

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

**Summer 2009**

Issued: October 2009



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

**MARK SCHEMES (2009)**

**Foreword**

***Introduction***

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

***The Purpose of Mark Schemes***

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

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

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

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

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



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New  
Specification



*Rewarding Learning*

**ADVANCED SUBSIDIARY (AS)  
General Certificate of Education  
2009**

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## **Business Studies**

**Assessment Unit AS 1**

*assessing*

**The Competitive Business**

**[AT111]**

**WEDNESDAY 10 JUNE, MORNING**

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# **MARK SCHEME**

1 (a) **Two** ways by which Nestlé could measure the quality of its products

- by the achievement of a quality award
- by the amount of sales it makes
- by feedback on customer satisfaction
- by cost effectiveness of its production methods
- amount of goods returned/wastage

	<b>AO1 Knowledge and Understanding [2]</b>	<b>AO2 Application [2]</b>
<b>Level 2</b>	<b>[2]</b> Candidate demonstrates good understanding of the ways by which Nestlé could measure the quality of its products	<b>[2]</b> Candidate applies knowledge effectively
<b>Level 1</b>	<b>[1]</b> Candidate demonstrates some understanding of ways by which Nestlé could measure the quality of its products	<b>[1]</b> Candidate attempts to apply knowledge
<b>Level 0</b>	<b>[0]</b> Candidate demonstrates no understanding of the ways by which Nestlé could measure the quality of its products	<b>[0]</b> Candidate does not attempt to apply knowledge

[4]

(b) Flow production involves producing Polo mints using a continuous technique to produce highly standardised products. **Two** advantages of Nestlé using flow production to produce Polo mints might include:

- enables large volumes to be produced, up to 20 million per day
- enables Nestlé to keep costs down by using capital intensive methods of production
- Polo mints are standardised product so no need to keep switching production
- high demand/mass market for Polo mints/flow production necessary to meet this demand
- economies of scale
- standardised quality
- may help to reduce labour costs

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

[4]



(c) There are a number of factors that might affect productivity within a business such as Nestlé. These might include:

- how much machinery is used in the production process
- how up to date the machinery in the factory is
- how well Nestlé maintain the machinery
- the level of skills in the workforce/qualifications of workers
- how much Nestlé invest in staff training programmes
- the motivation levels amongst the workforce at Nestlé

	<b>AO1 Knowledge and Understanding [2]</b>	<b>AO2 Application [2]</b>	<b>AO3 Analysis [4]</b>
<b>Level 2</b>	<b>[2]</b> Candidate demonstrates good understanding of the relevant factors. Candidate makes good use of specialist vocabulary when it is appropriate	<b>[2]</b> Candidate applies knowledge effectively	<b>[3]–[4]</b> Good analysis of relevant factors
<b>Level 1</b>	<b>[1]</b> Candidate demonstrates some understanding of the relevant factors. Candidate makes some use of specialist vocabulary when it is appropriate	<b>[1]</b> Candidate attempts to apply knowledge	<b>[1]–[2]</b> Limited analysis of relevant factors
<b>Level 0</b>	<b>[0]</b> Candidate demonstrates no understanding of the relevant factors	<b>[0]</b> Candidate does not attempt to apply knowledge	<b>[0]</b> No analysis of relevant factors

[8]

AVAILABLE  
MARKS

(d) Best practice benchmarking involves the continuous, systematic search for, and implementation of, best practices which lead to superior performance. The advantages of best practice benchmarking to Nestlé might include:

- helps Nestlé to develop a better understanding of customers and competitors
- enables Nestlé to share good practices from high performing factories
- Nestlé can learn how to improve operations and reduce costs
- more likely to find a solution to a problem since using experts outside its own workforce
- can be linked to target setting within Nestlé

The disadvantages of best practice benchmarking to Nestlé might include:

- some firms/factories unwilling to share information
- cannot simply transfer practice from one factory to another. Nestlé will need to adapt to local requirements/situations
- workers in Nestlé become demotivated by what they perceive to be unrealistic targets
- can be costly/time consuming

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

	<b>AO1 Knowledge and Understanding [3]</b>	<b>AO2 Application [3]</b>	<b>AO3 Analysis [2]</b>	<b>AO4 Evaluation [4]</b>
<b>Level 3</b>	<b>[3]</b> Candidate demonstrates very good understanding of the advantages and disadvantages. Candidate makes good use of specialist vocabulary when it is appropriate		<b>[3]</b> Very good analysis of arguments	<b>[4]</b> Candidate gives a full evaluation of the arguments presented and comes to a final judgement. Candidate demonstrates good spelling, punctuation and grammar. The meaning of the text is clear. The candidate has consistently used a form and style of writing appropriate to the purpose of the question. Answer is organised in a clear and coherent manner
<b>Level 2</b>	<b>[2]</b> Candidate demonstrates some understanding of the advantages and disadvantages. Candidate makes good use of specialist vocabulary when it is appropriate	<b>[2]</b> Candidate applies knowledge effectively	<b>[2]</b> Good analysis of arguments	<b>[2]–[3]</b> Candidate gives a satisfactory evaluation of the arguments presented and comes to a final judgement. Candidate demonstrates satisfactory spelling, punctuation and grammar. The meaning of the text is clear most of the time. The candidate demonstrates a satisfactory level of writing, form and style appropriate to the purpose of the question. Answer is organised in a satisfactory manner
<b>Level 1</b>	<b>[1]</b> Candidate demonstrates some understanding of the advantages and disadvantages. Candidate makes good use of specialist vocabulary when it is appropriate	<b>[1]</b> Candidate attempts to apply knowledge	<b>[1]</b> Limited analysis of arguments	<b>[1]</b> Candidate attempts some evaluation of the arguments presented. The candidate makes limited use of spelling, punctuation and grammar. The meaning of the text is not always clear. The candidate demonstrates a limited form and style appropriate to the purpose of the question. The organisation of the answer is limited
<b>Level 0</b>	<b>[0]</b> Candidate demonstrates no understanding of the advantages and disadvantages	<b>[0]</b> Candidate does not attempt to apply knowledge	<b>[0]</b> No analysis of arguments	<b>[0]</b> Candidate makes no attempt to evaluate the arguments presented

[12]

- (e) Extension strategies are methods used to prolong the life cycle of a product by preventing it, or delaying it from reaching the decline stage of its product life cycle. Extension strategies involve altering one or more elements of the marketing mix, for example, bringing out a new model flavour, or changing the way that the product is promoted/advertised.

The advantages to Nestlé of bringing out a slightly different type of Polo might include:

- this is perhaps the most important element of the marketing mix, so to alter it might prove very effective for Nestlé
- enables Polo to be aimed at new market segments
- can add something to improve on competitors products.  
For example, make them more minty

The disadvantages to Nestlé of bringing out a slightly different type of Polo might include:

- expensive market research required which may not be successful
- expensive to develop and test market new Polo mints
- may have implications for Nestlé's pricing strategy

The advantages to Nestlé of changing the way in which Polo is promoted or advertised might include:

- can change the brand image of Polo and appeal to new customers
- Nestlé can target specific groups of new customers
- Nestlé can build up its corporate image by continual advertising
- advertising can be informative for customers

The disadvantages to Nestlé of changing the way in which Polo is promoted or advertised might include:

- can be very expensive for Nestlé depending on how the mints are promoted/advertised
- customers may not like Polo's new brand image
- can take longer for this method to take effect

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

	<b>AO1 Knowledge and Understanding [3]</b>	<b>AO2 Application [2]</b>	<b>AO3 Analysis [3]</b>	<b>AO4 Evaluation [4]</b>
<b>Level 3</b>	<b>[3]</b> Candidate demonstrates very good understanding of the advantages and disadvantages of extension strategies. Candidate makes good use of specialist vocabulary when it is appropriate		<b>[3]</b> Very good analysis of arguments	<b>[4]</b> Candidate gives a full evaluation of the arguments presented and comes to a final judgement. Candidate demonstrates good spelling, punctuation and grammar. The meaning of the text is clear. The candidate has consistently used a form and style of writing appropriate to the purpose of the question. Answer is organised in a clear and coherent manner
<b>Level 2</b>	<b>[2]</b> Candidate demonstrates good understanding of the advantages and disadvantages of extension strategies. Candidate makes good use of specialist vocabulary when it is appropriate	<b>[2]</b> Candidate applies knowledge effectively	<b>[2]</b> Good analysis of arguments	<b>[2]–[3]</b> Candidate gives a satisfactory evaluation of the arguments presented and comes to a final judgement. Candidate demonstrates satisfactory spelling, punctuation and grammar. The meaning of the text is clear most of the time. The candidate demonstrates a satisfactory level of writing, form and style appropriate to the purpose of the question. Answer is organised in a satisfactory manner
<b>Level 1</b>	<b>[1]</b> Candidate demonstrates some understanding of the advantages and disadvantages of extension strategies. Candidate makes good use of specialist vocabulary when it is appropriate	<b>[1]</b> Candidate attempts to apply knowledge	<b>[1]</b> Limited analysis of arguments	<b>[1]</b> Candidate attempts some evaluation of the arguments presented. The candidate makes limited use of spelling, punctuation and grammar. The meaning of the text is not always clear. The candidate demonstrates a limited form and style appropriate to the purpose of the question. The organisation of the answer is limited
<b>Level 0</b>	<b>[0]</b> Candidate demonstrates no understanding of the advantages and disadvantages	<b>[0]</b> Candidate does not attempt to apply knowledge	<b>[0]</b> No analysis of arguments	<b>[0]</b> Candidate makes no attempt to evaluate the arguments presented

**AVAILABLE MARKS**

[12]

40

2 (a) **Two** advantages to Jessops of operating an on-line store might include:

- Jessops can reach a wider range of customers
- Jessops' on-line store can remain open 24 hours a day
- the on-line store does not require to be situated where land is expensive
- Jessops will improve its corporate image by having an on-line store
- May give Jessops a competitive advantage

	<b>AO1 Knowledge and Understanding [2]</b>	<b>AO2 Application [2]</b>
<b>Level 2</b>	<b>[2]</b> Candidate demonstrates good understanding of the advantages of operating an on-line store	<b>[2]</b> Candidate applies knowledge effectively
<b>Level 1</b>	<b>[1]</b> Candidate demonstrates some understanding of the advantages of operating an on-line store	<b>[1]</b> Candidate attempts to apply knowledge
<b>Level 0</b>	<b>[0]</b> Candidate demonstrates no understanding of the advantages of operating an on-line store	<b>[0]</b> Candidate does not attempt to apply knowledge

[4]

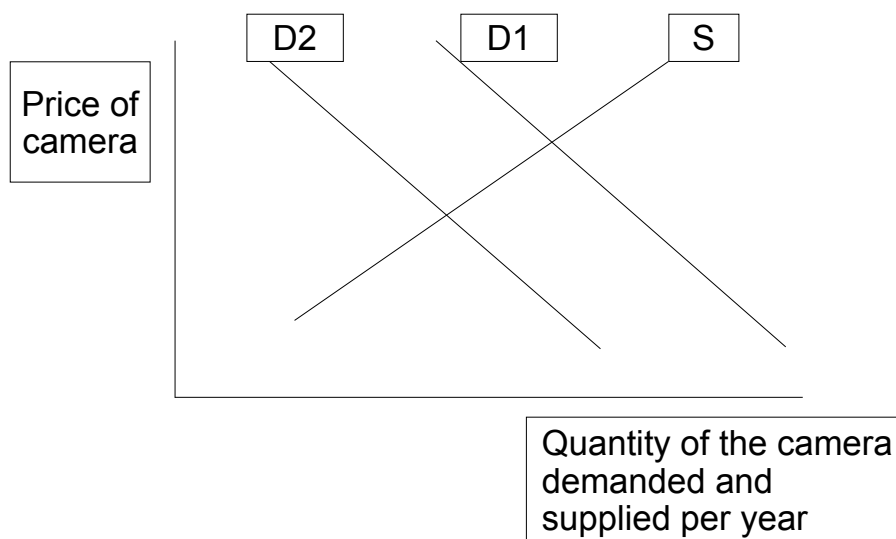
(b) Market research is the systematic collection, collation, analysis and evaluation of information intended to assist the firm in the marketing process. **Two** reasons for Jessops carrying out market research might include:

- to stay ahead of its competitors by extending product lines
- so that Jessops can find out exactly what customers want and segmenting the market
- to help Jessops set prices in its stores
- to enable Jessops to identify trends and react to them

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

[4]

- (c) Candidates should draw a demand and supply diagram to show the impact of a competitor bringing out a better camera:



The demand curve will shift to the left indicating that less cameras are demanded at each and every price. This will cause the market equilibrium price and the amount of cameras traded to fall.

	<b>AO1 Knowledge and Understanding</b> [2]	<b>AO2 Application</b> [2]	<b>AO3 Analysis</b> [4]
<b>Level 2</b>	[2] Candidate demonstrates good knowledge and understanding of how the demand/supply diagram is affected. Candidate makes good use of specialist vocabulary when it is appropriate	[2] Candidate applies knowledge effectively	[3]–[4] Good analysis of relevant factors
<b>Level 1</b>	[1] Candidate demonstrates some knowledge and understanding of how the demand/supply diagram is affected. Candidate makes good use of specialist vocabulary when it is appropriate	[1] Candidate attempts to apply knowledge	[1]–[2] Limited analysis of relevant factors
<b>Level 0</b>	[0] Candidate demonstrates no knowledge and understanding of how the demand/supply diagram is affected	[0] Candidate does not attempt to apply knowledge	[0] No analysis relevant factors

[8]

AVAILABLE  
MARKS

- (d) Random sampling involves giving each member of the population an equal chance of being sampled. Quota sampling involves selecting a sample according to certain features which reflect their percentage in the general population.

The advantages to Jessops of using random sampling might include:

- may be easier for Jessops to carry out random, rather than quota sampling
- Jessops could use a computer to select the sample
- may lead to less bias

The disadvantages to Jessops of using random sampling might include:

- assumes that all Jessops customers are equally important so less useful when dealing with products aimed at specific market segments
- can lead to bias. For example, customer sampled may all be male
- Jessops may need a larger sample to ensure that it is representative of the population

The advantages to Jessops of using quota sampling might include:

- results are more suited to the firm's needs as those sampled are specifically chosen. For example, according to socio-economic grouping
- the sample should be representative of Jessops' customer base
- useful where the proportions of the population with various characteristics are known. Jessops may record customer details when sales are made to be used later

The disadvantages to Jessops of using quota sampling might include:

- can be very expensive as Jessops may have to employ a market research firm to carry out such a sample
- Jessops will find it time consuming as customers from each group must be found
- samplers may be tempted to cut corners to speed up the process

As part of their discussion, candidates should come to a final judgement about which method is likely to be most effective for Jessops.



	<b>AO1 Knowledge and Understanding [3]</b>	<b>AO2 Application [2]</b>	<b>AO3 Analysis [3]</b>	<b>AO4 Evaluation [4]</b>
<b>Level 3</b>	<b>[3]</b> Candidate demonstrates very good understanding of the sampling methods. Candidate makes good use of specialist vocabulary when it is appropriate.		<b>[3]</b> Very good analysis of arguments	<b>[4]</b> Candidate gives a full evaluation of the arguments presented and comes to a final judgement. Candidate demonstrates good spelling, punctuation and grammar. The meaning of the text is clear. The candidate has consistently used a form and style of writing appropriate to the purpose of the question. Answer is organised in a clear and coherent manner
<b>Level 2</b>	<b>[2]</b> Candidate demonstrates good understanding of the sampling methods. Candidate makes good use of specialist vocabulary when it is appropriate	<b>[2]</b> Candidate applies knowledge effectively	<b>[2]</b> Good analysis of arguments	<b>[2]–[3]</b> Candidate gives a satisfactory evaluation of the arguments presented and comes to a final judgement. Candidate demonstrates satisfactory spelling, punctuation and grammar. The meaning of the text is clear most of the time. The candidate demonstrates a satisfactory level of writing, form and style appropriate to the purpose of the question. Answer is organised in satisfactory manner
<b>Level 1</b>	<b>[1]</b> Candidate demonstrates some understanding of the sampling methods. Candidate makes good use of specialist vocabulary when it is appropriate	<b>[1]</b> Candidate attempts to apply knowledge	<b>[1]</b> Limited analysis of arguments	<b>[1]</b> Candidate attempts some evaluation of the arguments presented. The candidate makes limited use of spelling, punctuation and grammar. The meaning of the text is not always clear. The candidate demonstrates a limited form and style appropriate to the purpose of the question. The organisation of the answer is limited
<b>Level 0</b>	<b>[0]</b> Candidate demonstrates no understanding of the sampling methods	<b>[0]</b> Candidate does not apply knowledge	<b>[0]</b> No analysis of arguments	<b>[0]</b> Candidate makes no attempt to evaluate the arguments presented

**AVAILABLE MARKS**

[12]

(e) Becoming a public limited company involves issuing shares on the Stock Exchange. The advantages to Jessops of becoming a public limited company might include:

- easier for Jessops to raise finance as a result of its listing
- can gain good publicity and improve corporate image
- Jessops may find it easier to obtain credit from suppliers or loans from banks

The disadvantages to Jessops of becoming a public limited company might include:

- possibility of flotation failing due to economic conditions
- Jessops' shareholders will lose some control of the business
- must publish financial information relating to the business
- Jessops must pay significant administrative expenses as part of the process
- Jessops will be liable to be taken over by a competitor
- Emphasis will shift to providing short term dividends to a large group of shareholders

As part of their discussion, candidates should consider both positive and negative aspects and come to a final judgement. This is likely to be in favour of becoming a public limited company since Jessops went ahead with the process in 2004.

AVAILABLE  
MARKS

	<b>AO1 Knowledge and Understanding [3]</b>	<b>AO2 Application [2]</b>	<b>AO3 Analysis [3]</b>	<b>AO4 Evaluation [4]</b>
<b>Level 3</b>	<b>[3]</b> Candidate demonstrates very good understanding of the advantages and disadvantages. Candidate makes good use of specialist vocabulary when it is appropriate		<b>[3]</b> Very good analysis of arguments	<b>[4]</b> Candidate gives a full evaluation of the arguments presented and comes to a final judgement. Candidate demonstrates good spelling, punctuation and grammar. The meaning of the text is clear. The candidate has consistently used a form and style of writing appropriate to the purpose of the question. Answer is organised in a clear and coherent manner
<b>Level 2</b>	<b>[2]</b> Candidate demonstrates good understanding of the advantages and disadvantages. Candidate makes good use of specialist vocabulary when it is appropriate	<b>[2]</b> Candidate applies knowledge effectively	<b>[2]</b> Good analysis of arguments	<b>[2]–[3]</b> Candidate gives a satisfactory evaluation of the arguments presented and comes to a final judgement. Candidate demonstrates satisfactory spelling, punctuation and grammar. The meaning of the text is clear most of the time. The candidate demonstrates a satisfactory level of writing, form and style appropriate to the purpose of the question. Answer is organised in a satisfactory manner
<b>Level 1</b>	<b>[1]</b> Candidate demonstrates some understanding of the advantages and disadvantages. Candidate makes good use of specialist vocabulary when it is appropriate	<b>[1]</b> Candidate attempts to apply knowledge	<b>[1]</b> Limited analysis of arguments	<b>[1]</b> Candidate attempts some evaluation of the arguments presented. The candidate makes limited use of spelling, punctuation and grammar. The meaning of the text is not always clear. The candidate demonstrates a limited form and style appropriate to the purpose of the question. The organisation of the answer is limited
<b>Level 0</b>	<b>[0]</b> Candidate demonstrates no understanding of the advantages and disadvantages	<b>[0]</b> Candidate does not attempt to apply knowledge	<b>[0]</b> No analysis of arguments	<b>[0]</b> Candidate makes no attempt to evaluate the arguments presented

[12]

**Total**

**AVAILABLE MARKS**

40

**80**



New  
Specification



*Rewarding Learning*

**ADVANCED SUBSIDIARY (AS)  
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2009**

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## **Business Studies**

**Assessment Unit AS 2**

*assessing*

**Managing Business Resources**

**[AT121]**

**TUESDAY 16 JUNE, AFTERNOON**

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# **MARK SCHEME**

## Model Answers

AVAILABLE  
MARKS

- 1 (a) What is meant by the term organisational design, using an example to illustrate your answer.

Organisational design refers to how an organisation has structured itself. This will depend on manufacturers such as the relationship between individuals and who is in charge. The Cedar Organisation as part of its design has appointed a new chief executive and management team.

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

[4]

- (b) Explain what is meant by the term 'employee empowerment' within The Cedar Foundation.

Empowerment is like delegation. It is when power or authority is given to employees so they can make their own decisions regarding their working life. For instance workers have control over how to use their time and deciding the priority of tasks that need to be done. They are encouraged to consider problems they face and come up with some solutions.

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

[4]

(c) Analyse the main functions that management at The Cedar Foundation may need to perform.

- **Planning.** The role of planning requires managers at The Cedar Foundation to set aims and objectives as well as putting into place strategies for achieving them.
- **Organising.** Organisations such as The Cedar Foundation are very complex. They are often made up of different departments and have a range of people working in them on different things. A manager in The Cedar Foundation needs to be able to organise all of these activities and tasks so that the organisation can perform as efficiently as possible.
- **Commanding.** A manager needs to have the ability to be able to command employees to do what is required. If a manager cannot perform this task, employees in The Cedar Foundation will not know what is expected of them.
- **Co-ordination.** Due to the complexity of organisations such as The Cedar Foundation, management needs to be able to co-ordinate all of the activities so that every department and individual is working together.
- **Controlling.** Management in The Cedar Foundation must be able to control the activities that they are directing which requires them to monitor and measure what is to be achieved. If they are not achieving what they set out to do, they need to take corrective action.
- **Credit.** Will be given to other functions of management such as recruiting, training, etc.

	<b>AO1 Knowledge and Understanding</b> [2]	<b>AO2 Application</b> [2]	<b>AO3 Analysis</b> [4]
<b>Level 2</b>	[2] Candidate demonstrates good understanding of the main functions of management that management at The Cedar Foundation may need to perform	[2] Candidate makes good application of the terms	[3]–[4] Good analysis of the main functions of management that management at The Cedar Foundation may need to perform
<b>Level 1</b>	[1] Candidate demonstrates some understanding of the main functions of management that management at The Cedar Foundation may need to perform	[1] Candidate attempts to make some application of the terms	[1]–[2] Limited analysis of the main functions of management that management at The Cedar Foundation may need to perform
<b>Level 0</b>	[0] Candidate demonstrates no understanding of the importance of organisational design to The Cedar Foundation	[0] No attempt at application	[0] No analysis

[8]

(d) Discuss the strategies that the management team of The Cedar Foundation could use to improve communication.

- Communication takes place at all levels within an organisation such as The Cedar Foundation and will only be effective if it is sent, received and understood.
- There are many different ways of communicating and The Cedar Foundation must therefore ensure that it chooses the most appropriate method of communicating, e.g. Verbal, Non-Verbal, Written, Numerical and Technological.
- For successful communication to take place it is important that the information being sent is fully understood by both the sender and the receiver. This will help to determine the choice of communication channel and the medium to be used to send the message. The Cedar Foundation must ensure that this is disseminated amongst staff members. Acceptable practices and procedures for effective communication should therefore be drawn up.
- Communication can take place using a variety of communication channels and it is essential that The Cedar Foundation chooses the most appropriate for each type of communication. For example, *Downward (vertical)* communication is usually used to tell employees about decisions that have already been made. *Upward (vertical)* communication is useful as it helps managers to understand employee's views and concerns. It is also useful as it is a good mechanism for receiving feedback and can help to motivate workers if they feel involved in the organisation. The organisation could move from centralised to decentralised.
- Communication can also take place formally or informally and it is essential that staff know when each is most appropriate.
- As already discussed, information can be discussed using a variety of media ranging from written methods to oral methods. Some examples of communication mediums include the following: Meetings, Conferences, Training Courses, Consultations, Telephone, Presentations. Again staff should be briefed on when to use each form.
- Communication is not complete until the receiver confirms that it is understood through some form of acknowledgement. This should be a policy The Cedar Foundation could implement.



	<b>AO1 Knowledge and Understanding [3]</b>	<b>AO2 Application [3]</b>	<b>AO3 Analysis [2]</b>	<b>AO4 Evaluation [4]</b>
<b>Level 3</b>	<b>[3]</b> Candidate demonstrates excellent understanding of the strategies that The Cedar Foundation could use to improve communication	<b>[3]</b> Candidate makes excellent application of the terms		<b>[4]</b> Candidate gives a full evaluation of the arguments presented and forms a final judgement. QWC is excellent
<b>Level 2</b>	<b>[2]</b> Candidate demonstrates good understanding of the strategies that The Cedar Foundation could use to improve communication	<b>[2]</b> Candidate makes good application of the terms	<b>[2]</b> Good analysis of the strategies that The Cedar Foundation could use to improve communication	<b>[2]–[3]</b> Candidate gives a satisfactory evaluation of the arguments presented. QWC is good
<b>Level 1</b>	<b>[1]</b> Candidate demonstrates some understanding of the strategies that The Cedar Foundation could use to improve communication	<b>[1]</b> Candidate attempts to make some application of the terms	<b>[1]</b> Limited analysis of the strategies that The Cedar Foundation could use to improve communication	<b>[1]</b> Candidate attempts some evaluation of the arguments presented. QWC is limited
<b>Level 0</b>	<b>[0]</b> Candidate demonstrates no understanding of the strategies that The Cedar Foundation could use to improve communication	<b>[0]</b> No attempt at application	<b>[0]</b> No analysis	<b>[0]</b> Candidate gives no evaluation of the arguments presented. QWC is poor

[12]

**AVAILABLE  
MARKS**

- (e) Evaluate The Cedar Foundation's decision to use non-monetary methods of motivation.

There are advantages and disadvantages to an organisation using non-monetary methods of motivation.

#### Advantages

- There is no financial cost to the The Cedar Foundation
- Workers in The Cedar Foundation should feel respected and valued by management
- The Cedar Foundation's employees views are recognised as it is the employees who are dealing with the day-to-day activities of the organisation
- Workers in The Cedar Foundation will be more productive because they have job satisfaction

#### Disadvantages

- Not all workers in The Cedar Foundation will be comfortable with extra responsibility and input
- Some people in The Cedar Foundation may be motivated by money and are only doing the job for this reason
- Time may be wasted in The Cedar Foundation, e.g. days annual leave, training, etc.
- There may be dangers associated with empowering people

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

[12]

**AVAILABLE MARKS**

40

2 (a) Cash relates to the inflow and outflow of money within a business.

Profit relates to the gain made after all the expenses associated with a business have been taken away from the revenues earned, during a particular trading period.

O'Boyle Engineering may win some very profitable orders but will run into cash flow difficulties if too much credit is allowed.

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

[4]

(b) Terry might find it difficult to estimate his sales revenue in advance. This will depend upon things like the economic climate and the activities of his competitors, both of which are subject to a high degree of uncertainty.

Terry might find it difficult to cost his business in advance. He has no historical information to assist him and will need to ensure that all costs are included if the budget is to be of any real use.

It will be particularly difficult to cost areas like advertising and promotion which may be subject to change according to the degree of competition.

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

[4]

(c) Analyse the benefits of carrying out variance analysis for O'Boyle Engineering.

AVAILABLE MARKS

There is a range of benefits to Terry, carrying out variance analysis:

- Variances between Terry's budgeted and actual performance can be identified.
- Remedial action can be taken by Terry to improve the situation.
- Favourable variances will allow Terry to identify areas within the business that are performing well.
- Variances in different areas of the organisation can be identified, e.g. labour, machinery, etc.
- Variance analysis will allow Terry to identify potential problems before it is too late.
- Can motivate staff who perform well.

	<b>AO1 Knowledge and Understanding</b> <b>[2]</b>	<b>AO2 Application</b> <b>[2]</b>	<b>AO3 Analysis</b> <b>[4]</b>
<b>Level 2</b>	<b>[2]</b> Candidate demonstrates good understanding of the benefits of carrying out variance analysis for Terry's new business	<b>[2]</b> Candidate makes good application of the terms	<b>[3]–[4]</b> Good analysis is made of the benefits of carrying out variance analysis for Terry's new business
<b>Level 1</b>	<b>[1]</b> Candidate demonstrates some understanding of the benefits of carrying out variance analysis for Terry's new business	<b>[1]</b> Candidate attempts to make some application of the terms	<b>[1]–[2]</b> Limited analysis is made of the benefits of carrying out variance analysis for Terry's new business
<b>Level 0</b>	<b>[0]</b> Candidate demonstrates no understanding of the benefits of carrying out variance analysis for Terry's new business	<b>[0]</b> No attempt at application	<b>[0]</b> No attempt at analysis is made

[8]

(d) Discuss the different methods of recruitment available to Terry.

### Internal Recruitment

There are both advantages and disadvantages for an organisation recruiting internally.

### Advantages

- internal recruitment can act as a motivator and can strengthen employee's commitment to the organisation. This can reduce labour turnover and ensure that employees are working to their full potential
- current employees will have a working knowledge of the operation of the organisation which means they will not need to spend as much time being inducted

- the organisation will have a good knowledge of the employees which means that they will know their capabilities. It is sometimes difficult to get an accurate picture of potential employees from their application form and interview performance
- the internal recruitment process is quicker and less costly than external recruitment
- the organisation may not be as disrupted if it recruits internally as opposed to recruiting someone from outside

### **Disadvantages**

- if an employee has been promoted from within the organisation, this leaves their position vacant. This means that external recruitment may need to take place to fill this position
- current employees may not be able to bring fresh ideas to the organisation. This may be because they do not want to 'rock the boat' with colleagues or because they have not had enough experience outside the organisation
- there can be resentment within the organisation if several people have applied for the same position and only one person is appointed
- internal recruitment ignores potential employees from outside the organisation who may be better suited for the position

### **External Recruitment**

External recruitment involves filling job vacancies by applicants from outside the organisation. In a similar fashion to internal recruitment, there are both advantages and disadvantages to an organisation of doing this.

### **Advantages**

- external recruitment greatly increases the number of potential applicants that an organisation may get for a job. This means that a higher calibre of applicant may be recruited
- a new employee may be more willing to try to change the way of working within an organisation as they have no previous links or allegiances to the existing staff
- external employees should have wider experience if they have come from other organisations. This will allow them to introduce new methods of working and new ideas to the organisation

### **Disadvantages**

- the recruitment of external candidates can be costly and time consuming. There is a considerable time lag between when the Human Resource Department carries out a job analysis and actually recruits an external candidate
- some people are very good at selling themselves at the interview stage of the recruitment process yet in practice they may not be very good at carrying out the actual job. There may therefore be a situation where the most suitable candidate is not recruited
- it may take an external candidate time to settle into a new organisation and become accustomed to how the organisation operates. This is time that the organisation may not be able to afford to take

- if current employees do not see promotional prospects, they may become discontented and look for jobs outside the organisation. This will increase labour turnover within the organisation

It is clear that both methods of recruitment have both advantages and pitfalls and the Human Resource Department needs to consider each job vacancy in isolation. There may be a situation where a combination of both internal and external recruitment methods are used depending upon individual circumstances. If the Human Resource Department opts for external recruitment there is a wide range of recruitment methods that they need to consider.

AVAILABLE MARKS

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

[12]

AVAILABLE MARKS

(e) Evaluate **two** different types of organisational design that Terry could use for his new business.

AVAILABLE  
MARKS

- **by function.** This involves arranging the business according to what each section or department does
- **matrix.** A matrix structure organisation contains teams of people created from various sections of the business.
- tall/flat
- centrally structured/decentralised

When deciding upon the most appropriate structure, it is important to consider the advantages and disadvantages of each method.

### Functional Structure

#### Advantages

- **specialisation.** The main advantage of the functional structure is that each department focuses on its own work. This allows workers to concentrate on what they are good at which should result in efficiency for the organisation
- **accountability.** A functional organisation structure will help to identify exactly where different processes, etc. take place. This means it is easy to identify who is responsible for the different activities in the organisation
- **clarity.** The organisation chart will help employees to clarify exactly what both their and others roles are

#### Disadvantages

- closed communication could lead to lack of focus
- departments can become resistant to change
- coordination may take too long
- gap between top and bottom

### Matrix organisation

The advantages of a matrix include:

- individuals can be chosen according to the needs of the project
- the use of a project team which is dynamic and able to view problems in a different way, as specialists have been brought together in a new environment
- project managers are directly responsible for completing the project within a specific deadline and budget

Whilst the disadvantages include:

- a conflict of loyalty between line managers and project managers over the allocation of resources
- if teams have a lot of independence can be difficult to monitor
- costs can be increased if more managers (i.e. project managers) are created through the use of project teams



	<b>AO1 Knowledge and Understanding [3]</b>	<b>AO2 Application [2]</b>	<b>AO3 Analysis [3]</b>	<b>AO4 Evaluation [4]</b>
<b>Level 3</b>	<b>[3]</b> Candidate demonstrates excellent understanding of different types of organisational design that Terry could use for his new business		<b>[3]</b> Excellent analysis of different types of organisational design that Terry could use for his new business	<b>[4]</b> Candidate gives a full evaluation of the arguments presented and forms a final judgement. QWC is excellent
<b>Level 2</b>	<b>[2]</b> Candidate demonstrates good understanding of different types of organisational design that Terry could use for his new business	<b>[2]</b> Candidate makes good application of the terms to Terry	<b>[2]</b> Good analysis of different types of organisational design that Terry could use for his new business	<b>[2]–[3]</b> Candidate gives a satisfactory evaluation of the arguments presented. QWC is good
<b>Level 1</b>	<b>[1]</b> Candidate demonstrates some understanding of different types of organisational design that Terry could use for his new business	<b>[1]</b> Candidate attempts to make some application of the terms	<b>[1]</b> Limited analysis of different types of organisational design that Terry could use for his new business	<b>[1]</b> Candidate attempts some evaluation of the arguments presented. QWC is limited
<b>Level 0</b>	<b>[0]</b> Candidate demonstrates no understanding of different types of organisational design that Terry could use for his new business	<b>[0]</b> No attempt at application	<b>[0]</b> No analysis	<b>[0]</b> Candidate gives no evaluation of the arguments presented. QWC is poor

	<b>AVAILABLE MARKS</b>
[12]	40
<b>Total</b>	<b>80</b>





