



Rewarding Learning

**ADVANCED SUBSIDIARY (AS)
General Certificate of Education
2011**

Business Studies

Assessment Unit AS 2

assessing

Managing Business Resources

[AT121]

MONDAY 20 JUNE, AFTERNOON

MARK SCHEME

- 1 (a) With reference to the case study, explain what is meant by the term appraisal.

Once an employee has been working in an organisation, the firm may carry out an appraisal. This helps the organisation to find out about the qualities of the employee and to assess how the employee is performing. The results of the appraisal can be used as a way of identifying training needs and possible promotional opportunities. The appraisal is also a useful form for agreeing job objectives and motivating an employee. This helps Tesco employees identify roles in which they would like to develop their careers and their manager sets out the technical skills, competencies and behaviours necessary for these roles and what training this will require.

	AO1 Knowledge and Understanding [2]	AO2 Application [2]
Level 2	[2] Candidate demonstrates good understanding of what is meant by the term “appraisal”.	[2] Candidate makes good application of the terms.
Level 1	[1] Candidate demonstrates some understanding of what is meant by the term “appraisal”.	[1] Candidate attempts to make some application of the terms.
Level 0	[0] Candidate demonstrates no understanding of what is meant by the term “appraisal”.	[0] No attempt at application.

[4]

(b) With reference to the case study, explain what a curriculum vitae is.

A curriculum vitae or CV is a detailed history of a candidate's qualifications, employment history, personal details and interests. It is sometimes asked for to support a letter of application or application form. This is used by potential employees interested in store based jobs at Tesco.

	AO1 Knowledge and Understanding [2]	AO2 Application [2]
Level 2	[2] Candidate demonstrates good understanding of what a Curriculum Vitae is.	[2] Candidate makes good application of the terms.
Level 1	[1] Candidate demonstrates some understanding of what a Curriculum Vitae is.	[1] Candidate attempts to make some application of the terms.
Level 0	[0] Candidate demonstrates no understanding of what a Curriculum Vitae is.	[0] No attempt at application.

[4]

(c) Analyse Tesco’s decision to use six work levels in its organisational hierarchy.

When designing the organisation structure for a business, one factor that needs to be considered is the hierarchy. Businesses must consider the number of levels in the chain of command and decide on the most appropriate for the organisation. Because Tesco has a wide range of functions to fulfil it needs to split these up into different areas within the hierarchy. In Tesco’s case these include front-line jobs – working directly with customers, support roles and leadership roles, and senior managers who set out the organisation’s overall strategy. Less complicated organisations may not use as many levels in their hierarchies.

The decision to use six levels may mean that communication may be slow and in some cases become distorted. Tesco may need to put in place measures to minimise such risks.

	AO1 Knowledge and Understanding [2]	AO2 Application [2]	AO3 Analysis [4]
Level 2	[2] Candidate demonstrates good understanding of Tesco’s decision to use six work levels in its organisational hierarchy.	[2] Candidate makes good application of the terms.	[4]–[3] Good analysis of Tesco’s decision to use six work levels in its organisational hierarchy.
Level 1	[1] Candidate demonstrates some understanding of Tesco’s decision to use six work levels in its organisational hierarchy.	[1] Candidate attempts to make some application of the terms.	[2]–[1] Limited analysis of the role of Tesco’s decision to use six work levels in its organisational hierarchy.
Level 0	[0] Candidate demonstrates no understanding of Tesco’s decision to use six work levels in its organisational hierarchy.	[0] No attempt at application.	[0] No analysis.

[8]

- (d) Discuss the advantages and disadvantages of people investment planning to an organisation such as Tesco.

Advantages of People Investment Planning

- Tesco can put in place strategies and courses of action to meet these needs
- Tesco can examine the current employee needs of the organisation
- this information will provide the human resource department at Tesco with a clear picture of the current employee's situation within the organisation
- People Investment Planning ensures that the organisation has the correct staff to enable it to perform effectively.

Disadvantages of People Investment Planning

- People Investment Planning does not take into consideration the behaviour of employees. It simply seeks to predict the numbers of staff that may be needed in the future. This means that situations may arise where the correct number of employees may have been recruited, but some employees may decide that they simply do not like the job and leave. This may result in periods where the actual human resource requirements of the firm have not been met
- changes in the external environment can make it difficult to accurately predict future human resource requirements. Changes in the economic climate can result in periods of economic boom or recession
- other changes in the external environment, such as natural disasters or terrorist threats can also play an important role in affecting the accuracy of human resource plans
- the human resource department needs to be very careful that future plans do not demotivate staff or cause industrial relations difficulties. If future predictions suggest that there may need to be cuts in the size of the workforce, this may lead to difficulties such as how these cuts should be managed.

Note: Candidates are expected to evaluate throughout.

	AO1 Knowledge and Understanding [3]	AO2 Application [3]	AO3 Analysis [2]	AO4 Evaluation [4]
Level 3	[3] Candidate demonstrates excellent understanding of the advantages and disadvantages of people investment planning to an organisation such as Tesco.	[3] Candidate makes excellent application of the terms.	[2] Excellent analysis of the advantages and disadvantages of people investment planning to an organisation such as Tesco.	[4] Candidate gives a full evaluation of the arguments presented and forms a final judgement. QWC is excellent.
Level 2	[2] Candidate demonstrates good understanding of the advantages and disadvantages of people investment planning to an organisation such as Tesco.	[2] Candidate makes good application of the terms.	[2] Good analysis of the advantages and disadvantages of people investment planning to an organisation such as Tesco.	[3]–[2] Candidate gives a satisfactory evaluation of the arguments presented and forms a final judgement. QWC is good.
Level 1	[1] Candidate demonstrates some understanding of the advantages and disadvantages of people investment planning to an organisation such as Tesco.	[1] Candidate attempts to make some application of the terms.	[1] Limited analysis of the advantages and disadvantages of people investment planning to an organisation such as Tesco.	[1] Candidate attempts some evaluation of the arguments presented. QWC is limited.

Level 0	[0] Candidate demonstrates no understanding of the advantages and disadvantages of people investment planning to an organisation such as Tesco.	[0] No attempt at application.	[0] No analysis.	[0] Candidate gives no evaluation of the arguments presented and forms a final judgement. QWC is poor.
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[12]

- (e) Evaluate the use of internal recruitment for an organisation such as Tesco.

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

Advantages

- internal recruitment can act as a motivator and can strengthen Tesco's employee's commitment to the organisation. This can reduce labour turnover and ensure that employees are working to their full potential
- current Tesco 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
- Tesco 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
- Tesco 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 Tesco, this leaves their position vacant. This means that external recruitment may need to take place to fill this position
- current Tesco 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.

Note: Candidates are expected to evaluate throughout.

	AO1 Knowledge and Understanding [3]	AO2 Application [2]	AO3 Analysis [3]	AO4 Evaluation [4]
Level 3	[3] Candidate demonstrates excellent understanding of Tesco's decision to recruit internally.	[2] Candidate makes excellent application of the terms.	[3] Excellent analysis of Tesco's decision to recruit internally.	[4] Candidate gives a full evaluation of the arguments presented and forms a final judgement. QWC is excellent.
Level 2	[2] Candidate demonstrates good understanding of Tesco's decision to recruit internally.	[2] Candidate makes good application of the terms.	[2] Good analysis of Tesco's decision to recruit internally.	[3]–[2] Candidate gives a satisfactory evaluation of the arguments presented and forms a final judgement. QWC is good.
Level 1	[1] Candidate demonstrates some understanding of Tesco's decision to recruit internally.	[1] Candidate attempts to make some application of the terms.	[1] Limited analysis of Tesco's decision to recruit internally.	[1] Candidate attempts some evaluation of the arguments presented. QWC is limited.
Level 0	[0] Candidate demonstrates no understanding of Tesco's decision to recruit internally.	[0] No attempt at application.	[0] No analysis.	[0] Candidate gives no evaluation of the arguments presented and forms a final judgement. QWC is poor.

[12]

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- 2 (a) Explain what is meant by the term cash flow. Illustrate your answer using an example from the case study.

A cash flow outlines the expected cash/bank receipts and payments for a business, usually on a month by month basis. A balance is shown each month and this allows the business to forecast periods when outgoings are higher than incomings.

	AO1 Knowledge and Understanding [2]	AO2 Application [2]
Level 2	[2] Candidate demonstrates good understanding of what is meant by the term cash flow.	[2] Candidate makes good application of the terms.
Level 1	[1] Candidate demonstrates some understanding of what is meant by the term cash flow.	[1] Candidate attempts to make some application of the terms.
Level 0	[0] Candidate demonstrates no understanding of what is meant by the term cash flow.	[0] No attempt at application.

[4]

- (b) Calculate the following for John's business:
- (i) The total payments for August £4,700
 - (ii) The net cash flow for November £3,300
 - (iii) The opening balance for December £9,500
 - (iv) The closing balance for December (£6,500)

	AO1 Knowledge and Understanding [4]
Level 2	[4]–[3] Candidate demonstrates good understanding.
Level 1	[2]–[1] Candidate demonstrates some understanding.
Level 0	[0] Candidate demonstrates no understanding.

[4]

- (c) Analyse possible methods of external recruitment that Ryan might use.

Different Methods of Recruitment

- *Newspaper and Magazine Advertisements*
This is perhaps the most common and widely used form of advertising for job vacancies. Depending upon the nature of the job, either the local or national press will be used. Specialist vacancies or jobs requiring high levels of skills will usually be advertised nationally whereas jobs requiring limited skills will be advertised locally. Specialist trade magazines or journals may also be used for very specialised job vacancies.
- *The Training and Employment Agency*
This agency is a government run agency and it advertises jobs in most major towns. Individuals are encouraged to apply for the advertised jobs and the agency organises interview between the potential employer and employee.
- *Private Employment Agencies*
These are organisations that specialise in recruitment and selection, individuals register with the agency to try and get work and the agency tries to match its potential employees with employer requirements. The individuals will be interviewed by the agency, by the potential employers or by both. If successful in filling a vacancy, the agency will receive a commission from the employer. The major drawback of this approach is that they tend to provide staff that does not stay long in a particular job.
- *Headhunting*
This involves a firm approaching an individual who is currently employed by another firm and offering them a position within their own organisation. The main advantage of this is that the organisation will be seeking to attract someone who has a proven track record, although they may need to offer a considerable remuneration package if they are to tempt the individual to leave their existing job. Another major drawback with this approach is that there may be a lack of loyalty from the individual. If he/she left another firm for money, there is the possibility that they may move on to another firm if they are given a new offer.
- *Visiting Universities – “The Milk Round”*
The milk round involves companies visiting universities around the UK attempting to recruit graduates to their organisations. This is a fairly inexpensive method of recruitment, especially for large organisations. However, the interviewing process can be very time consuming as many candidates may need to be interviewed.

- Internet/Website*

Once an organisation has decided to recruit externally, it needs to carefully consider the most appropriate method of recruitment. As outlined above, although there is a range of possibilities, the organisation needs to consider the merits and drawbacks of each.

	AO1 Knowledge and Understanding [2]	AO2 Application [2]	AO2 Analysis [4]
Level 2	[2] Candidate demonstrates good understanding of possible methods of external recruitment that Ryan might use.	[2] Candidate makes good application of the terms.	[4]–[3] Good analysis is made of possible methods of external recruitment that Ryan might use.
Level 1	[1] Candidate demonstrates some understanding of possible methods of external recruitment that Ryan might use.	[1] Candidate attempts to make some application of the terms.	[2]–[1] Limited analysis is made of possible methods of external recruitment that Ryan might use.
Level 0	[0] Candidate demonstrates no understanding of possible methods of external recruitment that Ryan might use.	[0] No attempt at application.	[0] No attempt at analysis is made.

[8]

(d) Discuss whether Ryan should prepare a budget for Dents-No-More.

There are both advantages and disadvantages of preparing a budget.

Benefits of Budgeting

There are a range of benefits to an organisation of drawing up a budget:

- budgeting allows an organisation to control both their income and their expenditure and can highlight areas where the organisation is not performing as efficiently as it could. It is therefore a useful control mechanism for an organisation
- budgets are a useful way of clarifying the roles and responsibilities of management within an organisation
- budgets help to coordinate the activities of an organisation and can improve the communication between departments
- budgets help to ensure that scarce resources are used as efficiently as possible
- performance can be measured against set targets
- budgets can help to motivate employees
- summarises business performance for benefit of potential investor
- facilitate variance analysis.

Disadvantages of Budgeting

Against this list of advantages, there are also some disadvantages associated with budgeting:

- budgeting is dependant upon the quality of the information provided. Poor quality information results in budgets that are meaningless
- budgets can become very inflexible
- budgets can be demotivating if the users have not been involved in the budgeting process
- there can be a danger of management becoming over dependant on budgets at the expense of managing.

Note: Candidates are expected to evaluate throughout.

	AO1 Knowledge and Understanding [3]	AO2 Application [3]	AO3 Analysis [2]	AO4 Evaluation [4]
Level 3	[3] Candidate demonstrates excellent understanding of whether Ryan should prepare a budget for Dents-No-More.	[3] Candidate makes excellent application of the terms.		[4] Candidate gives a full evaluation of the arguments presented and forms a final judgement. QWC is excellent.
Level 2	[2] Candidate demonstrates good understanding of whether Ryan should prepare a budget for Dents-No-More.	[2] Candidate makes good application of the terms.	[2] Good analysis is made of the advantages and disadvantages of whether Ryan should prepare a budget for Dents-No-More.	[3]–[2] Candidate gives a satisfactory evaluation of the arguments presented and forms a final judgement. QWC is good.
Level 1	[1] Candidate demonstrates some understanding of whether Ryan should prepare a budget for Dents-No-More.	[1] Candidate attempts to make some application of the terms.	[1] Limited analysis is made of whether Ryan should prepare a budget for Dents-No-More.	[1] Candidate gives some evaluation of the arguments presented. QWC is satisfactory.
Level 0	[0] Candidate demonstrates no understanding of whether Ryan should prepare a budget for Dents-No-More.	[0] No attempt at application.	[0] No analysis is made of whether Ryan should prepare a budget for Dents-No-More.	[0] Candidate gives no evaluation of the arguments presented and forms no final judgement. QWC is poor.

[12]

(e) Evaluate the usefulness of final accounts to a business such as Dents-No-More.

Advantages

- the financial position of Dents-No-More can be assessed
- comparisons with other organisations can be made
- profitability can be assessed
- liquidity problems can be addressed
- can be used to source finance from stakeholders (investors; banks; tax authority).

Disadvantages

- future performance can only be estimated
- qualitative factors are not taken into account
- figures can be “shop dressed”.

Note: Candidates are expected to evaluate throughout.

	AO1 Knowledge and Understanding [3]	AO2 Application [2]	AO3 Analysis [3]	AO4 Evaluation [4]
Level 3	[3] Candidate demonstrates excellent understanding of the usefulness of final accounts to a business such as Dents-No-More.		[3] Excellent analysis of the usefulness of final accounts to a business such as Dents-No-More.	[4] Candidate gives a full evaluation of the arguments presented and forms a final judgement. QWC is excellent.
Level 2	[2] Candidate demonstrates good understanding of the usefulness of final accounts to a business such as Dents-No-More.	[2] Candidate makes good application of the terms.	[2] Good analysis of the usefulness of final accounts to a business such as Dents-No-More.	[3]–[2] Candidate gives a satisfactory evaluation of the arguments presented and forms a final judgement. QWC is good.

Level 1	[1] Candidate demonstrates some understanding of the usefulness of final accounts to a business such as Dents-No-More.	[1] Candidate attempts to make some application of the terms.	[1] Limited analysis of the usefulness of final accounts to a business such as Dents-No-More.	[1] Candidate attempts some evaluation of the arguments presented. QWC is limited.
Level 0	[0] Candidate demonstrates no understanding of the usefulness of final accounts to a business such as Dents-No-More.	[0] No attempt at application.	[0] No analysis.	[0] Candidate gives no evaluation of the arguments presented. QWC is poor.

[12]

Total

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80