answer is organised in a clear and coherent manner
<b>Level 2</b>	<b>[2]–[3]</b> Candidate gives a satisfactory evaluation of the arguments presented and comes to a final judgement. Candidate demonstrates satisfactory spelling, punctuation and grammar. The meaning of the text is clear most of the time. The candidate demonstrates a satisfactory level of writing, form and style appropriate to the purpose of the question. Answer is organised in a satisfactory manner
<b>Level 1</b>	<b>[1]</b> Candidate attempts some evaluation of the arguments presented. The candidate makes limited use of spelling, punctuation and grammar. The meaning of the text is not always clear. The candidate demonstrates a limited form and style appropriate to the purpose of the question. The organisation of the answer is limited
<b>Level 0</b>	<b>[0]</b> Candidate makes no attempt to evaluate the arguments presented

[12]

- (e) There are many implications for Greggs of its plan to open 50–60 new stores in the UK during 2010.

Positive implications of growth might include:

- it will enable Greggs to make its presence on the High Street even stronger. This will increase sales and profits
- Greggs can expand into areas of the country where they do not currently have a presence. This will increase market share
- the corporate image of Greggs will be enhanced due to publicity concerning the plan and the local opening ceremonies
- there will be opportunities for internal promotion created which will increase the motivation of the workforce at Greggs
- economies of scale
- reduces competition.

Negative implications of growth might include:

- it will require £50–£60m per year for the capital costs of expansion. It is unlikely that this will be recovered in the short term so there may be a strain on company finances
- Greggs management team will be under sustained pressure to ensure that the rate of new openings is maintained. This may involve some of them having to work away from home which may be demotivating
- it will be more difficult to manage the quality of products and level of service at all the new stores. This is particularly important since there will be so many new employees who need training
- there may be diseconomies of scale for Greggs such as problems relating to communication and the chain of command within the company
- increased training costs.

As part of their discussion, candidates should consider both advantages and disadvantages of the expansion strategy and come to a final judgement.

	<b>AO1 Knowledge and Understanding [3]</b>	<b>AO2 Application [2]</b>	<b>AO2 Analysis [3]</b>
<b>Level 3</b>	<b>[3]</b> Candidate demonstrates very good understanding of the implications of growth. Candidate makes good use of specialist vocabulary when it is appropriate		<b>[3]</b> Very good analysis of points
<b>Level 2</b>	<b>[2]</b> Candidate demonstrates good understanding of the implications of growth. Candidate makes good use of specialist vocabulary when it is appropriate	<b>[2]</b> Candidate applies knowledge effectively	<b>[2]</b> Good analysis of points
<b>Level 1</b>	<b>[1]</b> Candidate demonstrates some understanding of the implications of growth. Candidate makes good use of specialist vocabulary when it is appropriate	<b>[1]</b> Candidate attempts to apply knowledge	<b>[1]</b> Limited analysis of points
<b>Level 0</b>	<b>[0]</b> Candidate demonstrates no understanding of the implications of growth	<b>[0]</b> Candidate does not attempt to apply knowledge	<b>[0]</b> No analysis of points

	<b>AO4 Evaluation [4]</b>
<b>Level 3</b>	<b>[4]</b> Candidate gives a full evaluation of the arguments presented and comes to a final judgement. Candidate demonstrates good spelling, punctuation and grammar. The meaning of the text is clear. The candidate has consistently used a form and style of writing appropriate to the purpose of the question. Answer is organised in a clear and coherent manner
<b>Level 2</b>	<b>[2]–[3]</b> Candidate gives a satisfactory evaluation of the arguments presented and comes to a final judgement. Candidate demonstrates satisfactory spelling, punctuation and grammar. The meaning of the text is clear most of the time. The candidate demonstrates a satisfactory level of writing, form and style appropriate to the purpose of the question. Answer is organised in a satisfactory manner
<b>Level 1</b>	<b>[1]</b> Candidate attempts some evaluation of the arguments presented. The candidate makes limited use of spelling, punctuation and grammar. The meaning of the text is not always clear. The candidate demonstrates a limited form and style appropriate to the purpose of the question. The organisation of the answer is limited
<b>Level 0</b>	<b>[0]</b> Candidate makes no attempt to evaluate the arguments presented

[12]

40

2 (a) Product is one of the elements of the marketing mix. Businesses organise the factors of production to produce products or services that are then supplied to customers. It is very important to get the product element right as customers will only buy it if it satisfies their needs. For this reason Nestlé needs to be sure that it listens to its customers and continually develops its products.

Candidates may use one of several products mentioned in the stimulus to illustrate their answer.

	<b>AO1 Knowledge and Understanding [2]</b>	<b>AO2 Application [2]</b>
<b>Level 2</b>	<b>[2]</b> Candidate demonstrates good understanding of promotion	<b>[2]</b> Candidate applies knowledge effectively
<b>Level 1</b>	<b>[1]</b> Candidate demonstrates some understanding of promotion	<b>[1]</b> Candidate attempts to apply knowledge
<b>Level 0</b>	<b>[0]</b> Candidate demonstrates no understanding of promotion	<b>[0]</b> Candidate does not attempt to apply knowledge

[4]

- (b) Businesses such as Nestlé need to continually invest in new machinery for a number of reasons. These include:
- it allows Nestlé to keep up with competitors who are always trying to gain market share
  - it improves the quality of products by producing using the most up-to-date methods
  - it enables Nestlé to save money by introducing energy efficiency, waste reduction and water recovery programmes
  - it speeds up production and reduces downtime due to machinery repairs
  - it improves health and safety within Nestlé
  - to achieve economies of scale
  - saves money by being less labour intensive.

	<b>AO1 Knowledge and Understanding [2]</b>	<b>AO2 Application [2]</b>
<b>Level 2</b>	<b>[2]</b> Candidate demonstrates good understanding of reasons for investment	<b>[2]</b> Candidate applies knowledge effectively
<b>Level 1</b>	<b>[1]</b> Candidate demonstrates some understanding of reasons for investment	<b>[1]</b> Candidate attempts to apply knowledge
<b>Level 0</b>	<b>[0]</b> Candidate demonstrates no understanding of reasons for investment	<b>[0]</b> Candidate does not attempt to apply knowledge

[4]

- (c) The concept of the product life cycle might be useful to Nestlé in a number of decision-making situations. These might include:
- at what stage to spend heavily on promotion. If a product is in the growth stage of its life cycle then Nestlé needs to ensure that consumers are aware of it in the market
  - when to ease up on advertising expenditure. The KitKat seems to have reached the maturity stage of the life cycle and only needs to be periodically advertised to keep sales going
  - whether or not Nestlé should launch a product abroad. It may have reached the end of its life cycle
  - whether to invest heavily on research and development in the hope that a product life cycle can be extended. Nestlé has managed to keep the KitKat going since 1935
  - decisions regarding the balance of products in the Nestlé portfolio. It is important to ensure that not all products are at the same stage of their life cycles at the same time
  - it would help Nestlé with pricing strategy decisions.

	<b>AO1 Knowledge and Understanding [2]</b>	<b>AO2 Application [2]</b>	<b>AO2 Analysis [4]</b>
<b>Level 2</b>	<b>[2]</b> Candidate demonstrates good knowledge and understanding of the product life cycle. Candidate makes good use of specialist vocabulary when it is appropriate	<b>[2]</b> Candidate applies knowledge effectively	<b>[3]–[4]</b> Good analysis of relevant examples
<b>Level 1</b>	<b>[1]</b> Candidate demonstrates some knowledge and understanding of the product life cycle. Candidate makes good use of specialist vocabulary when it is appropriate	<b>[1]</b> Candidate attempts to apply knowledge	<b>[1]–[2]</b> Limited analysis of relevant examples
<b>Level 0</b>	<b>[0]</b> Candidate demonstrates no knowledge and understanding of the product life cycle	<b>[0]</b> Candidate does not attempt to apply knowledge	<b>[0]</b> No analysis of relevant examples

[8]



- (d) Price elasticity of demand measures the responsiveness of demand to a change in the price of a product. Goods which are not responsive are said to be inelastic while those that are responsive to changes in price are elastic.

Price elasticity of demand is likely to prove useful to Nestlé for a number of reasons. These might include:

- it will allow Nestlé to consider the impact on sales if it decides to raise the price of a product
- it will help Nestlé to consider the amount by which it should raise the price of a product at a given time
- it will predict the impact on sales of a decrease in price. This will tell Nestlé how much to increase the order of raw materials to meet the predicted increase in sales.

On the other hand, price elasticity may not be quite so useful to Nestlé. Reasons might include:

- it is based on historic information and is not necessarily a good guide to what will happen in the future as Nestlé raises or lowers prices
- the value of price elasticity of demand may change according to the time period under consideration. This could present Nestlé with the problem of which time period to consider
- it may be a very time consuming and costly process for Nestlé to calculate estimates of price elasticity
- the UK chocolate market appears to be oligopolistic in nature. Such a structure means that firms are interdependent so it is harder to predict how other firms will react to a change in price by one of them.

As part of their discussion, candidates should consider both positive and negative arguments and come to a final judgement.

	<b>AO1 Knowledge and Understanding [3]</b>	<b>AO2 Application [2]</b>	<b>AO2 Analysis [3]</b>
<b>Level 3</b>	<b>[3]</b> Candidate demonstrates very good understanding of the usefulness of price elasticity. Candidate makes good use of specialist vocabulary when it is appropriate		<b>[3]</b> Very good analysis of arguments
<b>Level 2</b>	<b>[2]</b> Candidate demonstrates good understanding of the usefulness of price elasticity. Candidate makes good use of specialist vocabulary when it is appropriate	<b>[2]</b> Candidate applies knowledge effectively	<b>[2]</b> Good analysis of arguments
<b>Level 1</b>	<b>[1]</b> Candidate demonstrates some understanding of the usefulness of price elasticity. Candidate makes good use of specialist vocabulary when it is appropriate	<b>[1]</b> Candidate attempts to apply knowledge	<b>[1]</b> Limited analysis of arguments
<b>Level 0</b>	<b>[0]</b> Candidate demonstrates no understanding of the usefulness of price elasticity	<b>[0]</b> Candidate does not attempt to apply knowledge	<b>[0]</b> No analysis of arguments

	<b>AO4 Evaluation [4]</b>
<b>Level 3</b>	<b>[4]</b> Candidate gives a full evaluation of the arguments presented and comes to a final judgement. Candidate demonstrates good spelling, punctuation and grammar. The meaning of the text is clear. The candidate has consistently used a form and style of writing appropriate to the purpose of the question. Answer is organised in a clear and coherent manner
<b>Level 2</b>	<b>[2]–[3]</b> Candidate gives a satisfactory evaluation of the arguments presented and comes to a final judgement. Candidate demonstrates satisfactory spelling, punctuation and grammar. The meaning of the text is clear most of the time. The candidate demonstrates a satisfactory level of writing, form and style appropriate to the purpose of the question. Answer is organised in a satisfactory manner
<b>Level 1</b>	<b>[1]</b> Candidate attempts some evaluation of the arguments presented. The candidate makes limited use of spelling, punctuation and grammar. The meaning of the text is not always clear. The candidate demonstrates a limited form and style appropriate to the purpose of the question. The organisation of the answer is limited
<b>Level 0</b>	<b>[0]</b> Candidate makes no attempt to evaluate the arguments presented

[12]

- (e) The UK chocolate market appears to be oligopolistic in nature. Three main firms dominate it – Cadbury, Mars and Nestlé. This is likely to have a number of implications for Nestlé.

Positive implications might include:

- firms may accept that market shares may not change very much and settle into a state where competition is not very intense
- it is unlikely that much smaller firms will present Nestlé with any problems. In fact they may be targets to be taken over
- Nestlé has a well established product portfolio with long product life cycles and strong brand names. This means it is likely to remain profitable
- the overall market may still be growing which means that it is becoming even more profitable for the firms who dominate it
- Nestlé is likely to face an inelastic demand for its strong brands. This means that it can increase market prices and still keep revenue inflows high
- it will be relatively easier for Nestlé to keep an eye on what is happening in the market as it only has two main competitors.

Negative implications might include:

- it will be very difficult for Nestlé to gain market share from its competitors. They are unlikely to be chased out of the market
- Nestlé will always have to be careful and react to initiatives by its competitors. Failure to do so could be costly as Cadbury and Mars have so much power in the market
- there is always the possibility of a price war breaking out as competitors get cautious or aggressive
- competition is more likely to be non-price in nature meaning that Nestlé will always have to spend heavily on research and development of new products
- Nestlé may have to spend more heavily on promotion.

As part of their discussion, candidates should consider both positive and negative aspects and come to a final judgement.

	<b>AO1 Knowledge and Understanding [3]</b>	<b>AO2 Application [2]</b>	<b>AO2 Analysis [3]</b>
<b>Level 3</b>	<b>[3]</b> Candidate demonstrates very good understanding of oligopoly. Candidate makes good use of specialist vocabulary when it is appropriate		<b>[3]</b> Very good analysis of arguments
<b>Level 2</b>	<b>[2]</b> Candidate demonstrates good understanding of oligopoly. Candidate makes good use of specialist vocabulary when it is appropriate	<b>[2]</b> Candidate applies knowledge effectively	<b>[2]</b> Good analysis of arguments
<b>Level 1</b>	<b>[1]</b> Candidate demonstrates some understanding of oligopoly. Candidate makes good use of specialist vocabulary when it is appropriate	<b>[1]</b> Candidate attempts to apply knowledge	<b>[1]</b> Limited analysis of arguments
<b>Level 0</b>	<b>[0]</b> Candidate demonstrates no understanding of oligopoly	<b>[0]</b> Candidate does not attempt to apply knowledge	<b>[0]</b> No analysis of arguments

	<b>AO4 Evaluation [4]</b>
<b>Level 3</b>	<b>[4]</b> Candidate gives a full evaluation of the arguments presented and comes to a final judgement. Candidate demonstrates good spelling, punctuation and grammar. The meaning of the text is clear. The candidate has consistently used a form and style of writing appropriate to the purpose of the question. Answer is organised in a clear and coherent manner
<b>Level 2</b>	<b>[2]–[3]</b> Candidate gives a satisfactory evaluation of the arguments presented and comes to a final judgement. Candidate demonstrates satisfactory spelling, punctuation and grammar. The meaning of the text is clear most of the time. The candidate demonstrates a satisfactory level of writing, form and style appropriate to the purpose of the question. Answer is organised in a satisfactory manner
<b>Level 1</b>	<b>[1]</b> Candidate attempts some evaluation of the arguments presented. The candidate makes limited use of spelling, punctuation and grammar. The meaning of the text is not always clear. The candidate demonstrates a limited form and style appropriate to the purpose of the question. The organisation of the answer is limited
<b>Level 0</b>	<b>[0]</b> Candidate makes no attempt to evaluate the arguments presented

[12]

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**Total****80**



New  
Specification



*Rewarding Learning*

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2010**

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## **Business Studies**

Assessment Unit AS 2

*assessing*

Managing Business Resources

**[AT121]**

**TUESDAY 22 JUNE, MORNING**

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# **MARK SCHEME**

- 1 (a) Explain what is meant by the term “induction”. Illustrate your answer using an example from the case study. [4]

Workers at all levels within an organisation need training and one of the first training activities that workers are exposed to is induction. Induction is usually a general introduction to the organisation and how it operates rather than being job specific. It is intended to help the new employee adjust to the new work environment and to meet other employees who they will be working alongside. The induction process is an important activity for the human resources department, as newly appointed employees are most likely to leave within the first few weeks of employment.

For new employees at Madame Tussauds this is first experienced in the form of the company’s one-and-a-half-day induction programme “Creating the Magic”, which encourages starters to take part in interactive quizzes with colleagues, helping them to bond as quickly as possible.

	<b>AO1 Knowledge and Understanding [2]</b>	<b>AO2 Application [2]</b>
<b>Level 2</b>	[2] Candidate demonstrates good understanding of the term induction	[2] Candidate makes good application of the terms
<b>Level 1</b>	[1] Candidate demonstrates some understanding of the term induction	[1] Candidate attempts to make some application of the terms
<b>Level 0</b>	[0] Candidate demonstrates no understanding of the term induction	[0] No attempt at application

- (b) Explain what is meant by democratic leadership style. Illustrate your answer using an example from the case study. [4]

The democratic manager allows employees to take part in the decision-making process and they are consulted and involved in decision making. An advantage of this style of management is that employees are clear about the aims and objectives of the organisation, and because they are involved in how these are achieved, they will be motivated to work on behalf of the organisation. This style of management is particularly suited to organisations that have a flat structure. In organisations which have tall structures, the different layers can make communication difficult which can hamper the process. The



major disadvantage of this style of management is that the consultation process can be time-consuming and there is danger that managerial control may be lost. It is important to note that this style of management requires a manager who has strong communication skills.

One example of this type of leadership is evident in that Fiona believes HR must listen to employees and learn from them. With this in mind she set up a forum, Your Voice Counts, which gives elected representatives and their constituents a say in the day-to-day running of the business.

	<b>AO1 Knowledge and Understanding [2]</b>	<b>AO2 Application [2]</b>
<b>Level 2</b>	[2] Candidate demonstrates good understanding of what is meant by a democratic leadership style	[2] Candidate makes good application of the terms
<b>Level 1</b>	[1] Candidate demonstrates some understanding of what is meant by a democratic leadership style	[1] Candidate attempts to make some application of the terms
<b>Level 0</b>	[0] Candidate demonstrates no understanding of what is meant by a democratic leadership style	[0] No attempt at application

(c) Analyse the barriers to effective communication that The Tussauds Group may experience. [8]

- sometimes a message can contain too much jargon or technical information. This can confuse the receiver if they are not clear as to what this information means
- it is essential that the sender does not make too many assumptions about the ability of the receiver to understand the message being sent
- communication can be ineffective if the receiver makes too many assumptions about the message and reads into things that are not there
- a message can become unclear if there is too much information included in it
- if a receiver is not prepared to listen to the message, this can cause a breakdown in the communication process. In Tussauds, this has been eradicated through the use of a forum

- the sheer number of staff may make communication difficult
- different languages/cultures etc.
- if a message has to travel through a long line of different people, this can lead to the message becoming lost or distorted
- the wrong choice of communication channel can result in ineffective communications. The employee forum should aid this process
- sometimes the wrong information is sent to the wrong person.

	<b>AO1 Knowledge and Understanding [2]</b>	<b>AO2 Application [2]</b>	<b>AO3 Analysis [4]</b>
<b>Level 2</b>	[2] Candidate demonstrates good understanding of the barriers to effective communication that The Tussauds Group may experience	[2] Candidate makes good application of the terms	[3]–[4] Good analysis of the barriers to effective communication that The Tussauds Group may experience
<b>Level 1</b>	[1] Candidate demonstrates some understanding of the barriers to effective communication that The Tussauds Group may experience	[1] Candidate attempts to make some application of the terms	[1]–[2] Limited analysis of the barriers to effective communication that The Tussauds Group may experience
<b>Level 0</b>	[0] Candidate demonstrates no understanding of the barriers to effective communication that The Tussauds Group may experience	[0] No attempt at application	[0] No analysis

**(d)** Discuss whether Douglas McGregor’s Theory X and Theory Y approaches to motivation are appropriate to Madame Tussauds. [12]

Theory X suggests that workers are lazy and reluctant to work.

Theory Y on the other hand states that workers prefer autonomy and responsibility and gain a sense of achievement from their work.

THEORY X	THEORY Y
Workers Are Lazy	Workers Are Keen
Workers Need To Be Pushed	Workers Work On Their Own
Workers Avoid Responsibility	Workers Seek Responsibility
Workers Have No Initiative	Workers Seek To Show Initiative
Workers Respond To Threats	Workers Respond To Rewards
Workers Are Motivated By Money	Workers Have A Range Of Different Needs

This work was based on Maslow's Theory, and suggested that Theory X workers are those who would appear at the lower levels of the hierarchy, whereas Theory Y workers would appear at the top levels.

From a motivational perspective if workers are thought to fall under the Theory X category, then the only way to get them to perform is to use coercion and threats.

This method is often referred to as the stick approach. The major problem with adopting this method of management is that management need to be very careful not to break employment laws or companywide agreements.

Theory Y would take the opposite approach and allow workers to get on with the job, creating a culture where they will get involved in the work and make valid contributions. From the stimulus it appears that Fiona is adopting a Theory Y approach. Fiona argues that since the attraction is founded on customer service, its success is dependent on employees being able to help deliver a magical journey for every visitor. She considers the employee experience to be as important as the customer experience, so her team works hard to create what are described as "magical moments" for employees.

In an attraction such as Tussauds, if she adopted a Theory X approach this may be reflected in the way that employees treat customers.

	<b>AO1 Knowledge and Understanding [3]</b>	<b>AO2 Application [3]</b>	<b>AO3 Analysis [2]</b>	<b>AO4 Evaluation [4]</b>
<b>Level 3</b>	[3] Candidate demonstrates excellent understanding of whether Douglas McGregor's Theory X and Theory Y approaches to motivation are appropriate to Madame Tussauds	[3] Candidate makes excellent application of the terms		[4] Candidate gives a full evaluation of the arguments presented and forms a final judgement. QWC is excellent
<b>Level 2</b>	[2] Candidate demonstrates good understanding of whether Douglas McGregor's Theory X and Theory Y approaches to motivation are appropriate to Madame Tussauds	[2] Candidate makes good application of the terms	[2] Good analysis of whether Douglas McGregor's Theory X and Theory Y approaches to motivation are appropriate to Madame Tussauds	[2]–[3] Candidate gives a satisfactory evaluation of the arguments presented. QWC is good
<b>Level 1</b>	[1] Candidate demonstrates some understanding of whether Douglas McGregor's Theory X and Theory Y approaches to motivation are appropriate to Madame Tussauds	[1] Candidate attempts to make some application of the terms	[1] Limited analysis of whether Douglas McGregor's Theory X and Theory Y approaches to motivation are appropriate to Madame Tussauds	[1] Candidate attempts some evaluation of the arguments presented. QWC is limited

<b>Level 0</b>	[0] Candidate demonstrates no understanding of whether Douglas McGregor's Theory X and Theory Y approaches to motivation are appropriate to Madame Tussauds	[0] No attempt at application	[0] No analysis	[0] Candidate gives no evaluation of the arguments presented and forms no final judgement. QWC is poor
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- (e) Evaluate the use of team working and employee empowerment as non-monetary methods of motivation within Madame Tussauds [12]

Motivation theories highlight the fact that not all employees are necessarily motivated by money. As a result of this it is important for an organisation to clearly identify what other factors do motivate the workforce and look for ways of trying to meet these needs. On the back of this, McGregor introduced the Magic Miles incentive scheme, through which employees can nominate each other for outstanding service and build up a balance of miles to be exchanged for vouchers.

Other reward initiatives are one-hit wonders – quirky one-off incentives to keep employees engaged. McGregor says: “You constantly need to change the carrot so you keep everything fresh and exciting. This helps to keep up healthy internal competition so that employees strive to exceed customer expectations.”

Tussauds gave a car to its Employee of the Year – the person with the most peer votes – in January 2007. Twelve shortlisted employees then had to take part in a Deal or No Deal-style game at the Christmas party.

There are advantages and disadvantages of using team working and employee empowerment methods of motivation.

Advantages of using team working

- commitment to others may be encouraged
- increased productivity
- lower absenteeism
- greater self-esteem.

Disadvantages of team working

- some don't feel part of the team
- some don't like working in teams
- individual performance can have a negative impact upon team performance.

Advantages of employee empowerment

- individuals are motivated as their efforts are acknowledged
- control of decision making
- opportunities for promotion
- delegation of power.

Disadvantages of employee empowerment

- individuals may not want responsibility
- individuals may not be capable
- individuals may want monetary rewards.

	<b>AO1 Knowledge and Understanding [3]</b>	<b>AO2 Application [2]</b>	<b>AO3 Analysis [3]</b>	<b>AO4 Evaluation [4]</b>
<b>Level 3</b>	[3] Candidate demonstrates excellent understanding of non-monetary methods of motivation such as those used at Madam Tussauds		[3] Excellent analysis of non-monetary methods of motivation such as those used at Madam Tussauds	[4] Candidate gives a full evaluation of the arguments presented and forms a final judgement. QWC is excellent
<b>Level 2</b>	[2] Candidate demonstrates good understanding of non-monetary methods of motivation such as those used at Madam Tussauds	[2] Candidate makes good application of the terms	[2] Good analysis of non-monetary methods of motivation such as those used at Madam Tussauds	[2]–[3] Candidate gives a satisfactory evaluation of the arguments presented. QWC is good
<b>Level 1</b>	[1] Candidate demonstrates some understanding of non-monetary methods of motivation such as those used at Madam Tussauds	[1] Candidate attempts to make some application of the terms	[1] Limited analysis of non-monetary methods of motivation such as those used at Madam Tussauds	[1] Candidate attempts some evaluation of the arguments presented. QWC is limited
<b>Level 0</b>	[0] Candidate demonstrates no understanding of non-monetary methods of motivation such as those used at Madam Tussauds	[0] No attempt at application	[0] No analysis	[0] Candidate gives no evaluation of the arguments presented and forms no final judgement. QWC is poor

2 (a) Show by calculation, Enginworks' Gross Profit. [4]

Opening stock	£23 000
Purchases	<u>£43 000</u>
	£66 000
Less Closing stock	<u>£21 000</u>
COGS	£45 000
Sales	£97 000
Less COGS	£45 000
Gross profit	£52 000

OFR APPLIES

	<b>AO1 Knowledge and Understanding [2]</b>	<b>AO2 Application [2]</b>
<b>Level 2</b>	[2] Candidate demonstrates good understanding of Gross Profit	[2] Candidate makes good application of the terms
<b>Level 1</b>	[1] Candidate demonstrates some understanding of Gross Profit	[1] Candidate attempts to make some application of the terms
<b>Level 0</b>	[0] Candidate demonstrates no understanding of Gross Profit	[0] No attempt at application

(b) Calculate this year's depreciation on machinery at 20% using the Straight Line Method. [4]

Machinery (at cost)	£85 000
20% of £85 000 =	£17 000



	<b>AO1 Knowledge and Understanding [2]</b>	<b>AO2 Application [2]</b>
<b>Level 2</b>	[2] Candidate demonstrates good understanding of depreciation	[2] Candidate makes good application of break even
<b>Level 1</b>	[1] Candidate demonstrates some understanding of depreciation	[1] Candidate attempts to make some application of break even
<b>Level 0</b>	[0] Candidate demonstrates no understanding of depreciation	[0] No attempt at application

(c) Analyse factors that may affect Mike Chambers' management style. [8]

### Factors affecting management styles

The type of management style adopted by Mike Chambers will depend upon various factors:

- **The Task.** If a decision needs to be taken quickly, there may not be any time for consultation. Therefore, an authoritarian style might be needed
- **The Culture of Enginworks.** A culture can develop over the lifespan of an organisation and this may influence the type of style adopted. Therefore, it may be difficult to break with traditions, or the actual administrative set-up in an organisation may dictate the style used
- **The Type of Labour Force.** If the workforce is highly skilled, which may be the case at Enginworks, they may welcome consultation. However, if the workforce is unskilled they may only respond to an authoritarian style
- **The Group Size.** If the group of workers is very large, it may be difficult to allow a democratic style to emerge
- **Mike Chambers' Personality.** Different managers may have different personalities and this will play a major part in the management style adopted. Some managers may not feel comfortable with certain management styles
- If Mike is stressed it may have an impact on his management style.

	<b>AO1 Knowledge and Understanding [2]</b>	<b>AO2 Application [2]</b>	<b>AO3 Analysis [4]</b>
<b>Level 2</b>	[2] Candidate demonstrates good understanding of factors that may affect Mike Chambers' management style	[2] Candidate makes good application of the terms	[3]–[4] Good analysis is made of factors that may affect Mike Chambers' management style
<b>Level 1</b>	[1] Candidate demonstrates some understanding of factors that may affect Mike Chambers' management style	[1] Candidate attempts to make some application of the terms	[1]–[2] Limited analysis is made of factors that may affect Mike Chambers' management style
<b>Level 0</b>	[0] Candidate demonstrates no understanding of factors that may affect Mike Chambers' management style	[0] No attempt at application	[0] No attempt at analysis is made

(d) Evaluate the use of interviewing in Enginworks' recruitment process.

[12]

Once the candidates who meet the requirements of the position are selected, the next stage of the recruitment process is usually the interview stage. Interviews are the most common part of most recruitment processes.

#### Advantages

- the process of interviewing allows the human resource department to meet the candidate face-to-face
- it also allows interviewees to expand on points that they have made on their application form
- the process is time consuming.

#### Disadvantages

- the major drawback of an interview is that some people do not perform well under interview conditions as they feel intimidated by the process
- people who interview well may not have the capabilities of actually carrying out the duties required of the job in question
- the organisation may lack experience in this area.

	<b>AO1 Knowledge and Understanding [3]</b>	<b>AO2 Application [3]</b>	<b>AO3 Analysis [2]</b>	<b>AO4 Evaluation [4]</b>
<b>Level 3</b>	[3] Candidate demonstrates excellent understanding of the role of interviewing in Enginworks' recruitment process	[3] Candidate makes excellent application of terms		[4] Candidate gives a full evaluation of the arguments presented and forms a final judgement. QWC is excellent
<b>Level 2</b>	[2] Candidate demonstrates good understanding of the role of interviewing in Enginworks' recruitment process	[2] Candidate makes good application of the terms	[2] Good analysis is made of the role of interviewing in Enginworks' recruitment process	[2]–[3] Candidate gives a satisfactory evaluation of the arguments presented. QWC is good
<b>Level 1</b>	[1] Candidate demonstrates some understanding of the role of interviewing in Enginworks' recruitment process	[1] Candidate attempts to make some application of the terms	[1] Limited analysis is made of the role of interviewing in Enginworks' recruitment process	[1] Candidate gives some evaluation of the arguments presented. QWC is satisfactory
<b>Level 0</b>	[0] Candidate demonstrates no understanding of the role of interviewing in Enginworks' recruitment process	[0] No attempt at application	[0] No analysis is made of the role of interviewing in Enginworks' recruitment process	[0] Candidate gives no evaluation of the arguments presented and forms no final judgement. QWC is poor

- (e) Evaluate whether Enginworks should use off-the-job training. [12]

Off-the-job training occurs when an employee attends a course. This can take place in many different ways, such as taking external vocational courses at a local further education college. Distance learning or e-learning has become a common way for employees to receive off-the-job training.

There are advantages and disadvantages associated with off-the-job training.

#### Advantages of off-the-job training

- employees should be properly trained as the courses are run by experienced instructors
- the trainee can learn at his/her own pace
- the costs of training are easy to calculate
- in some situations the employee can receive a formal qualification
- the training will allow the employees to concentrate, especially since they are so busy at work.

#### Disadvantages of off-the-job training

- off-the-job training is more expensive than on-the-job training
- the learning is not taking place in the environment where the employee will be utilising the skills and knowledge
- the equipment used off-the-job may not be the same as the employee is used to.

	<b>AO1 Knowledge and Understanding [3]</b>	<b>AO2 Application [2]</b>	<b>AO3 Analysis [3]</b>	<b>AO4 Evaluation [4]</b>
<b>Level 3</b>	[3] Candidate demonstrates excellent understanding of whether Enginworks should use off-the-job training		[3] Excellent analysis of whether Enginworks should use off-the-job training	[4] Candidate gives a full evaluation of the arguments presented and forms a final judgement. QWC is excellent
<b>Level 2</b>	[2] Candidate demonstrates good understanding of whether Enginworks should use off-the-job training	[2] Candidate makes good application of the terms	[2] Good analysis of whether Enginworks should use off-the-job training	[2]–[3] Candidate gives a satisfactory evaluation of the arguments presented. QWC is good
<b>Level 1</b>	[1] Candidate demonstrates some understanding of whether Enginworks should use off-the-job training	[1] Candidate attempts to make some application of the terms	[1] Limited analysis of whether Enginworks should use off-the-job training	[1] Candidate attempts some evaluation of the arguments presented. QWC is limited
<b>Level 0</b>	[0] Candidate demonstrates no understanding of whether Enginworks should use off-the-job training	[0] No attempt at application	[0] No analysis	[0] Candidate gives no evaluation of the arguments presented. QWC is poor

**Total**

40

**80**



