

Business Studies

Advanced GCE A2 7811

Advanced Subsidiary GCE AS 3811

Mark Schemes for the Units

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Advanced GCE Business Studies (7811)

Advanced Subsidiary GCE Business Studies (3811)

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2871 Businesses, their Objectives and Environment

1 Sophie Lewington is a sole trader. State two features of a sole trader. [2]

Any reasonable answer eg:

- *easy to set up – minimal capital required*
- *set up by an individual*
- *unlimited liability*
- *makes all decisions/own boss*
- *may get overworked*
- *keeps all profit*
- *bears all losses*
- *has to be a 'Jack (or rather Jacqueline!) of all trades'*
- *raising finance (for start up and growth) can be difficult*
- *only one source of ideas, etc*
- *any other valid suggestion.*

2 x 1 mark (2)

2 Outline two implications for HH of introducing information technology. [4]

Sophie's computer is nine years old. To make effective use of IT she will have to buy a new one.

- *There will obviously be a cost (financial and opportunity) to buying a new computer – although it may be possible to offset the expense for tax purposes – detailed knowledge not required!*
- *A new computer would mean that Sophie could get some software to help run her HH, eg with bookings. This would avoid inconvenient 'double bookings'.*
- *It would also help with issues such as keeping records of the pets, stock control (thus saving money – and so avoiding 'emergency trips to the supplier' – and maintaining a healthy cash flow for HH).*
- *Appropriate computer software could assist with invoicing, the preparation of accounts, etc.*

If she decides to use a computer to construct a website for HH:

- *Who will construct the website? If done by a specialist (as seems highly likely), this will cost HH/Sophie money.*
- *Who will update the website? Can Sophie gain some IT skills and do it herself? If she forms the partnership, could Judith do it?*
- *If HH is going to grow, then the website may be useful. A website would 'be open' 24 hours a day – but do people go online to look for boarding for pets?*
- *A website would mean that she could introduce online booking – but there are implications for secure payment if she wants to take deposits/payments.*
- *It may help market the hedgehog houses if she chooses to sell them. However, the implication of this is that she would then have to set up a distribution channel to reach customers*

Level 2	Factor(s) outlined.	(4-3)
Level 1	Factors stated.	(2-1)

3 **Other than information technology, evaluate the factors which may affect the demand for HH's services.** [14]

As the case implies that Sophie might start to sell the 'hedgehog houses', accept references to these as well as to the boarding of pets. The factors will be similar for both.

- **Price.** *How much will customers pay for pet boarding? How elastic is demand? NB detailed knowledge not required on 2871.*
- **Price of substitutes** *(the term does not have to be used), ie prices charged by competitors.*
- **Changes in income** *How sensitive to changes in income is boarding likely to be? Will greater income levels increase the demand for this sort of service? (NB Knowledge of income elasticity is not required on 2871).*
- **Macro economic factors and/or government economic policy** *eg income tax changes*
- **Interest rates.** *If mortgage and loan costs change, is there likely to be an effect on the numbers being boarded?*
- **Time of year.** *During peak periods the demand for holidays will be at its highest therefore the demand for HH's services*
- **Quality/Image** *may be an issue. Sophie works hard to provide a quality service.*
- **Sophie's ability to market HH.** *Her lack of business skills does not seem to be hampering her in this way at the moment during holiday periods HH is full. But it does say "Demand is largely seasonal" (line 17) and so she has unused capacity (detailed knowledge not required on 2871). This may be an issue if she does not expand the business. Also allow references to the use of "special offers", (eg two pets boarded get a discount).*
- **Demographics.** *If the type of small pet catered for by HH is kept largely by children and there are a lot of young people, then the demographics of the area will affect demand.*
- **Weather.** *May impact on number of holidays taken (derived demand).*

Some factors affecting the demand for hedgehog houses.

- *Could boarding be 'tied into' the sale of these via discounts? If so, this could increase demand.*
- *If the houses were made into complementary purchases to boarders, then the prices charged by Sophie to pet boarders may, therefore, be a consideration.*
- *Is £45 'too much'? How elastic is demand? NB detailed knowledge not required on 2871.*
- *Price/nature of substitutes (the term does not have to be used), ie prices charges by competitors. Judith makes reference to "similar stuff you can buy" (line 67). Being 'handmade from sustainable sources' could well be 'a selling point' as Judith has claimed.*
- *Environmental factors – impacting on number of hedgehogs.*

Level 4	Some evaluation of factor(s) in the context of HH.	(14-11)
Level 3	Some analysis of factor(s) in the context of HH.	(10-7)
Level 2	Some application of issue(s).	(6-4)
Level 1	Knowledge recalled about factors affecting demand.	(3-1)

4 Analyse how HH might benefit from the setting of clear objectives [9]

Some suitable 'clear objectives' for HH might include sales targets, reduce complaints/double bookings, improve occupancy rates, improve stock control (or other 'costs')

- *If HH has clear objectives such as sales/revenue/profit targets, Sophie will be more likely to raise the money for the extension and/or roof repair.*
- *Objectives are an essential part of any business plan. Planning and setting strategic objectives will help Sophie focus on HH's tactical objectives – such as holding the right amount of stock and, therefore, not wasting money.*
- *Objectives are usually quantifiable. By having a clear objective for profit, for example, Sophie could calculate whether meeting her business objectives would actually enable her to meet her personal objectives, eg cover her contribution to reroofing the house (line 40) and whether she is on target for provision for her old age (line 13).*
- *Sophie can use an objective, such as profit target, to measure HH's success. Reviewing success will provide a guide to future courses of action for HH such as finding a means of reducing costs and/or increasing revenues.*
- *Judith is more likely to take the offer of a partnership seriously if HH has clear objectives such as sales/revenue/profit targets.*
- *The bank will be more likely to lend HH money if it can see evidence of a clear objective such as profitability.*

Level 3	Some analysis of benefit(s) of clear objective(s) to HH.	(9-8)
Level 2	Some application of the issue(s).	(7-4)
Level 1	Knowledge of business objectives.	(3-1)

- 5 Sophie's idea (line 82) is that she should ask Judith to form a partnership with her. Evaluate whether forming a partnership with Judith would be appropriate for Sophie's business. [14]

Potential advantages

- **Increased capital from Judith** would help to facilitate the expansion of HH.
- **Judith could 'help out'** as a committed partner in busy times, rather than Emma doing it as a favour to her sister (line 30). Similarly the business' responsibilities could be shared.
- **To some extent both Sophie and Judith are likeminded and in a similar position.** Judith appears to see a potential link of some sort (lines 57/8). This similarity could well be a strength in running the business.
- **Any losses would be shared** – although there is no evidence of losses for either business at present.
- Sophie thinks this partnership could “solve all her problems”. Judith is unlikely to want to contribute to the reroofing (!), although **Sophie seems to be hoping that she will contribute (some of) the capital to build the extension – this would assist with Sophie having to pay part of the repair bills to the house.**

Potential disadvantages

- **Disagreements.** Judith appears much more forceful and dynamic than Sophie. She also appears rather more 'clued up' (eg use of website, knowledge of marketing). Would this lead to a clash? Eg over objectives and the running of the business? Judith may well force the changes to Sophie's lifestyle that she seems so keen to avoid.
- Sophie has unlimited liability already but she needs to recognise that **partners have legal responsibility for the other's partnership decisions and debts.** Would this be a problem? Does she even realise this? Does Judith?
- **Is there sufficient synergy** (the term does not have to be used) between the two businesses?
- **Shared profits** – Sophie would not be the sole beneficiary of any growth. In the light of this, **would the partnership assist in making provision for Sophie's old age any better than her existing business?**
- **If 'it all goes wrong' then their friendship will end.** Do they want to risk this?

If they agree to form a partnership, a **Deed of Partnership** should certainly be drawn up. If not, there are likely to be problems sooner or later, eg over the share of profits, division of responsibilities, dissolving the partnership, etc. If they “fall out”, there will be even more problems if there is no Deed.

Candidates could also argue that Sophie could form a partnership **with someone else** if Judith is not interested. Emma? **OR** that Sophie could try to expand HH via the formation of a private limited company – with all the issues involved there: limited liability, raising funds, accounts, etc.

Level 4	Some evaluation of partnership issue(s) in context.	(14-11)
Level 3	Some analysis of partnership issue(s) in context.	(10-7)
Level 2	Some application of partnership issue(s).	(6-4)
Level 1	Knowledge recalled about the nature of partnerships.	(3-1)

2872 Business Decisions

- 1 Outline two possible economies of scale Sainsbury's could gain from the 'SO organic' supermarket box delivery scheme [4]

Distribution – use of existing delivery vehicles for the new product

Technical economies - due to use of IT for ordering/ stock control

Marketing – can use existing promotional channels to reach a new market

Purchasing – reduce costs by buying all of the output of the organic producer/bulk purchasing

Any other point explained in a relevant manner.

Level 2	Types of economies of scale explained/applied to the business	(4-3)
Level 1	One or two types of economies of scale stated.	(2-1)

- 2 (a) Assume each 'SO organic' box makes a contribution of 60% of the selling price. Calculate the variable cost of each box. [3]

Stating or use of contribution formula [1 mark]

Price of the box = £12

60% of price = $12 \times 0.6 = £7.20$ [1 marks]

Contribution = Price – Variable cost so: Variable cost = Price – Contribution

Variable cost = $£12 - £7.20 = £4.80$ [1 mark]

OR

Stating or use of contribution formula [1 mark]

Variable cost = 40% of the selling price [1 mark]

Variable cost = $£12 \times 40\% = £4.80$ [1 mark]

Use of OFR as appropriate

- (b) Discuss the extent to which contribution could have been useful to Sainsbury's in its decision to introduce the organic box scheme. [10]

The business has many activities and it would be difficult to identify the fixed costs of this one aspect of the business particularly as the boxes will be delivered in the same vans as ordinary on line shopping. Therefore contribution could be more useful than other numerical techniques e.g. profit, break even etc . Consideration of the assumptions underlying contribution and how realistic they are in relation to the organic boxes. Would all the boxes be sold? Will there be any wastage? The company has decided to have a fixed price per box but the costs may change from week to week thus the level of contribution will not be constant. The business would be happy for the boxes to be contributing to fixed costs in the long run but may be prepared for them to make a loss short term. Some discussion of the other objectives the business may have that the organic boxes address that may be more of a priority than financial ones. OFR re contribution of £7.20 (see Q2a)

Level 4	Evaluation by weighing up the extent to which Sainsbury's would find contribution useful in the decision making process	(10-9)
Level 3	Analysis demonstrated by considering implications of the usefulness of contribution in context.	(8-5)
Level 2	Understanding of break even and contribution demonstrated	(4-3)
Level 1	Appropriate concepts and issues identified	(2-1)

- 3 (a) Calculate the forecasted percentage increase in Sainsbury's sales between 2006 and March 2008. [2]

*Sainsbury's sales in 2006 = £16bn
Planned increase by March 2008 = £2.5bn*

$$2.5/16 = 15.625 \times 100 = 15.6\% \text{ [process 1 + answer 1 = 2]}$$

Use OFR as appropriate eg

$$16/2.5 \times 100 = 640\% \quad [1 \text{ mark}]$$

$$18.5/16 \times 100 = 115.625\% \quad [1 \text{ mark}]$$

- (b) Discuss Sainsbury's choice of promotional methods in the "Try something new today" campaign. [12]

Sainsbury's has been struggling in the market place and the re-branding is part of a recovery programme. Thus it is a major campaign that needs to have both above and below the line aspects to it and these need to be strongly linked within one major campaign. Some discussion of the aspects of the promotional campaign that cover above the line and below the line activities. How is the £10m budget used? What is the split between the 2 types of activities? Which are the most cost effective and how is this being monitored? How is success being judged? Do customers get fed up with the use of celebrities in the campaign? Also looking at the role of staff in the below the line methods. Is there a need to train them to support the promotional activities and is this being funded from the promotional budget? Consideration of the linking of the promotion methods to customer services and standards in the stores.

Level 4	Evaluation of the promotional methods used in the new campaign.	(12-10)
Level 3	Analysis demonstrated by considering the implications of the promotional methods used in the new campaign.	(9-7)
Level 2	Understanding of concepts involved demonstrated	(6-4)
Level 1	Appropriate concepts and issues identified	(3-1)

- 4 Discuss the workforce planning issues arising from Sainsbury's equality policy. [12]

Some understanding of the key elements of workforce planning. The impact of the policy on this area of the activities of the business. Increases the pool of employees. Can be motivating as everyone feels valued, respected so encouraging recruitment and retention. However there are extra costs in both recruiting and training staff and in providing resources required. Have to meet the requirement of the Disability Discrimination Act. Will show the business in a positive light in the community – meets social responsibility objectives. Ultimately will help understanding of some of the issues that customers face and so will make their experience of the business better.

Level 4	Evaluation of the workforce planning benefits of the equality policy	(12-10)
Level 3	Analysis demonstrated by considering implications of the equality policy for workforce planning in context.	(9-7)
Level 2	Understanding of concepts involved demonstrated	(6-4)
Level 1	Appropriate concepts and issues identified	(3-1)

2873 Business Behaviour

- 1 (a) Refer to the cash flows in Appendix 1 and the insert provided. The actual figures for March 2008 were exactly as forecast. In April and May the actual figures were:

	<u>April 2008</u> (£'000)	<u>May 2008</u> (£'000)
Sales Turnover	92	153
Materials	17	30
Labour costs	93	97

In addition, CLN had to buy two new cement mixers (equipment) costing £500 each in April.

On the insert provided, complete the cash flow statement for April and May 2008. [6]

	Apr 08	May 08
Opening bank balance	-43	-70
Inflows		
Sales Turnover	92	153
Outflows		
Materials	17	30
Labour Costs	93	97
Utilities & business rates	5	5
Marketing costs	1	1
Administrative & Miscellaneous expenses	2	2
New equipment	1	
Maintenance of buildings etc.		
Payments Outflows	119	135
Net cash flow for month	-27	18
Closing bank balance	-70	-52

1 mark for each number shown in bold

NB: Maximum 5 marks if answer is incorrect

OFR

(b) Evaluate ways in which CLN may improve its cash flow in the future. [10]

We are told that one of the most significant issues affecting cash flow is the overtime situation at CLN. The problem with this is that it is very difficult to forecast, so making cash flow difficult to predict.

The business consultant has suggested changing the working patterns of the staff to reduce the need for so much overtime. Again, this may prove problematic as it is a substantial change in the culture and operation of a business which has operated in this way for over 20 years. The introduction of flexible working may be a solution, although there may be resistance from the staff. Some staff have been with the business since they left school and the evidence in Appendix 2 shows that many have worked for CLN for a very long time. Trying to reduce the businesses dependence on casual staff during busy times will also reduce payments as they tend to be more expensive than permanent staff and again outgoings are less predictable.

CLN could negotiate better payment terms on its materials. It is currently getting 30 days or less and would benefit from negotiating longer trade credit, if it has the power to do so. Also, customers only pay a 10% deposit, could this be increased as it seems rather low, especially in the household market. Giving household customers 30 days to pay seems generous as most firms dealing with private customers (eg double glazing, furniture, building work) will be paid at the completion or start of the work. A lot will depend on what CLN's competitors offer.

Is it possible for CLN to increase its business in the winter months? This may be difficult given the seasonal nature of the business it is in. However, less promotion is taking place at this time of the year and maybe with a small outlay on promotion it may be able to get a significant increase in revenues. This may be particularly significant in the private household work as this already helps to maintain cash flow.

Could the spending on new equipment in October be spread out over more months? This would help alleviate the dramatic fall in the bank balance in this month.

Another issue highlighted in the case is the problem with late payers in the commercial sector - how can this be resolved, without alienating the client.

NB: It is important that the candidate is fairly clearly talking about improving cash flow and not just revenue/profit to gain any credit.

ARA

Level 4	Some evaluation shown by questioning the suitability of method(s) suggested for CLN or the likelihood of them working at CLN.	(10-9)
Level 3	Some analysis of method(s) to reduce cash flow at CLN with reference to the data available.	(8-6)
Level 2	Some understanding shown of how suggested method(s) will improve cash flow of the firm.	(5-4)
Level 1	Some knowledge of cash flow and/or method(s) to improve cash flow and/or statements about the cash flow situation that CLN finds itself in.	(3-1)

2 Appendix 2 examines the market conditions facing CLN.

Using this and any other relevant information, discuss the implications for CLN of the forecast changes in its market shares. [16]

An increased presence in the private household market is expected. This market is highly demanding but helps with the company's cash flow. This may, therefore, be a beneficial effect of more work in this sector. However, the fact that this sector contains 'increasingly knowledgeable customers will create greater demands on service and the quality of CLN's output - something which it is already struggling with given recent evidence of complaints. Jonathan also refers to the need for 'well trained staff' in Appendix 2, so a greater need for training specifically for this market may be necessary.

More promotion may be required. This sort of work is not a regular demand from private household customers. They may only purchase once in a lifetime, there is, therefore, no opportunity to build up long-term business relationships with customers as in the commercial sector, where repeat business is more likely. Regular mail-shots, advertising in the local press and radio and methods to encourage word of mouth recommendations (eg £50 plant voucher if you recommend CLN to a friend) will be necessary, which is quite expensive in the short-term.

The planned growth of the plant sales business will also affect the work of CLN. The actual business of packing and selling plants to be sold direct to customers around the country is fundamentally different from the landscaping part of the business. Different skills are required, with no need for horticulturally trained staff in this part of the business - it is basically office and administrative work. CLN will need to employ more staff to deal with customers over the phone and in packaging the goods. At present, CLN has very few office-based staff. It is already having to employ lots of casual staff at certain times of the year, which is a costly and complicated process.

It may be argued that CLN will not achieve the planned market share in the mail order business without a substantial increase in e-commerce, if for no other reason than that is the direction which most of its competitors will be going. It is understandable to not become completely dependent on e-commerce at present, as many of the customers in the garden plant market segment will be elderly and less likely to have access to the Internet. However, as the computer generation ages, it is something that CLN may consider as it is far less costly in the long-term than mail order.

Given that CLN's market share of commercial work is planned to remain relatively stable but the market is apparently declining, implies that CLN's work in this sector will fall in real terms. Given that commercial work makes up 70% of CLN's landscaping income, and is relatively profitable, this is something that will affect it greatly. CLN has great expertise in this field and will not want to lose this. Maybe it needs to consider trying to become more competitive. This may be possible as CLN begin to address the overtime problem that is a major cause of higher costs. The introduction of flexible working may be a solution.

Candidates may approach this answer in any way and may assess the impact on any of the four functions of business as long as the changes in market share are seen to be the root cause.

ARA

Level 4	Some evaluation shown by attempting to discuss the overall impact, by weighing up the issue(s) faced by CLN specifically.	(16-13)
Level 3	Some analysis of the way(s) in which CLN may be affected by the issues raised in Appendix 2 and/or the case study, and/or how CLN may need to respond.	(12-9)
Level 2	Some understanding shown of how change(s) in market share may affect decisions made by the business.	(8-5)
Level 1	Some knowledge of market share and/or statements about what has changed.	(4-1)

3 Evaluate the implications for the motivation of the staff at CLN if Holly Culver was to implement her proposed changes. (Lines 60-70) [16]

The most significant of Holly's proposals concerns flexible working. This may be interpreted as meaning annual hours, zero-hours contracts or flexi-time.

One advantage of flexible working is that it can lead to greater cost effectiveness and efficiency. This will increase competitiveness and so allow CLN to react to changing market conditions more effectively. The current situation of large amounts of overtime at CLN would be avoided with flexible working. For example, if a worker was contracted on an annual hours basis, the extra hours they worked during the busy times of the year would be compensated for by working fewer hours during the winter months. This will achieve the business consultant's request to 'find a way of working so the staff get the same income but in a far more costed and accountable way'.

Another advantage of flexible working is that it can attract a higher level of skills because the business is able to attract and retain a more skilled and diverse workforce. Greater continuity of staff is possible as those who might otherwise have left are offered hours they can manage. For example, we can see in Appendix 3 that a number of staff would benefit from being able to better manage their work-life balance: James Faulkner has just become a father, Sylvia George has just had a baby, Sheila White has a young disabled child and Jane Hill cares for her elderly mother. It could be argued that these will benefit from flexible working, which may motivate them better and ensure that CLN gets a better quality of work from them. However, it could be argued that the system of annualised hours will be a problem for these workers as they will have less control over their hours. CLN also employs a number of staff who are in their late 40s and 50s who will also be more likely to stay on if their work-life balance is improved. It will also allow CLN to satisfy the legal requirements that it has to working parents (and since April 2007 to carers).

One problem of flexible working for CLN is that it is not purely an office-based company. The majority of its business is time specific and customer facing. If CLN has a contract to landscape a client's garden and it has quoted five days for the job, it is not easy to find one of the team missing from work for three of those days as the job may not get finished on time. However, the counter argument to this is that jobs are typically planned well in the future and so flexible hours can be built into this planning.

Changes such as flexible working, profit-sharing and share ownership by staff may be seen as a huge and unnecessary change to the workforce, most of whom have been with the business for a very long time and are, therefore, maybe rather set in their ways. It is important that if CLN goes ahead with these ideas that it introduces them in the right way. This should include consultation with the workforce, a planned timetable for introduction and existing contracts of employees are only changed with written agreement. The proposed linking of flexible working to a performance-based bonus may help in this matter. CLN should take advantage of the advice available from bodies such as Business Link, the DTI, or ACAS.

Any changes will be a huge undertaking for CLN. However, the increased costs and additional hours necessary for the planning are likely to be more than compensated by savings from less overtime and casual staff in the future, as well as a more motivated workforce. Candidates may argue that Holly's proposals may not work for CLN, as long as that decision is justified.

Candidates do not have to discuss more than one of Holly's proposals to gain any level of mark.

ARA

Level 4	Some evaluation shown by justified judgements being made about the suitability of Holly's proposals for CLN.	(16-13)
Level 3	Some analysis of the implications of Holly's proposals, with specific reference to the circumstances facing CLN.	(12-9)
Level 2	Some understanding shown of advantages and/or disadvantages of the proposed changes. (Maximum 6 marks if no attempt to use the contextual data available.)	(8-5)
Level 1	Some knowledge of motivational methods and/or what Holly's suggestion entail or may lead to, without any attempt to explain them.	(4-1)

4 Assess methods available to CLN to monitor the quality of its work. [10]

The fundamental problem which appears to exist at CLN is the actual job being implemented to the standards that have been agreed. The two examples of recent problems, the industrial estate contract and Dr. Tennant's garden, show slightly different but related problems.

In the case of the industrial estate, the original contract appears too vague as to what the client requires. It is, therefore, necessary for CLN to ensure clear instructions exist in the contract so that there are no grounds for uncertainty. The problem with Dr. Tennant's job is that the actual landscape team have not followed carefully enough the plans/contract agreed between the designer and the client. We do not know how the design team is monitored during the job. One assumes it is the team leader's job to ensure the plans are followed, but is the team leader kept an eye on or do they receive any training/advice in this area. Two of the team leaders have been in the job a long time so have they become complacent. The other, Ebryl Nicholls, is new to team leading and may not have received sufficient training and support. It would, therefore, be appropriate for candidates to suggest better training of and communication with the team leaders by the management.

Who is responsible for quality management and control at CLN. Looking at Appendix 3, nobody appears to have direct responsibility for this and although Sarah Cutchley 'deals with customers' and Jonathan Schick oversees the day-to-day running of the business, they are both busy people who will not necessarily have the time to monitor quality.

It may be a coincidence, but we are told that customer complaints have increased in the last six months which is the same time since Len Giles was promoted to Landscape Designer. Maybe his designs are not as good or as clear as his predecessors - although Dr. Tennant has no complaints about the actual design of his garden. Does there need to be someone, such as Paul Hudson, checking all the designs and making sure they are clear to follow.

Another suggestion is to put into place a system of customer surveys, either during or at the end of the job. This will allow CLN to be aware at an early stage of any quality-related issues. It will also allow the collection of both quantitative and qualitative data.

NB: It is important that candidates' answers focus on the monitoring of quality rather than just improving quality per se, particularly when awarding at or above Level 3.

ARA

Level 4	Some evaluation shown by assessing the suitability or workability of suggestions made in the context of CLN.	(10-9)
Level 3	Some analysis of methods to better monitor the quality of work, with specific reference to the context of CLN.	(8-6)
Level 2	Some understanding of methods to monitor quality in the business.	(5-4)
Level 1	Some knowledge of quality related issues and/or how quality can be monitored, without any attempt to explain suggestions.	(3-1)

2874 Further Marketing

- 1 (a) Analyse two possible reasons why the marketing department needs to co-operate with other departments within ODW. [6]

To achieve business objectives. A co-ordinated approach between the various business functions is more likely to generate greater overall revenue and profit. Better co-ordination also ensure that each function is able to operate more efficiently, eg quality of production, better stock control, improved communication, better HRM, etc. Answers may develop the ideas presented in the text eg James-relevance of marketing; Kate-need to offer generous credit, etc.

Level 3	Analysis of possible reason(s) in the context.	(6-5)
Level 2	Application and/or understanding of possible reason(s).	(4-3)
Level 1	Identification of possible reason(s).	(2-1)

- (b) Analyse one advantage and one disadvantage of the sampling method used by Nick and Fiona. [6]

The sampling method chosen was largely based on convenience. There was an attempt to target previous customers, but the replies may have come in from those who had a particular point to make, ie were not especially representative. Given that the aim of sampling is to gather information from as representative a sample as possible, there could be flaws in the data gathered. On the plus side, there was an attempt to gather information quickly and relatively cheaply. The nature of the information required meant that only general data (not overly specific) was needed.

Level 3	Analysis of advantage and/or disadvantage of sampling method.	(6-5)
Level 2	Application of advantage/disadvantage of sampling method.	(4-3)
Level 1	Knowledge of sampling method.	(2-1)

- (c) Advise ODW on a strategy needed to gather appropriate market research data in considering the three options available. [16]

*Discussion should centre on the actual information needed and the means of getting it. Consideration of both secondary and primary data in line with field and desk research could be a good starting point. Issues to consider are: what to ask?; who to ask?; when to ask?; how to ask? etc. There is evidence in the text about what might be needed but suggestions about other **appropriate** information should be credited. Discussion about sampling, sampling error, cost and benefits, questionnaire design, etc could be covered. There is much to consider. To reach L4 there is a need to consider the evaluation of the strategy presented. This involves a discussion of the objectives of the research and some consideration of what could be done to achieve them. e.g. in respect of Option 3, it might be quite easy to gather information from existing and previous customers which might be considered to be quite accurate. For Option 1, the research is trickier. Dealing with potential customers is clearly more difficult and probably less accurate. As with many 'strategy' based questions, better answers will avoid the 'one size fits all' approach.*

Level 4	Evaluation of the strategy in the context.	(16-10)
Level 3	Analysis of the strategy/aspects of the strategy, in the context.	(9-6)
Level 2	Application/understanding of the aspects of the strategy.	(5-3)
Level 1	Identification of the aspects of the strategy.	(2-1)

- 2 (a) Calculate the final price charged to a customer of conservatory blinds where the costs are known to be £200. [4]

Calculation:

Costs are £200

Identified mark up in 400%

Add on = $4 \times £200 = £800$ (2)

Final price = $£800 + £200 = £1000$ (2)

- (b) Discuss how knowledge of Ansoff's Matrix might assist ODW in considering the three options available. [10]

Ansoff's Matrix is a marketing model, which considers the product-market scope for new growth opportunities. The model can be used to describe the current situation and give guidance as to the direction and the capabilities needed to pursue one strategy over another. From the case materials itself there are a number of options, which could fit the Ansoff's framework. Better answers may focus on the Matrix from the perspective of the different options, eg option one is clearly an example of market development. Option two could be product development or diversification. Option three is product development. The question relates to the use of Ansoff's Matrix rather than the validity of the three options. Discussion of the options alone scores no higher than L2. To reach L4, it is necessary to consider the assistance that Ansoff's Matrix gives to ODW. Better responses will be clearly using the context having placed the options into the segments of the grid.

Level 4	Evaluation of the assistance of ODW by the use of Ansoff's Matrix.	(10-9)
Level 3	Analysis of the use of Ansoff's Matrix in the context.	(8-6)
Level 2	Application/understanding of Ansoff's Matrix or some consideration of the options available.	(5-3)
Level 1	Some knowledge of Ansoff's Matrix.	(2-1)

- (c) Develop and justify a marketing strategy that ODW could use if it goes ahead with both options 2 and 3. [16]

A marketing strategy is a combination of the elements of the marketing mix which face a firm at a given point in time. The marketing strategy should meet the marketing objectives (to provide a good service, make a profit, growth, etc) without outspending the budget set. In terms of the material in the case there are a number of possible issues to consider. The company sells to private customers. This is likely to impact on the mix, particularly promotions. It may have to look at different aspects of personal selling, as well as a mass marketing campaign. Candidates may wish to consider aspects of pricing, changes to the product, distribution strategy, or promotion. The drawing together of the different aspects of the mix is a requirement of the question. Candidates should be rewarded highly if their answer highlights a strategic approach, ie setting objectives, SWOT analysis, etc. Options two and three involve a large degree of change for the organisation. In the case of the conservatory cleaning option there will be a need for informative advertising. Having different ideas for each of the options should also be well rewarded. To reach Level 4, there is a need to evaluate the strategy presented related to the stated objectives. The firm has a number of options and it is quite likely that a mixed set of marketing approaches is needed to deal with each of the options. eg the marketing of Option 2 (pricing/promotion etc.) will be different to the marketing of Option 3.

Level 4	Evaluation of the development of a strategy in the context.	(16-10)
Level 3	Analysis of the element(s) of a strategy in the context.	(9-6)
Level 2	Application of the element(s) of a strategy.	(5-3)
Level 1	Some consideration of the marketing mix.	(2-1)

2875 Further Accounting and Finance

1 (a) Use Fig 1 to calculate:

(i) The selling price per unit; [2]

Unit selling price is constant because of the linear nature of revenue line. Thus 2000 units generate £48,000.

Total revenue/output (1)

48,000/2,000 (1)

Thus per unit = £24.

2 marks for correct answer.

(ii) The variable cost per unit. [2]

Similarly, the total cost line is linear. Thus the variable cost per unit must be constant.

At 2000 units TC = £48,000 overheads = £8,000. Thus, variable costs = £40,000. Thus, per unit = £20.

2 marks for correct answer.

(b) Using the data presented in Fig. 1 and Fig. 2, analyse two benefits to WWP of using breakeven charts in its decision making. [6]

Fig 1 shows a linear chart with one unique break even point. Fig 2 shows a non linear relationship between both revenue and costs and output. This implies that the unit price changes presumably in order to generate volume. The total cost line is stepped indicating that indirect costs exist which result in additional costs as output reaches certain levels. It shows a number of break even points. An implication is that it demonstrates that profits do not automatically rise as output increases. Such charts focus attention on the relationship between revenue/costs/profit/output. Thus, helps decision maker better understand the situation facing their business. Both focus attention on the crucial fact that there are critical output levels which must be reached if profits are to be generated.

Level 3	Candidate analyses data to allow accurate interpretation of information.	(6-5)
Level 2	Candidate understands breakeven charts and shows awareness of the implications of their use.	(4-3)
Level 1	Candidate identifies benefits and shows knowledge of breakeven charts.	(2-1)

- (c) **The cost of MM Sports' order will exceed budget. Analyse the impact of this on WWP's budgeted profits.**

[6]

Over budget spending on materials has added has added £3,200 to the total cost of the order. Budgeted unit cost = £112,000/3,000 = £37.33. Actual unit cost = £115,200/3,000 = £38.4. This means that the profit per garment is down by £1.06. The material costs for linings were £19,200 against the budget of £16,000. (Absolute variance of £3,200/% variance of 20%). Furthermore, labour costs are also over budget. Budgeted profit on order is £38,000 or unit profit of £12.66. Actual profit now down by at least £3,200 and may be more, depending on the labour variance. Unit profit now £11.60.

Total budgeted cost of 3000 garments = £112,000

Total Budgeted revenue for 3000 garments = 3000 @ £50 = £150,000

Therefore budgeted profit = £38,000

Actual costs at least £3200 over target.

Level 3	Candidate analyses data to demonstrate impact.	(6-5)
Level 2	Candidate demonstrates understanding of data, but information handled discursively.	(4-3)
Level 1	Candidate demonstrates some knowledge of over spending on budgets.	(2-1)

- (d) **Evaluate the usefulness to WWP of budgeting as a management decision tool.**

[16]

Budgets are a financial plan expressed in a quantitative manner. They allow decisions to be made regarding the feasibility of an option. They set targets, allow performance to be assessed, allow analysis of results to be undertaken in detail, allow managers to control activities by identifying adverse variances, allow decisions to be made regarding pricing levels, profit margins and allow resource allocation decisions to be made.

As regards WWP, the budget allowed it to determine its anticipated unit costs and, hence, the selling price. It allowed it to generate a budgeted profit. In addition, it allows them to calculate the impact on profits of going over budget. The effect on fixed price contracts can be immediately analysed. Once variances are identified a flexed budget can be introduced to analyse the impact. Thus, the management of WWP rely on budgets in order to carry out a whole range of management functions.

Level 4	Candidate evaluates drawing valid and reasoned conclusions from analysis.	(16-10)
Level 3	Candidate demonstrates analysis of the technique undertaken to demonstrate its potential value.	(9-6)
Level 2	Candidate demonstrates understanding of technique demonstrated.	(5-3)
Level 1	Candidate demonstrates knowledge of technique.	(2-1)

- 2 (a) A shareholder bought 5000 shares in WWP at £4.20 each in January 2005.
Assess the performance of this investment to 31 December 2007. [10]

*The shareholder bought 5000 @ £4.2 = £21,000.
Current value = 5,000 @ £6.85 = £34,250.
Therefore, capital gain = £13,250 on paper.
This represents a 63% increase in value or annualised at 21% plus dividend income annually of 22p per share, on average, for last 3 years.
= 5000 @ £0.22 = £1100 per annum. Thus, £3300 over 3 years.
Dividend income represents an annual return on investment of 5.23% (£1100/ £21000). Therefore, total return on the investment = 26.3% on average p.a. Most investors would see this as a very acceptable return although it must be remembered that the value of the investment could fall. Investors might wish to look at the opportunity cost of their decision. Compared to other share investments the returns look good as it has clearly outperformed the FTSE index (6600 in Dec 2007, 5000 Jan 2005). Thus, growth 1600 over 3 years which is 32% or 10.66% p on average. Bond investments with low risk would produce a much lower return. So investors would be more than pleased with the performance of the shares.*

Level 4	Candidate evaluates based upon analysis of the data.	(10-9)
Level 3	Candidate demonstrates analysis of performance data.	(8-6)
Level 2	Candidate demonstrates understanding of performance.	(5-3)
Level 1	Candidate demonstrates knowledge of investment performance.	(2-1)

- (b) Using all the data available, evaluate the financial position and performance of WWP in 2007.

[16]

The performance of a business can be assessed in various ways. Typically, it might involve some assessment of efficiency along with measures of profitability. These show the following for the business:

Return on capital	2006 = 36.8%	2007 = 45.8%
Net profit margin	2006 = 25%	2007 = 28.9%
Sales/capital employed turnover rate	2006 = 1.43 times	2007 = 1.58 times

Financial position might be measured by reference to liquidity and gearing ratios:

Current ratio	2006 = 1.06	2007 = 0.818
Gearing ratio	2006 = 52.6%	2007 = 58.3%

Other ratios could be calculated such as gross profit margin (39.28% 2007, 42.1% 2007).

General impression is that the performance of the company is very strong. The rise in the share price suggests that the market believes this to be true and anticipates that it can be maintained. The only disconcerting signs are the deterioration in liquidity and the rise in gearing. Thus, possible funding problems lie ahead. However, these do not seem to be very pressing problems given that the company is one of the market leaders in a fast growing sector. Cost control issues might lie ahead that the business may need to investigate.

Level 4	Candidate evaluates based upon analysis of data and consideration of other relevant factors.	(16-10)
Level 3	Candidate demonstrates analysis of information using appropriate criteria.	(9-6)
Level 2	Candidate demonstrates understanding of performance.	(5-3)
Level 1	Candidate demonstrates knowledge of the concept of performance.	(2-1)

2876 Further People in Organisations

- 1 (a) (i) Calculate FHP's average employment cost per existing hotel. [2]

$$\frac{4 \text{ million}}{8} = \text{£ } 500,000 \text{ (2)}$$

Award 2 marks for correct answer with no working.

- (ii) Calculate the difference in the annual employment cost to FHP if the trade union succeeds in its demand for an 8% increase rather than the 4.5% offered. [2]

$$\frac{4 \text{ million} \times 104.5}{100} = \text{£ } 4,180,000 \text{ (1)}$$

$$\frac{4 \text{ million} \times 108}{100} = \text{£ } 4,320,000 \text{ (1)}$$

(1)

$$\text{Difference} = \text{£ } 140,000. \text{ (1)}$$

Award 2 marks for correct answer with no working.

- (b) Evaluate the possible consequences to FHP of the Managing Director's decision to limit the employees' wage rise to 4.5%. [16]

If the Managing Director gets her way the company will increase pay at the existing hotels by 4.5%. This will cost FHP an extra £180,000 per annum. However, by insisting that this is the maximum pay rise that she will allow, she has caused industrial relations problems with the trade union which represents FHP's staff. The trade union wants to secure an 8% pay rise for its members, which would cost FHP £320,000 per annum - £140,000 more than the Managing Director is prepared to pay. If she does not change her mind, the trade union has threatened to go on strike. If this is the case, it would be very harmful to relationships between the staff at the existing hotels and their immediate managers, their relationship with the company's senior management, etc.

The situation would almost certainly disrupt the smooth operation of the hotels, cause it to lose customers, and worsen FHP's reputation. It would also cause Stanley a lot more work, dealing with the dispute at a local level in each of the hotels, and also much more time and effort negotiating with the union concerning wage negotiations on a company wide basis. This may further delay the opening of the Beckingham Manor Hotel as Stanley is already having to spend a lot of time and effort trying to recruit a manager and staff, without a lot of success.

Furthermore, the Managing Director has threatened to dismiss any staff going on strike and replace them with newly recruited staff. This could lead to claims for unfair dismissal. FHP (Stanley) would have to prepare and present a case at an Employment Tribunal (which may result in the company having to re-instate any staff dismissed for going on strike, pay compensation and/or fines for the dismissals). FHP may also get a bad reputation as an employer, and this may make recruiting staff for Beckingham Manor even more difficult.

If the trade union finds out about the Managing Director's decision to pay a 15% premium to attract staff to the Beckingham Manor hotel, this will probably make the trade union even more determined to stick out for an 8% pay rise and probably make any negotiations even more difficult for FHP/Stanley to conclude successfully. A strike will be much more likely, and will be much more difficult to resolve.

Level 4	Candidate demonstrates evaluative skills when considering the potential impact of the Managing Director's decisions concerning FHP's payment policy.	(16-10)
Level 3	Candidate demonstrates analytical skills when considering the potential impact of the Managing Director's decisions concerning FHP's payment policy.	(9-6)
Level 2	Candidate demonstrates application of knowledge concerning payment policies.	(5-3)
Level 1	Candidate demonstrates theoretical knowledge only of a business' pay policy.	(2-1)

- (c) **Analyse the contribution ACAS might make if wage negotiations between FHP and the trade union fail to reach an agreement. [6]**

ACAS could give advice to both sides concerning the arguments for and against their views/position. ACAS could offer to try and help with talks in order to find ways in order to solve the problem, and could offer solutions for each side to consider. However, it cannot enforce any of its ideas on either side, nor can it enforce/demand any particular outcome. However, it might mean that a strike could be avoided; although it seems unlikely that FHP's Managing Director is prepared to budge with regard to what she is prepared to offer - if this is the case, and ACAS cannot encourage her to change her mind, then despite all its efforts it will not have been able to help avoid the strike. Similarly, if the trade union adopts a similar stance, a strike will almost be inevitable.

Level 3	Candidate demonstrates analytical skills when considering the contribution ACAS might make at FHP.	(6-5)
Level 2	Candidate demonstrates the ability to apply knowledge of services offered to businesses by ACAS.	(4-3)
Level 1	Candidate offers theoretical knowledge of ACAS only.	(2-1)

- 2 (a) **Develop and justify a recruitment strategy which Stanley could use to appoint a suitable manager for the Beckingham Manor Hotel. [16]**

Stanley needs to find an appropriate candidate to manage the Hotel and enough staff to fill the other posts. The need to recruit a manager is paramount as he/she will need to be in post to make sure that the Hotel is ready to open for business on time, eg all the new staff are in place (and trained) and all functional aspects of the hotels' services are fully operational.

As Stanley is unable to re-locate one of FHP's most experienced managers due to him leaving, it is now even more important that Stanley finds an appropriate candidate quickly. Whilst he is not certain that there is another of FHP's current hotel managers whom he could relocate, he will have to undertake a further review of their skills, experience and suitability to try to find a suitable internal candidate. Whilst this may only turn out to be a short-term solution, it could be an expedient route to take in terms of saving the time and costs of an external recruitment process.

However, if there is no one suitable to re-locate, he will have to resort to other methods of recruitment. One obvious consideration would be to advertise in hotel trade journals/magazines which would reach the appropriate target audience and would not be too expensive. However, he would have to send out information about the post, go through CV's, application forms, carry out short-listing, organise and carry out interviews, all of which are very time consuming. He is currently very busy, is finding it difficult to keep up-to-date with his workload, and he needs to have someone in place to ensure that the new hotel runs smoothly.

Because of the short timescale he may have to resort to 'head-hunting' an appropriate candidate who is already in-post at another hotel. He may have to offer some form of inducement ('golden-hello') to entice the candidate with the required skills and abilities away from their current employer, along with an appropriate package of pay and 'perks'. This may prove to be more expensive than re-locating an internal candidate, or recruiting the replacement by advertising in trade journals/magazines.

Level 4	Candidate demonstrates evaluative skills when considering appropriate methods Stanley might use to recruit a manager for the Beckingham Manor Hotel.	(16-10)
Level 3	Candidate demonstrates analytical skills when considering methods Stanley might use to recruit a manager for the Beckingham Manor Hotel.	(9-6)
Level 2	Candidate demonstrates the ability to apply knowledge of recruitment methods.	(5-3)
Level 1	Candidate offers theoretical knowledge relating to recruitment methods.	(2-1)

- (b) Analyse two ways in which Stanley could make an effective presentation to FHP's general managers.

Stanley did not give the managers any training when he introduced team-working at FHP's hotels. As a result, it does not seem that team-working is being particularly successful. Stanley will have to find ways of making his presentation interesting and informative, but also find ways to explain the benefits of team-working in a clear and understandable format.

He could use an overhead projector, with pre-prepared transparencies, to put the main points over in a simple, easy to follow, bullet point format, and provide everyone with handouts to reinforce the key points.

Alternatively, he could prepare a PowerPoint presentation, using graphics/pictures to make the information easier to follow and interesting.

As some of the managers are likely to be antagonistic, he must use positive body language and assure them that team-working will indeed be beneficial to them and their staff. He could research examples of organisations/hotels which had positive outcomes from the introduction of team-working to illustrate the points he is trying to get across.

He could/should anticipate potential questions and prepare relevant, helpful, informative answers to try to overcome any negative perceptions, rather than be caught unawares and give poor, unconsidered answers, which will not help him convince the unconvinced that team-building and improving group norms is the best way forward for FHP.

Level 3	Candidate demonstrates analytical skills when considering how Stanley can achieve a successful outcome to his presentation.	(6-5)
Level 2	Candidate demonstrates the ability to apply knowledge relating to communicating through presentations.	(4-3)
Level 1	Candidate offers relevant theoretical knowledge about communicating by presentations only.	(2-1)

(c) Evaluate methods by which FHP could change group norm behaviour within its teams. [10]

The tasks chosen, and the behaviour and personal characteristics/qualities of the people involved, have to be appropriate for team-working to succeed. The staff involved have to want to work as a team, and must understand how to organise their work to accommodate team-working. Group norms will have a major impact on the success or failure of a team-working philosophy. As Stanley has not given them any training either it will be difficult for them to adapt to the new methods, or change their group norms. Training in the theory and practice of effective team-working may help the individuals and groups of workers to more fully understand the importance of positive group norms/behaviour and may go some way towards a realisation that, for team-working to succeed, group norms will need to change and be positively focused.

There are clearly defined areas of responsibility/tasks involved in working in for example a hotel restaurant, some of which may be suitable for team-working, and some of which may not. Any negative aspects will only be made worse if group dynamics/group norms are such that people are unable to get on with each other, and are unable to define either individual or collective responsibilities. In order to try to overcome these problems, Stanley could try to organise team-building activities to try to alter people's attitudes/behaviour. This could be carried out at outdoor pursuits centres using skilled and experienced staff from such centres. Alternatively, Stanley could attempt to organise appropriate activities in-house, specifically tailored to FHP's needs.

He may need to carry out some job analysis/work study activities to identify if team-working is appropriate for the tasks involved and, if so, the best way to facilitate the activities of the relevant teams. He will also need to share the results of these investigations with the different groups of employees and empower them to work together to identify the best ways to organise their activities to suit individual, group and task needs (some application of Adairs' theory might be appropriate).

Hotels often have quite high labour turnover, as is the case with FHP. This will mean that work teams will change quite often making team-working much more difficult due to changing group dynamics/group norms and changing interpersonal relationships. Stanley will need to identify ways of reducing labour turnover and increase levels of motivation to ensure that group norms can be improved and team-working becomes more successful.

Level 4	Candidate demonstrates evaluative skills when considering how group norms could be changed at FHP.	(10-9)
Level 3	Candidate demonstrates analytical skills when considering how group norms could be changed at FHP.	(8-6)
Level 2	Candidate is able to apply relevant knowledge relating to group norms.	(5-3)
Level 1	Candidate offers relevant theoretical knowledge relating to group norms only.	(2-1)

2877 Further Operations Management

1 (a) Analyse two possible implications for TBGC of employing specialist staff. [6]

Candidates may offer a number of points such as:

If the best workers are employed to do the jobs, then:

- the quality of the products should be consistently high (marketing gain)
- the company should not need to spend much money on training
- the workers should need little supervision
- specialist workers tend to be highly motivated – pride in their work
- there should be little/less waste
- workers should be able to find ways of producing even better quality goods

However, there may also be drawbacks:

- doing only one job eg glass blowing, may become repetitive – this might lower motivation and lead to staff turnover
- highly specialist staff may be difficult to find
- highly skilled staff are likely to be expensive to recruit and retain; their wage levels are likely to be relatively high (hinted at in the text)
- work has to be passed from one specialist worker to another – this slows down the production process, therefore, orders may take a long time to complete

Level 3	For analysing the implications (either advantages or disadvantages) of employing specialist staff at TBGC.	(6-5)
Level 2	For demonstrating an understanding of the implications (either advantages or disadvantages) of employing specialist staff.	(4-3)
Level 1	For showing some knowledge of the concept of specialisation in business.	(2-1)

(b) Evaluate how TBGC could improve the quality of its products. [16]

Candidates could adopt various approaches to this question.

They could argue that the production of high quality products is likely to necessitate TBGC needing high quality resources:

- high quality material
- highly skilled workers
- consistent checking of production
- high quality equipment

Candidates could argue that quality, especially with handmade products such as glassware, might begin with the design process. The designers in TBGC are considered to be very good at their jobs. They might point out that given the nature of the product it is almost inevitable that some flaws will arise in the production process (**a possible evaluative comment**). They could argue that TBGC needs to implement strict quality control methods. These might include:

- **total Quality Management** – TQM is a method designed to prevent errors such as poor quality products from being produced. It could be argued that as each product is hand made this could be difficult, there are production stages though. Candidates might mention **Quality Chains** which is where TBGC might link with suppliers, to stipulate the quality of materials the business requires, and also whether it is satisfying its customers, eg retail shops. TQM requires monitoring at each stage – but as goods are unique there is no point in any statistical checks. TQM also stresses teamwork, which in a small company such as TBGC should be relatively straightforward to achieve.
- **quality circles** where workers meet to discuss ways of improving the business including operations.
- **quality Assurance** – are there any codes of practice for the industry which the firm might strive to achieve. Would it be appropriate for this business to seek accepted international quality standards such as ISO 9000?

Level 4	For evaluating the operational implications to TBGC of the methods that might be used to improve the quality of its products.	(16-10)
Level 3	For analysing the operational implications to TBGC of the methods that might be used to improve the quality of its products. Candidates should analyse the issues from the perspective of a small firm producing hand made products, which already have a reputation for high quality.	(9-6)
Level 2	For demonstrating an understanding of the methods used to improve the quality of products.	(5-3)
Level 1	For showing knowledge of the methods businesses use to maintain quality in the production process.	(2-1)

- (c) **Is automating some of the glass making process (line 45) an appropriate operational strategy for TBGC. Justify your view.** [16]

A balanced answer would look at the pros and cons of changing the current production methods.

Arguments put forward by candidates might include some of the following points:

For automating:

- *speeds up the production process*
- *quality would be consistent*
- *suitable for repetitively products, eg batches of items*
- *does not require highly skilled labour*

Against automating:

- *loss of handmade appeal; loss of uniqueness of each product*
- *the cost*
- *the quality of the products would not necessarily be as high*
- *may need larger premises*
- *may need to hold more stocks of materials and finished goods*

Level 4	For evaluating whether automating some of the glass making process (line 45) is an appropriate operational strategy for TBGC.	(16-10)
Level 3	For analysing whether automating some of the glass making process (line 45) is an appropriate operational strategy for TBGC.	(9-6)
Level 2	For demonstrating an understanding of whether automating some of the production process (line 45) is an appropriate operational strategy.	(5-3)
Level 1	For showing knowledge of whether automating some of production process in a factory is an appropriate operational strategy.	(2-1)

- 2 (a) Using the information in the case study, calculate the contribution from the university order. [4]

Cost

Material cost of the glasses £10 per glass = £1000

Material cost of the plates £20 per plate = £1000

Calculation of material costs as £2000 (1)

NB Candidates might calculate contribution per item eg £35 - £10 (glasses)

=£2500 and £75 - £20 (plates) = £55 * 50 = £2750

Cost of the engraving machine £1250*2 = £2500

Cost of overtime £800*2 = £1600

calculation of indirect overheads costs as £1600 – 1 mark

Total Cost £6100

Revenue = (£35*100) = £3500 (glasses) + (£75*50) = £3750 (plates)

Total Revenue £7250 (1)

The order will contribute £7250 - £6100 = £1150

or The order will contribute £5250 - £4100 = £1150

4 marks for the correct answer only

- (b) Is contribution costing a useful technique for TBGC to use when deciding whether to accept orders? Give reasons for your view. [10]

- It might be worth accepting the order if it makes a positive contribution, therefore, adding to profit. In the case above it does.

However, TBGC should consider other factors and not just decide on the basis of a positive contribution.

- has TBGC got the capacity to complete the order on time? Might overtime be needed – expensive?
- will existing customers wait for their orders to be completed?
- might this lead to future orders from other institutions placing special orders?
- is the capacity at present under-utilised, are some workers not fully occupied?

Level 4	For evaluating whether contribution costing is a useful technique for TBGC to use when deciding whether to accept a special order.	(10-9)
Level 3	For analysing whether contribution costing is a useful technique for TBGC to use when deciding whether to accept a special order. Candidates might point out potential drawbacks of contribution costing or compare with other costing methods or mention other factors that might be important in making the decision to take the special order.	(8-6)
Level 2	For demonstrating an understanding of whether contribution costing is a useful technique for TBGC when deciding whether to accept a special order	(5-3)
Level 1	For showing knowledge of contribution costing.	(2-1)

- (c) **Analyse two ways in which health and safety legislation might affect operations at TBGC** **[16]**

There are a number of acts covering h&s at work – these might include:

- *the factories Act which covers aspects such as standards of cleanliness; space for working; temperature and ventilation; lighting; conveniences; clothing; first aid facilities. TBGC is working with hot molten glass; very hot furnaces, etc.*
- *the Fire Precautions Act lists premises where a fire certificate is required – it also covers means of escape and training for staff on what to do in the event of a fire – a bigger issue should TBGC have visitors.*
- *health and safety at work – TBGC must have an h&s policy. Duty of care places on employees – need to take reasonable care for health and safety of themselves and others. Workers must be appropriately trained.*

The way this affects operation is that:

- *time must be put aside for training. Certain operational staff may be given h&s responsibilities.*
- *it may add to operational costs*
- *if TBGC fails to comply with the law, it can be shut down or fined.*
- *if a worker is injured, TBGC may have to pay significant amounts of compensation and also receive bad publicity. The opposite is true if its policy is exemplary.*

Level 3	For analysing how health and safety legislation might affect operations at TBGC.	(6-5)
Level 2	For demonstrating an understanding of how health and safety legislation might affect operations.	(4-3)
Level 1	For showing knowledge of how health and safety legislation might affect business operations.	(2-1)

2879 Business Thematic Enquiry

Marking Strategy

This module is assessed by applying the criteria designed for the Business Project. In those criteria a levels of response strategy is used but it is fundamentally different from levels as used in other units. In this component and in 2878 the four statements in each criterion are levels of excellence of the same skill. Level 4 represents the best that we can reasonably expect in the time available and not perfection. Level 1 represents the least rewardable achievement.

In using the criteria:

- (a) **The whole work should be read before deciding on any level for any criterion.**
It is possible to meet the requirements of each criterion at any point in the work and it is the total achievement which must be assessed.
- (b) The approach must be **positive** working from the top down in each case. The object is to define the highest statement which fits the work the candidate has presented.
- (c) It is sufficient that a given level is identified once. Any further demonstrations of that level simply serve to increase the mark awarded within the band.
- (d) There are no right conclusions to the report, what we look for is sufficient use of evidence in the logical support of a stated conclusion, recommendation or strategy.
- (e) There are many routes through the report and it is sufficient that the route chosen could be supported by evidence in the case.
- (f) There are 90 marks available for the report and the plan together. These marks will be awarded by reference to the detailed criteria found on pages 45-49 of the OCR Business Studies specification. These criteria enable distinct features of the whole work to be assessed.
- (g) All discussion and use of theory should be within the context of the case and in relation to the long term survival problem posed. Candidates are expected to focus on their perceptions of the factor(s) which they see as most relevant to the question posed, but their line of argument must lead to an answer to that question.

Criterion 1: The skill with which the problem has been explained in context. [5]

This criterion requires the candidate to define, explain and discuss the problem and the choices available. Parameters within which the problem is presented and aspects of it measured, should be explained and justified. The candidate should show that there is a problem to be solved and present the context in which it needs solution. In this examination the context is strategies for survival and the features of the present position of the business which might impinge upon the problem or the solution selected.

Level 4	The nature of the problem is well demonstrated, the need to solve it clear and the context is well developed.	(4-5)
Level 3	The quality of the presentation of the problem is sufficient to enable the development of a solution strategy.	(3)
Level 2	The presentation might make it difficult to develop a solution.	(2)
Level 1	There is an attempt to define or explain the problem.	(1)

Assessing the Plan

The plan has four requirements and is capable of satisfying criterion 1 completely (5 marks available). The definition of the problem and aspects of its context which explain the need for solution satisfy this criterion.

If there is no plan at all, or if it fails to address tasks 1(i) or 1(ii), then the mark awarded from criterion 1 should be **zero**. A plan which shows a clear perception of the problem and a context which is well explained should gain **five marks**.

Criterion 2: The skill with which appropriate and realistic objectives have been set and used. [10]

This criterion requires the candidate to set objectives for the investigation as a whole and for distinct stages of it. Once these are set and their realism established, they should provide the framework within which the research will take place. The success of the investigation should also be assessed by comparing actual achievements with the intended outcomes.

Level 4	The objectives set are appropriate to the investigation and have been used as a framework of the report and to evaluate outcomes.	(8-10)
Level 3	Good use has been made of objectives but there are some limitations to their effectiveness or to the candidate's use of them.	(5-7)
Level 2	Either the overall use of objectives is below average or good objectives have been set but not used.	(3-4)
Level 1	There is some evidence of attempts to make, explain, or refer to objectives.	(1-2)

The objectives have to relate to the answering of the question set as the title of the report. They should be listed in the plan, together with any assumptions related to them and relevant to the work undertaken. If not in the plan, objectives can be rewarded in the report itself. Objectives which are merely listed and play no further part in the report can **only satisfy level 2**. To reach higher levels there must be some use of the objectives in the body of the report and/or in the concluding stages of the work. The fact that there is no list of objectives does not preclude reward under this criterion, provided that there is evidence in the report of an objective based approach.

Normally, it is expected that level 2 will have been satisfied in the plan and that higher levels will be evidenced in the report.

Criterion 3: Evidence of appropriate Research Methods**[10]**

This criterion requires the candidate to give careful thought to the nature of the problem, the purpose of the research, the data available and the form in which it is best collated. Candidates should refer to research undertaken and the methodology involved, where it is relevant to the problem and the choices being considered.

Level 4	A method of approach has been selected and effectively justified in the context of the problem and its potential solutions.	(8-10)
Level 3	The approach is good but there is a weakness in it which is not crucial but which should have been avoided.	(5-7)
Level 2	There are sufficient weaknesses in the method or its use, to make the solution of the problem difficult.	(3-4)
Level 1	There is some attempt to develop and apply a method.	(1-2)

Rewardable effort to meet this criterion is to be found in the way the candidate collates evidence. The majority of that evidence should come from the case itself and need not be fully spelt out, provided it is being accurately and contextually presented. This criterion should be applied in the knowledge that candidates may sensibly adopt an approach or a focus which sees one or two aspects of the situation as more relevant than others. The extent to which candidates must use external information is not great but such use must be of value to the line of argument adopted and certainly more than mere presentation.

Criterion 4: Evidence of Appropriate Primary and Secondary Research**[10]**

This criterion looks at the evidence collected and the justification for doing so. Sufficient primary research will be expected but it should be supplemented by appropriate secondary research, including specialist reading around the theme of 'long term survival'. Candidates are recommended to make good use of the Internet as a source and to have collected their evidence in a form likely to facilitate analysis and evaluation as the basis of solution. Data is presented in the case which is not necessarily relevant to the issue being considered and candidates are expected to select effectively. The evidence presented should be a balance of that collected in preparatory work and that selected from the case.

Level 4	Evidence collected is balanced, appropriate, sufficient and in a usable form. It is collated in ways which will make analysis and evaluation effective.	(8-10)
Level 3	The evidence is sufficient to enable analysis and evaluation but there are non-crucial weaknesses.	(5-7)
Level 2	The quality and/or sufficiency of the evidence collected is likely to make analysis and evaluation unrealistic or difficult.	(3-4)
Level 1	Evidence has been collated.	(1-2)

We are most concerned with the appropriateness, quality, sufficiency and balance of the evidence used for the line of argument adopted. In judging sufficiency, factors such as critical awareness of the context and the evidence offered in the case should be rewarded. We should also bear in mind that the time constraint in the examination does not permit the treatment of a large amount of evidence.

Criterion 5: Evidence of collection, understanding and use of appropriate Business Studies Knowledge. [15]

This criterion requires that the candidate has selected from subject knowledge, concepts which are appropriate to long term survival and to the choices available. Theories or techniques should be critically explained, justified in their selection and effectively used. This use may be in methodology, the collection, collation and presentation of evidence or in its analysis and evaluation. It is expected that the candidates will draw upon and use knowledge from across the specification and not limit themselves to highly specialised areas.

Knowledge which, though correctly explained or presented, has not been used will not be rewarded. *The knowledge used in compiling the report should relate to the case and the approach adopted.*

Level 4	There is evidence of good explanation and use of knowledge consistent throughout the report.	(12-15)
Level 3	Opportunities for the use of knowledge have not been consistently taken and/or understanding and application have been occasionally unclear.	(7-11)
Level 2	Understanding and/or application are consistently flawed or subject based support is lacking in significant areas of the work.	(3-6)
Level 1	There is evidence of application and/or use of relevant subject knowledge.	(1-2)

Criterion 6: Selectivity, Analysis and Synthesis [15]

This criterion assesses the candidate's ability to turn data into evidence, to reject some which will not be relevant, to draw some together (synthesis) and to break other bits down and interpret them (analysis). It looks at the selection of methods of presentation and their appropriateness for the data collected and the use to be made of it. It may become clear that some evidence is weak and candidates who show understanding of this and evaluate the consequences will be credited. Candidates should be using the data which they consider relevant both from the case and from their preparatory studies.

Level 4	Evidence is appropriately presented and considered forming a good basis for decisions or for strategy development.	(12-15)
Level 3	The overall handling is good but there is a non-crucial weakness.	(7-11)
Level 2	Skills shown will give a basis for some limited evaluation.	(3-6)
Level 1	Some analysis can be identified.	(1-2)

Criterion 7: Evaluation, Recommendation or Strategy Development**[15]**

This criterion looks for the ability to make logical and reasoned judgements and to select and justify best solutions. Evaluation may be shown at all stages of the work, eg in developing criteria for explaining and presenting the problem, in determining a method of approach or in deciding which Business Studies ideas to use. We do not look for 'right answers' but we do expect that any judgements made will also be supported by reference to evidence and to logical argument. We also expect that candidates will evaluate in the light of their own objectives and will show understanding of the limitations placed on their findings by weaknesses at earlier stages in the report. The candidates must also show awareness of the extent to which any strategies or recommendations are realistic in business terms, and appropriate to the problem the business faces and the solutions available.

Level 4	Reasoning and logic are of a high standard throughout the work. There is clear evidence of critical awareness in the recommendations.	(12-15)
Level 3	Good in the main but some non-crucial opportunities to show evaluation or critical skills have been missed.	(7-11)
Level 2	Judgements made and critical awareness shown are weak in at least one crucial aspect of the report.	(3-6)
Level 1	There is evidence of attempts to support judgement.	(1-2)

Criterion 8: Presentation**[5]**

The report is meant to be well structured and easy to read. This criterion gives credit for features which add to the cohesion and readability of the report. This includes such aspects as, work sectioned into paragraphs, diagrams correctly labelled and explained, statistics and other data sourced and quotations attributed. This criterion is not concerned with communication skills, but it is concerned with the effective use of specialist subject language and diagrammatic or graphical presentations.

There is a specific demand for a report. Candidates should be aware of the structural nature of a report and be able to write in that format. Those who write in essay form are limited to a maximum mark of 2 and, in most instances, 1 mark.

Level 4	The report is excellent or good in nearly all presentational aspects.	(4-5)
Level 3	The standard is acceptable but there are some weaknesses.	(3)
Level 2	The standard detracts from the readability of the work.	(2)
Level 1	There is some evidence of an attempt to develop structure.	(1)

Criterion 9: Written Communication Skills**[5]**

*This criterion is concerned with the ability of candidates to use the English language effectively. It relates to the clarity of expression, the structure and presentation of ideas, grammar, punctuation and spelling. **The standard required is not as demanding as that for the Business Project because the candidate is under the time and other pressures of a closed examination.***

Level 4	Communication skills are consistently good throughout the report.	(4-5)
Level 3	The overall standard of written communication is acceptable.	(3)
Level 2	The standard of written communication is acceptable in some respects.	(2)
Level 1	There is some evidence of written communication skills.	(1)

General

It is expected that a comment (up to three sentences) will be written at the end of all scripts marked. The purpose is to highlight the strengths and/or weaknesses of each script.

2880 Business Strategy

- 1 Discuss the extent to which different stakeholders would regard ACC as a successful business. [18]

Stakeholder defined as those with an interest in the business. Each stakeholder, and stakeholder group, will have a different view as to what success means. Success can be taken to be the ability to deliver an objective. Thus, there will be variation between, and within, stakeholder groups.

Customers. ACC has been supplying a quality product for several years. From Table 1, it is possible to calculate price per tonne of £3,900, or £3.90 per kg. Told they retail at £7.10, so their mark up is 82% which is healthy enough to suggest they would see ACC as successful. Other, smaller customers, who purchase through a longer distribution chain, may not enjoy such high margins and so feel less positive. Average debtor collection period is 26 days.

Consumers. Two groups. Core consumer all year round. So no reason to feel they'd view ACC as anything other than successful. Those seasonal aspirational purchasers may feel differently.

Government. Loss making, so might feel ACC lacks success. But this can be balanced by the fact it keeps going. Provides jobs, creates £0.667m of exports. May feel worried about the nature of the product (high salt and fat content) and so may well say ACC is not being successful in supporting government's attempt to promote a healthy eating regime.

Employees. Again, two groups. Skilled may derive satisfaction from working for ACC and so are less focused on pay. Average wage cost for manufacturing staff is £20,000, so actual pay is likely to be about £15,000. Unskilled, packaging staff have fewer opportunities for intrinsic motivation and so feel that ACC is unsuccessful given no pay rise last year and rumours of job losses. Their wage cost averages £22,000, giving a wage of about £16k (very high!).

Owners. Loss making (ROCE – 5.4%) so looks to be a failure. Further, asset value is now below purchase price so OAM has "lost" £617k in two years. But, this year's losses are less than half that figure so suggests the losses are being stemmed. Might this be a sign of success? But would OAM measure success or potential; does it have the potential to be profitable and if so could argue that ACC is success?

Accept other stakeholders in addition to the above.

Level 4	Discussion is evaluative in balancing different view points	(18-13)
Level 3	Case material is subject to analysis in relation to the views of different stakeholders. Analysis of the views of ACC's different stakeholders	(12-8)
Level 2	Applies understanding of stakeholders/success	(7-4)
Level 1	Demonstrates knowledge of stakeholders/success	(3-1)

2 Should ACC sell its packaging plant? Justify your answer. [19]

Without an indication of the likely sale price the question simply cannot be answered definitely. However, the strategic sense of a sale certainly can be considered.

Whatever value the plant is for this will reduce OAM's stake considerably, thus lowering the profit required to get to its 5% return on a capital. On capital a sale could make the target more achievable, if it does not damage the ability of the remaining part of ACC to make money. For example, if sold for £3m, this then leaves ACC with a net asset value of £1.4m, 5% return means profits of £70k pa (rather than £250k).

If desired, a transfer price can be set up to show that packaging is making losses but don't be fooled. Loss is because of the transfer pricing regime that Lateef might use (could he have done this purely to create the image of no profits as a ploy to support the case for a no/low pay rise amongst packaging staff?). So, beware the "sell because it's making a loss argument". Indeed, ratios show packaging to look poor, but again it's all down to the arbitrary split of ACC into its two halves. If ACC sells the packaging then there is no guarantee that half of the overheads, £913k, will similarly disappear. If they do not, and so need to be covered by production, then production becomes loss making. It is the dog chasing its tail argument!

Candidates may attempt to create ratios for the whole business and its two parts using whatever assumptions. Below are key ratios for ACC as an entity, but be prepared for a variety of possible ratios for each constituent part.

ROCE	-5.4%	GP margin	23.6%
Asset utilisation	1.52x	Acid test	0.4
NP margin	-3.5%	Current ratio	0.89

If ACC has no packaging of its own, then who packs for it? NB, seasonal market so if you cannot get your Stilton packed when the market wants it, the market moves elsewhere. Other dairies, especially Stilton dairies, may not have spare capacity when needed in the run up to the Christmas sales peak. Having its own packaging plant gives ACC security. But, by the same argument, there is little (no) scope for additional business from other Stilton producers during this busy period because ACC's own plant is working flat out and so has no slack. So any thoughts of either selling or boosting income have to come from beyond the Stilton market. Can ACC sell to another cheese maker who has less seasonality but with a guarantee that ACC's Stilton will enjoy priority when its needs dictate?

Level 4	The view taken is supported by an evaluative treatment of the situation. It considers more than one possibility and is explicitly in context	(19-14)
Level 3	Analysis of the case for and/or against ACC selling its packaging plant	(13-9)
Level 2	View is supported by descriptive use of the case material and/or subject understanding	(8-5)
Level 1	Offers an unsupported view/demonstrates knowledge of how ACC might be affected by selling its packaging plant	(4-1)

3 How should ACC address rising energy costs? Justify your view. [19]

From Table 1 the energy bill was £199,000, so a 10% saving gives £19,983pa. This gives a return on £300k of 6.67%, less than OAM's 8% required. So, simply on this sum the answer is "no". Accounting rate of return 8% of £300k is £24,000 pa, the equipment needs to save 12.1% on current energy prices, reinforcing the previous "no" decision.

If prices rise by 45% then 10% saving becomes £28,975, which in turn gives 9.66% return on investment. This is now over OAM's required accounting rate of return of 8%. So the answer looks like a "yes".

Solar and wind would only produce a certain amount of power, a consistent amount throughout the year. So, at peak times of output (NB major energy use is linked to production) the proportion produced by ACC's own sources would lessen. Again, this makes the case for investing in equipment less attractive.

From a financial point of view the case for renewables looks bleak. ACC needs to investigate whether it would be able to find a supplier who will charge it a fixed monthly amount, as is almost the case at the moment. The issue of energy costs is two fold. First, rising world prices; secondly, ACC's extreme variability of demand (minimum monthly cheese production is 83 tonnes, rising to a peak of 198 tonnes); a 138% increase.

Are there really marketing benefits? Might being green enable ACC's to charge its customers, particularly the two supermarkets a premium price? Need to consider the competitive nature of the two markets. ACC is described as the second largest Stilton producer, does this give it a degree of leverage over the two supermarkets or could these customers simply switch their orders to other suppliers? Similarly, could the supermarket pass on to its customers some of any additional energy cost? To what extent is ACC Stilton differentiateable from other Stilton/cheeses? How easy would it be to quantify any such benefit?

There is also an ethical element to the decision; aren't renewables an inherently "good thing"? If so, it can be argued that ACC has a moral obligation to reduce its demand by switching some of its energy needs to non-polluting sources.

Might this move to renewables be seen as a good thing by employees, so changing employees' attitudes to their hygiene factors (Herzberg). Could being green be seen as an advantage in the labour market?

Energy costs represent 2.89% of total cost, so some might argue that rising costs are relatively unimportant compared to others, e.g. milk (46.7%) and so ACC shouldn't be too absorbed by this rise.

Expect better answers to be overtly synoptic and so look beyond the financial implications!

Level 4	Discussion is balanced in evaluating recommendation(s)	(19-14)
Level 3	Analyses case material in support of recommendation(s)	(13-9)
Level 2	Recommendation is supported by descriptive use of the case material and/or subject understanding	(8-5)
Level 1	Offers a unsupported view and/or demonstrates knowledge of how ACC should address rising energy costs	(4-1)

4 Recommend how ACC should strategically react to the threatened industrial action. [20]

There are, inevitably and rightly, several uncertainties surrounding industrial action, IA. The better candidates will see this issue as being multilayered and strategic, and hence may well establish a series of actions that are prioritised. May also link to management of change/role of ACAS.

Table 1 In the two months prior to June 2007 production was 174 tonnes, packaging managed 189 tonnes and sales were 175 tonnes, suggesting little change in stock. From the balance sheet stock is valued at £554,000. From Table 1 total costs were £6.9m and ACC produced 1,717,000kg, giving an average costs per kg of about £4. If stock is valued at costs this suggests ACC have 138,500 kg in stock, or 8.1% of annual sales, roughly one month's worth. This suggests that ACC does not have large stocks of finished product waiting to be despatched. Alternatively, in 2007 46 tonnes more was packed than sold, again leading to the view that there simply is not a warehouse full of cheese waiting to go out to customers (and even if there was who'd move it with the employees engaging in IA?). So, ACC has little cushion between its ability to produce and its ability to sell, ie any IA that disrupts output will soon hurt ACC's ability to produce revenue.

Firstly, ACC needs to establish what the threatened action is; Go slow? Work to rule? Overtime ban? Strike? Reaction will reflect IA. To determine this, open a dialogue with the TU. NB the only TU mentioned represents the packaging workers, so is the IA, a whole plant issue or confined to this section? The wider the support for the IA the more effective it will be and so the more strategic the response from ACC needs to be. But, even if just packaging, the two sections are interdependent; if there is no packaging happening production output has nowhere to go! Second, establish the root cause of the unrest. Is it pay (no pay rise last year, unsympathetic to a 3.2% demand this year) or jobs (threat of Polish-isation of the workforce)?

ACC could tough it out and risk loss of output in the run up to the peak output season (June – September) which in turn would mean a reduced ability to sell during the seasonal peak. Can ACC, loss making remember, afford any disruption? Financial analysis suggests no. Even if ACC is successful again then, maybe, this is just storing up future resentment amongst the workforce, ie ACC wins this battle but loses the LR "war". OAM could justifiably threaten to sell/voluntarily liquidate the business, given its less than happy financial position.

Yield to demand for 3.2%, pushes up wage bill (assume all workers get the same rise) by £55,328 to £1.78m. Losses then rise to £290k, or 23.5%! Can rise be accompanied by changes to working methods so as to generate a 3.2% rise in productivity and so maintain profitability (such that it is)? If so, is there a market for the additional cheese at the same price (if output rises 3.2% and demand conditions remain the same, then price per unit will fall!). Further, can ACC secure additional raw materials if output were to rise? Link pay rise to job losses. Need to keep total wage bill the same, or lower. That means reduced headcount. Might the TU accept a smaller but profitable ACC to a larger and currently loss making business?

Level 4	Achieves an overall view having evaluated different possibilities	(20-15)
Level 3	Analyses case material in support of recommendation(s)	(14-9)
Level 2	Recommendation supported by the application of case material	(8-4)
Level 1	Offers an unsupported recommendation and/or demonstrates knowledge of how ACC should strategically react to the threatened industrial action.	(3-1)

Grade Thresholds

Advanced GCE Business Studies (3811/7811)
June 2008 Examination Series

Unit Threshold Marks

Unit		Maximum Mark	A	B	C	D	E	U
2871	Raw	45	35	32	29	27	25	0
	UMS	90	72	63	54	45	36	0
2872	Raw	45	24	21	18	15	13	0
	UMS	90	72	63	54	45	36	0
2873	Raw	60	37	33	29	26	23	0
	UMS	120	96	84	72	60	48	0
2874	Raw	60	35	31	28	25	22	0
	UMS	90	72	63	54	45	36	0
2875	Raw	60	42	38	34	30	26	0
	UMS	90	72	63	54	45	36	0
2876	Raw	60	37	33	29	26	23	0
	UMS	90	72	63	54	45	36	0
2877	Raw	60	37	33	30	27	24	0
	UMS	90	72	63	54	45	36	0
2878	Raw	90	72	63	54	46	38	0
	UMS	90	72	63	54	45	36	0
2879	Raw	90	69	62	55	49	43	0
	UMS	90	72	63	54	45	36	0
2880	Raw	80	52	46	40	35	30	0
	UMS	120	96	84	72	60	48	0

Specification Aggregation Results

Overall threshold marks in UMS (ie after conversion of raw marks to uniform marks)

	Maximum Mark	A	B	C	D	E	U
3811	300	240	210	180	150	120	0
7811	600	480	420	360	300	240	0

The cumulative percentage of candidates awarded each grade was as follows:

	A	B	C	D	E	U	Total Number of Candidates
3811	12.2	31.5	54.5	74.7	88.3	100.0	6847
7811	13.3	39.5	70.8	91.4	99.0	100.0	5270

5270 candidates aggregated this series

For a description of how UMS marks are calculated see:

http://www.ocr.org.uk/learners/ums_results.html

Statistics are correct at the time of publication.

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