

Mark Scheme (FINAL)

January 2008

GCE

GCE Business Studies (6121/01)

**Unit 6121/01 - Business Structures, Objectives and External Influences
January 2008 Mark Scheme**

| Question Number | Answer | Mark |
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| 1(a) | <p>Valid responses could include:</p> <p>A shareholders maximum loss in the event of the company failing is limited to the original share capital s/he invested.</p> <p>Answers should relate to both limited and liability in the responses.</p> <p>1 for a reasonable attempt 2 for a full explanation</p> | <p>(2)</p> |
| Total 2 marks | | |

| Question Number | Answer | Mark |
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| 1(b) | <p>Valid points could include:</p> <ul style="list-style-type: none"> • It is apparent throughout the context that The Tussaud's Group depend heavily on the hard work and goodwill of its human resources i.e. employees, in order to provide a magical experience in a safe and secure environment. Candidates could include reference to market researchers. • For The Tussaud's Group its physical resources i.e. the rides are vital for it to be able to continue to attract large numbers of customers to new experiences and rides • Its continued strength is its financial position for while profits continue to rise it can fund new initiatives and therefore attract ever increasing numbers and provide an exciting service for its existing customers. <p>N.B. Discussion of only one aspect i.e. human, physical or financial results in the lower end mark at level 2 or level 3.</p> <p><i>A level 3 response may focus on the fact that</i></p> <p><i>Eg Tussaud's mission is to 'dazzle' its visitors, in order to do this it must provide rides etc that excite and therefore it is essential that they have the finances in order to purchase/build them. However, without the on-site staff running the theme parks etc and ensuring the safety of customers the 'magic moment' will not be achieved.</i></p> <p>Level 3: Candidate analyses how combining human physical and financial resources The Tussaud's Group is able to produce a 'magic moment' for its consumers. If not combined then max 6 marks.</p> <p>Level 2: Candidate applies knowledge human physical and financial resources to produce a 'magic moment' for The Tussaud's Group consumers.</p> <p>Level 1: Candidate shows some knowledge of either human physical or financial resources.</p> | <p>(6-7)</p> <p>(3-5)</p> <p>(1-2)</p> |
| | | Total 7 marks |

| Question Number | Answer | Mark |
|-----------------|--|------|
| 1(c) | <p>Note: Since March 2006 Tussaud's Group is part of Merlin Entertainment (Venture Capitalists)</p> <p>Valid points could include:</p> <ul style="list-style-type: none"> • In terms of finance the fact that The Tussaud's Group is a large limited liability company means that it has easier access to raising large amounts of capital for its theme park projects such as 'white knuckle rides' • However, some of the profits that might have been reinvested in the development of visitor attractions need to be used to pay shareholders their dividends • Because it is a private limited company it has many shareholders who own the company and as directors they have control over the company making the major decisions over future developments of current sites and new European and global opportunities • The risk of decisions and/or takeover is lessened somewhat by the limited liability status • However, the larger a company one of the diseconomies of scale that they come across is the problem of communication, co-ordination and motivation this will be particularly true of Tussaud's because of the global scale in which they operate and the diverse nature of its business • Because it is a global company answers which include reference to currency/exchange rates are valid in context of Tussaud's Group. <p>N.B. Discussion of only one aspect i.e. finance or control results in the lower end mark from level 2 to level 4.</p> <p><i>A level 4 response having weighed up both sides of the argument may conclude</i></p> <p><i>Eg It is the scale of The Tussaud's Group and the fact that it has limited liability status that has enabled it to continue to prosper in an uncertain and ever changing environment, like economic recession, acts of terrorism etc and perhaps the fact that the directors are not putting their personal possessions at risk allows them to continue to take these risks.</i></p> | |

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| | <p><i>A level 3 response may focus on the fact that</i></p> <p><i>Eg The readily available funds makes planning and decision about future developments less difficult than for companies who have difficulty raising finance and therefore allows the directors greater scope to continue with expansion of its existing provision. However controlling will be a different issue as the larger the business grows the more difficult the co-ordination of events, activities and staff becomes.</i></p> <p>Level 4: Candidate assesses the extent to which The Tussaud's Group being a large global private limited company affects its finance and/or control and provides a valid conclusion. Award top marks of L4 if candidate assesses both finance and control.</p> <p>Level 3: Candidate analyses the extent to which The Tussaud's Group being a large global private limited company affects its finance and/or control but may provide a one sided answer.</p> <p>Level 2: Candidate applies knowledge of how The Tussaud's Group being a large global private limited company affects its finance and/or control.</p> <p>Level 1: Candidate shows some knowledge private limited companies, finance and/or control.</p> | <p>(8-11)</p> <p>(6-7)</p> <p>(3-5)</p> <p>(1-2)</p> |
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Total 11 marks

Quality of Written Communication:

Quality of written communication will be assessed in question 1c by means of the following criteria:

Level 3 - if structured & developed

Candidate expresses ideas extremely clearly and fluently. Answers are very well structured. Arguments are consistently relevant and well developed. There are few, if any, errors in spelling, punctuation and grammar.

3 marks

Level 2 - structured

Candidate expresses moderately complex ideas clearly and answers are well structured. Arguments are generally relevant and developed. There may be some errors in grammar, punctuation and spelling.

2 marks

Level 1 - can be understood

Candidate expresses simple ideas clearly, but may be confused or imprecise in the expression of ideas. Answers are not well structured and arguments are weakly presented. There may be noticeable errors in spelling, grammar and punctuation.

0-1 Mark

Note: if candidate doesn't apply their response but points are still developed they can achieve top QWC mark.

Total 3 marks

| Question Number | Answer | Mark |
|-----------------|--|---------------|
| 2(a) | Valid response could include any TWO of the following: Owners, managers, employees, shareholders. Accept appropriate examples e.g. ride operator. 2 if both correct 1 if only one correct | (2) |
| | | Total 2 marks |

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| 2(b) | <p>Valid points could include:</p> <ul style="list-style-type: none"> • Shared objectives maybe motivating as they offer a sense of belonging to employees at all levels. • By having clear strategic objectives it will mean that all employees as mentioned in the context will be aiming to achieve the same goal • It is important in terms of forcing Tussaud's Group managers to discuss and think about the future and how it can remain at the top of its market and how they will achieve these objectives • There are however problems with having strategic objectives that are too rigid if the market and conditions should change rapidly The Tussaud's Group may not respond as quickly • Size of global company makes it difficult to share objectives. <p><i>A level 3 response may focus on the fact that</i></p> <ul style="list-style-type: none"> • <i>Eg. All employees know what they are working to achieve, this should enable The Tussaud's Group to provide the type of visitor attraction that 'dazzles' its visitors. However, there is a need to ensure that those doing the planning are in touch with the market and know exactly what is wanted, because if they get it wrong the written objectives will not improve performance if the market rejects its new ideas.</i> <p>Level 3: Candidate analyses how having shared strategic objectives enables The Tussaud's Group to improve its performance.</p> <p>Level 2: Candidate applies knowledge of how having shared strategic objectives enables The Tussaud's Group to improve its performance.</p> <p>Level 1: Candidate shows some knowledge of strategic objectives.</p> | <p>(6-7)</p> <p>(3-5)</p> <p>(1-2)</p> |
| | | Total 7 marks |

| Question Number | Answer | Mark |
|-----------------|--|--|
| 2(c) | <p>Valid points could include:</p> <ul style="list-style-type: none"> • Organisation by product does mean that it is very market oriented which Tussaud's need to be in order to meet or exceed consumer demand • There needs to be co-ordination across all functions within the structure, with someone from each i.e. finance, production, marketing involved and having an overview of other projects and their impact on each product • However, this will mean duplication of function and resources across the whole Group, which is costly to the business • It may however, result in even poorer co-ordination across the whole Group and less top management control. <p>N.B. Accept multinational, across continents or identified appropriate countries as in context.</p> <p><i>A level 4 response having weighed up both sides of the argument may conclude</i></p> <p><i>Eg A more suitable way of organising its employees may be geographically especially if they intend to open further visitor attractions in Europe or the rest of the world. This would mean that although some of the issues like co-ordination and control may still exist geographically organising the Group would allow them to cater for differences in taste, culture and language.</i></p> <p><i>A level 3 response may focus on the fact that</i></p> <p><i>Eg Although organising by product would allow them to focus on a particular market The Tussaud's Group would need to consider the costs involved as some products will place a greater strain on financial resources than others because of duplication.</i></p> <p>Level 4: Candidate assesses whether organising by product area might be appropriate for The Tussaud's Group and provides a valid conclusion.</p> <p>Level 3: Candidate analyses how organising by product/geographical area might be appropriate for The Tussaud's Group but may provide a one sided answer.</p> <p>Level 2: Candidate applies knowledge of organising by product/geographical area.</p> <p>Level 1: Candidate shows some knowledge of organisation structures.</p> | <p>(8-11)</p> <p>(6-7)</p> <p>(3-5)</p> <p>(1-2)</p> |
| | | Total 11 marks |

| Question Number | Answer | Mark |
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| 3(a) | <p>Valid points could include:</p> <ul style="list-style-type: none"> • Society is continually changing its attitudes and values, people are far more environmentally aware and their spending is influenced by this, the context states that rising energy costs continue to be an issue for companies like The Tussaud's Group, but what effect is this energy usage having on the environment and will consumers start to care enough? • Will an ageing population have any impact on attractions like Theme Parks and will The Tussaud's group need to look to providing more attractions to cater for this ageing population, like the London Eye and Madame Tussaud's? • Incomes have risen but so too it would appear have the number of hours being worked, leaving less leisure time. Are visitor attractions still going to be as popular particularly with entrance fees rising well ahead of inflation • the poor weather in the UK and the increase in road travel leading to many traffic delays may discourage people from going to theme parks • Answers may include some supply & demand analysis. <p><i>A level 3 response may focus on the fact that</i></p> <p><i>Eg Visitor attractions and particularly theme parks have managed to survive some difficult years and while they continue to offer the thrills of the biggest or most daring rides they will continue to attract the consumers. However, will there come a point where it reaches saturation in terms of these rides, where it cannot find anything more daring or will the market it currently attracts be no longer 'up to' the challenge?</i></p> <p>Level 3: Candidate analyses the likely impact social trends and/or attitudes might have on The Tussaud's Group.</p> <p>Level 2: Candidate applies knowledge of the likely impact social trends and/or attitudes might have on The Tussaud's Group.3</p> <p>Level 1: Candidate shows some knowledge of social trends and/or attitudes.</p> | <p>(7-8)</p> <p>(4-6)</p> <p>(1-3)</p> |
| | | Total 8 marks |

| Question Number | Answer | Mark |
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| 3(b) | <p>Valid points could include:</p> <ul style="list-style-type: none"> • The incentive plans allowing employees to be rewarded for personal contributions would add to existing payments and job security • The idea of employee consultation teams, IIP along with 'family friendly' employment policies promote a feeling of love and belonging • Opportunity for advancement through the Personal Development programme, training programme • According to the context the Personal Development programme is designed to allow employees to reach their full potential <p>N.B. Failure to discuss in relation to ONE theorist will achieve the lower end mark of level 2 to level 4.</p> <p><i>A level 4 response having weighed up both sides of the argument may conclude</i></p> <p><i>Eg Although the methods put in place by The Tussaud's Group do support Maslow's hierarchy of needs, what is questionable is how much these needs motivate the employees of The Tussaud's Group. Most people achieve these needs through a balance of work, family and social activities, many employees are motivated by the needs that high wages provide. If the employees have the opportunity to earn enough to allow them to participate in expensive leisure pursuits, holidays etc then it is possible that the methods being used go beyond what is necessary to motivate employees.</i></p> <p><i>A level 3 response may focus on the fact</i></p> <p><i>Eg providing personal development opportunities for its employees The Tussaud's Group is allowing them to achieve many aspects of Maslow's hierarchy that he felt were necessary for staff to be motivated. Engaging employees within the workplace means that they work harder, have a greater loyalty to the business and are more inclined to support additional events like charity fund raisers etc.</i></p> | |

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| | <p>Level 4: Candidate assess the methods of motivation used by The Tussaud's Group with reference to one theorist and provides a valid conclusion re suitability.</p> <p>Level 3: Candidate analyses the methods of motivation used by The Tussaud's Group with reference to one theorist but may provide a one sided answer.</p> <p>Level 2: Candidate applies knowledge of methods of motivation used by The Tussaud's Group with reference to one theorist.</p> <p>Level 1: Candidate shows some knowledge of motivation</p> | <p>(9-12)</p> <p>(7-8)</p> <p>(4-6)</p> <p>(1-3)</p> |
| Total 12 marks | | |
| Total for Paper - 60 marks plus 3 marks for Quality of Written Communication for question 1c. | | |