



Level 3 Certificate/Extended Certificate

APPLIED BUSINESS

ABS4

Unit 4 Managing and Leading People

Mark scheme

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Mark schemes are prepared by the Lead Assessment Writer and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation events which all associates participate in and is the scheme which was used by them in this examination. The standardisation process ensures that the mark scheme covers the students' responses to questions and that every associate understands and applies it in the same correct way. As preparation for standardisation each associate analyses a number of students' scripts. Alternative answers not already covered by the mark scheme are discussed and legislated for. If, after the standardisation process, associates encounter unusual answers which have not been raised they are required to refer these to the Lead Examiner.

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Level of response marking instructions

Level of response mark schemes are broken down into levels, each of which has a descriptor. The descriptor for the level shows the average performance for the level. There are marks in each level.

Before you apply the mark scheme to a student's answer read through the answer and annotate it (as instructed) to show the qualities that are being looked for. You can then apply the mark scheme.

Step 1 Determine a level

Start at the lowest level of the mark scheme and use it as a ladder to see whether the answer meets the descriptor for that level. The descriptor for the level indicates the different qualities that might be seen in the student's answer for that level. If it meets the lowest level then go to the next one and decide if it meets this level, and so on, until you have a match between the level descriptor and the answer. With practice and familiarity you will find that for better answers you will be able to quickly skip through the lower levels of the mark scheme.

When assigning a level you should look at the overall quality of the answer and not look to pick holes in small and specific parts of the answer where the student has not performed quite as well as the rest. If the answer covers different aspects of different levels of the mark scheme you should use a best fit approach for defining the level and then use the variability of the response to help decide the mark within the level, ie if the response is predominantly level 3 with a small amount of level 4 material it would be placed in level 3 but be awarded a mark near the top of the level because of the level 4 content.

Step 2 Determine a mark

Once you have assigned a level you need to decide on the mark. The descriptors on how to allocate marks can help with this. The exemplar materials used during standardisation will help. There will be an answer in the standardising materials which will correspond with each level of the mark scheme. This answer will have been awarded a mark by the Lead Examiner. You can compare the student's answer with the example to determine if it is the same standard, better or worse than the example. You can then use this to allocate a mark for the answer based on the Lead Examiner's mark on the example.

You may well need to read back through the answer as you apply the mark scheme to clarify points and assure yourself that the level and the mark are appropriate.

Indicative content in the mark scheme is provided as a guide for examiners. It is not intended to be exhaustive and you must credit other valid points. Students do not have to cover all of the points mentioned in the Indicative content to reach the highest level of the mark scheme.

An answer which contains nothing of relevance to the question must be awarded no marks.

SECTION A

The following list indicates the correct answers to be used in marking learners' responses to the multiple-choice questions.

KEY LIST

01	A – External and disruptive	[1 mark]
02	B – 2 and 3	[1 mark]
03	C – Statement 1 is true, statement 2 is false.	[1 mark]
04	A – Both statements are true.	[1 mark]

0 5

A business has a highly-skilled workforce. Explain why a leadership style that relies on the use of authority might not be suitable in this situation.

[3 marks]

1 mark for understanding of a leadership style that relies heavily on the use of authority. (This understanding may be implicit). Such a leadership style exists when a manager takes most of the decisions.

1 mark for stating why this style of leadership might be unsuitable. It offers employees little freedom to take decisions and they may be demotivated by this.

1 mark for putting the answer in the context of a highly-skilled workforce. Such employees have the ability to take many of their own decisions and may be frustrated by a lack of freedom to do so

Only award mark 3 if the candidate has achieved the first two marks.

0 6

Paul Ribes is the owner of a small business. Explain why Paul's use of referent power might be very effective.

[3 marks]

1 mark for understanding of referent power. It is power arising from the leader's character traits, background, image, executive presence or charisma. (This understanding may be implicit).

1 mark for stating a reason why the use of referent power is effective. This might be because subordinates admire Paul and are willing to do as he asks.

1 mark for putting the answer in the context of a small business. In a small business, subordinate employees are more likely to know Paul personally and to appreciate his personal qualities.

Only award marks 2 and 3 if the candidate has achieved the first mark.

0 7

A business suffers from poor communication. Explain why this might make it difficult to implement a major strategic change successfully.

[3 marks]

1 mark for understanding of strategic change. Strategic change relates to the goals and purpose of the business. (This understanding may be implicit).

1 mark for explaining why it might be difficult to implement a major strategic change. This might be because it takes time and significant resources to carry out this type of change.

1 mark for putting the answer in the context of a business with poor communication. This will make it more challenging for senior managers to explain the nature of the change.

Only award marks 2 and 3 if the candidate has achieved the first mark.

0 8 Use the information and force field analysis to analyse why Betony Ltd’s directors took the decision not to sell *Adventure*.

[9 marks]

Level	Descriptor	Marks
3	Uses information and force field analysis to analyse why Betony’s directors decided not to sell <i>Adventure</i> . [For 9 marks the analysis must use exemplars of driving and resisting forces and clear statement about balance].	9–7
2	Uses the information to describe the forces affecting the directors’ decision. [One force described = 4–5 marks, two factors or more = 6 marks]	6–4
1	Demonstrates generic understanding of force field analysis.	3–1

Possible responses include:

Knowledge and Understanding (L1)	Application (L2)	Analysis (L3)
<p>Force Field Analysis was developed by Kurt Lewin. It compares the forces for change (driving forces) with those against change (resisting forces).</p> <p>External forces include:</p> <ul style="list-style-type: none"> • economic • social & ethical • technological • legal & political. <p>Forces for and against change can be given values (often between 0 and 5) to assess their importance.</p> <p>If the two sets of forces are in equilibrium then there is no impetus for change.</p>	<p>A driving force is that the use of online technology amongst children (the target market for <i>Adventure</i>) has risen to three hours daily, suggesting that a growing market exists for the product.</p>	<p>As L2 plus balancing argument such as:</p> <ul style="list-style-type: none"> • The directors at Betony Ltd decided not to sell <i>Adventure</i> to this new target group because the resisting forces outweighed the driving forces. • The balance of resisting forces is greater than the driving force and thus the theory of force field analysis guided the directors to a decision of not to sell <i>Adventure</i>.
	<p>One resisting force is the economic situation amongst parents who are likely to pay for <i>Adventure</i>. Their incomes have fallen and expenditure on non-essential items such as <i>Adventure</i> has decreased by 5%. This might make it difficult to sell the product.</p>	
	<p>Another resisting force relates to the ethical issues surrounding <i>Adventure</i>. Parents may be pressurised by their children to buy products that they cannot really afford.</p>	

0 9 Use the information, and relevant motivation theory, to analyse

- one financial method and
- one non-financial method

which Banyan might use to improve the motivation of Ficus Ltd's employees.

[9 marks]

Level	Descriptor	Marks
3	Uses the information and motivation theory to analyse two methods that could be used to improve the motivation of Ficus Ltd's employees. [7 marks for analysis of one method and 8-9 marks for two.]	9–7
2	Uses the information to explain one financial and one non-financial method that could be used to improve the motivation of Ficus Ltd's employees. [4–5 marks for one description and 6 marks for two].	6–4
1	Demonstrates relevant generic understanding of motivation/theories of motivation.	3–1

Possible responses include:

Knowledge and Understanding (L1)	Application (L2)	Analysis (L3)
<p>Motivation is the will or desire to achieve something.</p> <p>Writers such as Maslow & Herzberg have developed content theories of motivation (levels of needs & the two-factor theory, respectively). Process theories of motivation have been written by Locke, Vroom and others.</p> <p>Any relevant theory is acceptable.</p> <p>Employee motivation can be affected by a range of financial and non-financial factors such as recognition, promotion and empowerment.</p>	<p>Banyan could decide to increase the rate of pay for Ficus Ltd’s employees – the company is profitable and could afford this. Ficus Ltd pays the lowest rate possible and an increase might make the employees feel more valued and increase their motivation.</p>	<p>Frederick Taylor argued that workers are ‘economic animals’ and are motivated by rates of pay – higher pay leads to higher levels of motivation, so long as workers are supervised. Ficus Ltd could pay its employees piece-rate where they are paid an amount for each box of vegetables or fruit that they pick. This could be set at a rate that gives them a higher overall pay rate – which the company could afford.</p>
	<p>Employees work alone a lot of the time and have little chance to communicate with their supervisors or managers. They could be allowed some opportunities to speak with supervisors or managers and to make some suggestions on how to improve the business. This could motivate Ficus Ltd’s employees as they would feel (and be) more involved in the business’s operations.</p>	<p>Frederick Herzberg identified motivators which could positively increase levels of motivation (as well as factors that de-motivate). His theory suggested that giving employees more responsibility is a motivator. Ficus Ltd’s fruit pickers would be more motivated if they were given greater freedom to organise themselves, rather than this being done by the company’s supervisors.</p>

NB: For level two the reward for one explanation is 4–5 marks, for two explanations it is 6 marks. The use of ‘explanation’ in the descriptor is intended to avoid simple statements like ‘increase their pay’ allowing students to access L2.

1 0

Use the information to analyse why the decision to use a matrix organisational structure helped Bellis Ltd to meet its organisational performance targets.

[9 marks]

Level	Descriptor	Marks
3	Uses the information to analyse why the use of a matrix organisational structure helped Bellis Ltd to meet its organisational performance targets. [One target for 7 marks and both targets for 8-9 marks]	9–7
2	Uses the information to describe the suitability of these organisational structure(s) to the company's circumstances. [One target for 4–5 marks and two targets for 6 marks]	6–4
1	Demonstrates relevant generic understanding of hierarchical and matrix organisational structures. [Two marks for matrix, one for hierarchical]	3–1

Possible responses include:

Knowledge and Understanding (L1)	Application (L2)	Analysis (L3)
<p>A hierarchical organisational structure has many different levels of authority connecting several management levels and relatively narrow spans of control. Most communication is downwards and decisions tend to be taken higher up the organisation.</p> <p>A matrix structure is based on project teams made up with people from all departments or functions within a business. A matrix structure tends to encourage communication and the exchange of ideas.</p>	<p>Bellis Ltd's employees work in cross-functional teams and moving to a matrix structure makes sense in that these cross functional teams can be formed to deal with exact needs of the company's customers and their projects such as developing the packaging for the supermarket.</p> <p>The hierarchical organisational structure would be less appropriate for Bellis Ltd's highly skilled employees working on projects as senior managers tend to take most decisions and communication can be less effective.</p>	<p>The move to a matrix structure is suited to the skills of Bellis Ltd's employees and the needs of its customers. The employees are highly skilled and the company's customers all have different needs in that the scientific solutions they are seeking vary. Operating a matrix structure allows Bellis Ltd to put together teams to deal with a customer's exact needs and to meet these fully. Employees are more able to communicate fully with one another and the customers are more likely to be satisfied. As a result, their numbers may increase.</p> <p>Employees will be in more control of decision-making under a matrix structure. They will work in expert cross-functional teams drawing on their scientific skills to solve the customers' problems. Both the work and the achievement will help to provide job satisfaction and therefore the levels of employee motivation and performance.</p>

SECTION B

- 1 1** Considering the information in Item A, evaluate the extent to which Willow’s use of empowerment, given the constraints on SCL, will allow this organisational change to be implemented successfully.

[20 marks]

Level	Descriptor	Marks
5	Uses Item A to analyse the extent to which empowerment will work taking into account the constraints and therefore the extent to which organisational change can be implemented successfully.	20–17
4	Uses Item A to develop an analytical response. Analyses how the use of empowerment might affect SCL’s ability to implement the organisational change or analyses how the constraints might impact on implementing the organisational change. Judgement of the effectiveness of the technique is supported by analysis.	16–13
3	Uses Item A to develop an explanatory response. Explains benefits of the use of empowerment and/or impact of constraints.	12–9
2	Uses Item A to support the response. Describes empowerment and/or constraints in context.	8–5
1	Demonstrates generic understanding of relevant subject matter such as empowerment and/or constraints.	4–1

Characteristics of different levels of answers:

Level 1:

- At this level students would simply demonstrate knowledge and understanding of relevant topics from the specification: empowerment and financial and operational constraints.
- The students would **not** make use of any aspect of the case study to develop their responses.

Level 2:

- Students reaching this level would select relevant elements from the case and describe what is happening in relation to the plans for empowering the workforce and the likely effects of the company’s weak financial position.
- Students reaching the top two marks of this level would describe **both** factors.

Level 3:

- At level three students would explain the benefits of using empowerment in the context of this case study. This would not be related to the organisational change, but rather would explain the more general benefits for this company of the use of empowerment.
- At this level students might explain why financial constraints hamper a business's ability to take decisions. They could link this to change in general, but not to the organisational changes outlined in the case study.
- The higher marks (11–12) in this level can be reached by explaining the benefits of empowerment **and** the implications of financial constraints.

Level 4:

- At this level the student will develop analytical responses by linking either empowerment **or** the financial constraints faced by the company to its ability to implement the proposed organisational change.
- Judgement at this level will be along the lines that the plans for organisational change either will or will not work.

Level 5:

- Here the candidate will address the question fully and will make and support a judgement on the extent to which the use of empowerment will (or, more likely, will not) overcome the problems associated with financial constraints and allow the organisational change to be implemented successfully.
- A student might be awarded 17–18 for an unbalanced response. For example, arguing that it simply will not work because the company will not have sufficient finance to provide training etc... to support the plans for empowerment and therefore the change cannot be implemented successfully.
- We will reserve 19–20 for a more balanced evaluation which considers factors that will and will not impact on the extent to which the workforce can be empowered and thus makes some evaluation on the extent to which the organisational change can be implemented successfully.

Exemplar responses

Understanding (L1):

Empowerment. This involves giving employees greater control over their working lives. They can take decisions without asking or involving managers. This offers the potential of higher levels of motivation, lower labour turnover and improved employee performance.

Financial and operational constraints. These exist when a business has limited finance available to put into action its plans. This might be because profits are low or the business will face difficulty borrowing money from a bank or raising funds selling shares. Operational constraints occur when a business might not be able to put in place the production plans it has. This might be because of a shortage of employees or a lack of assets such as machinery or buildings.

Description (L2):

Empowerment. Willow plans to empower the factory's employees and they'll work in teams. This will give them much more control over what they do at work and they'll be able to make important decisions about how to produce the bicycles.

Financial and operational constraints. The company has a lack of finance available. Its profits last year were very low and have been for some time. This means that it does not have much money with which to fund these changes.

Explanation (L3):

Empowerment. The benefits of using empowerment are that at least some employees will be more likely to support the changes that are needed to improve SCL's performance. About 60 employees have said that they want more involvement in decisions and jobs which are more interesting than merely 'simple, repetitive tasks on the production line'.

Financial and operational constraints. The company's lack of finance means that it is difficult for it to make any changes. Its profits last year were just £27 500 and this means that Willow cannot afford to invest in training and recruitment of experienced employees which might be necessary if any change is to be effective. Operational problems can also hamper change. Willow might not have enough or the right resources to make any changes to the factory and the way that it operates.

Analysis (L4):

Willow's decision to use empowerment to implement the proposed organisation change might help to overcome resistance as it may help to improve the levels of motivation and performance amongst her employees. About 60 employees say that they are keen to have more decision-making power and more interesting jobs and there may be more who think this but didn't say so. Working in teams and making their own decisions will motivate these employees and it might help to reduce the numbers leaving. Overall a motivated and co-operative workforce will be important in increasing output to ensure that SCL's retailer's receive supplies of bicycles on time as well as improving designs and eliminating faults.

The constraints faced by the company are likely to make it very difficult to implement Willow's organisational change. The company's profits have been declining and were just £27 500 in the last year. This makes it difficult for it to raise the estimated £1.5 million that is essential to finance the cost of training employees in their new roles and make redundancy payments. Without this funding it is difficult to see how the organisational change can be implemented successfully. The position is worsened by the operational constraints that SCL faces. It is already behind with supplies to its retailers and closing its factory for three weeks will make this worse. Without sufficient training, more faults might appear in the teams' products and this will lead to dissatisfied retailers cancelling orders and threatening the whole organisational change.

Judgement (L4):

The use of empowerment to implement this organisational change will help to persuade at least some of SCL's employees to support the organisational changes and this will be essential for its success.

The existence of financial and operational constraints will make it impossible to implement this change successfully. SCL cannot afford to pay for training and redundancies and, without this the organisational change cannot succeed.

Evaluation (L5):

Willow's decision to use empowerment might help her to bring some of the employees onside, but many more seem concerned about pay and are unlikely to support these changes without higher wages, which appears unlikely given SCL's weak financial position. The company cannot afford to pay more given its intention to spend heavily on training and new machinery. Operationally it will be very difficult for SCL to implement these plans as it requires the factory to close for three weeks when they are behind with orders and may lack funds to pay for the training that will be needed as its employees are mainly unskilled.

Overall, the use of empowerment is unlikely to be sufficient to allow the organisational change to be implemented successfully. There are too many major obstacles in Willow's way – lack of finance and an unskilled and mainly unwilling workforce are likely to combine to make the implementation very hard, if not impossible.

Assessment grids

Coverage of assessment outcomes

Question	AO1	AO2	AO3	AO4
01	1			
02	1			
03	1			
04			1	
05			3	
06			3	
07				3
08	9			
09		9		
10		9		
11			11	9
Totals	12	18	18	12

Assessment Objectives coverage

Question	Knowledge & understanding	Application	Analysis & evaluation	Total
01	1			1
02	1			1
03	1			1
04			1	1
05	1	2		3
06	1	2		3
07	1	2		3
08	3	3	3	9
09	3	3	3	9
10	3	3	3	9
11	3	5	12	20
Totals	18	20	22	60