

# Business

## Answers and commentaries GCSE (8132)

### **Paper 1: Influences of operations and HRM on business activity**

Marked answers from students for questions from the June 2022 exams. Supporting commentary is provided to help you understand how marks are awarded and how students can improve performance.

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# Answers and commentaries

This resource is to be used alongside the GCSE Business June 2022 Question paper 1 Influences of operations and HRM on business activity and inserts.

## Section B

9-mark questions

### Question 2.3

Since Premium Motors started 10 years ago it has expanded slowly using organic growth. Recommend whether Premium Motors should now take over LLC. Give reasons for your recommendation.

[9 marks]

### Mark scheme

Marks for this question: AO2 – 3 marks AO3 – 6 marks

Level	Marks	Description
3	7–9	<p><b>Detailed analysis and evaluation of topics based on the context</b></p> <ul style="list-style-type: none"> <li>• Sustained line of reasoning, which is coherent, relevant, substantiated with a focused conclusion that is fully justified.</li> <li>• Business areas are fully analysed.</li> <li>• Applies knowledge and understanding to the context sufficiently.</li> </ul>
2	4–6	<p><b>Sound analysis and evaluation of topics based on the context</b></p> <ul style="list-style-type: none"> <li>• A line of reasoning, with a conclusion that has some justification.</li> <li>• Business areas are partially analysed.</li> <li>• Applies some knowledge and understanding to the context.</li> </ul>
1	1–3	<p><b>Basic analysis and evaluation of topics based on the context</b></p> <ul style="list-style-type: none"> <li>• Basic line of reasoning with a conclusion.</li> <li>• Basic analysis of business areas.</li> <li>• Basic knowledge and understanding is applied to the context.</li> </ul>
0	0	<ul style="list-style-type: none"> <li>• Nothing written worthy of credit.</li> </ul>

**Indicative content:**

<b>Application</b>	<b>Analysis/evaluation</b>
<p>Premium Motors has been growing using organic growth which has taken 10 years. Premium Motors will gain LLC's customer base instantly.</p> <p>Highly competitive market.</p>	<p>Taking over an established business will be a quick method of growth. The takeover will instantly give Premium Motors an existing customer base, with contracts with hotels lasting for another 12 months. This will save time of having to establish a customer base and reputation compared with organic growth. As the London market is competitive there is a risk using organic growth that Janet will not be able to attract customers away from the competition in an area where she has no reputation. As organic growth took 10 years in the past the external growth will enable Premium Motors to expand quicker.</p>
<p>With the hotel contracts only lasting another year it will then have to be agreed again.</p> <p>Coordination from Manchester.</p> <p>Janet not familiar with London.</p>	<p>The takeover is external growth is expensive as the cost of the takeover is £400 000. Janet will receive the customer base as part of the price paid, but as this only lasts for a year, she will have to renegotiate the contracts. If Janet is unable to manage the business effectively from Manchester this could affect its reputation and the hotels may choose a competitor when the contract finishes. This is more likely given that Janet is unfamiliar with the London area and business decisions may not be right for LLC's market. Paying £400 000 represents</p>

**Evaluation/conclusion**

- How confident would Janet be of expanding into London using organic growth?
- How secure is the customer base that she will acquire through the takeover?

## Student responses

## Response A

Premium motors

By taking over LLC they would be able to grow much faster as they would instantly gain LLC's large customer base. By ~~expanding~~<sup>growing</sup> their customer base and servicing for celebrities it will create a good reputation and attract new customers. By attracting new customers revenue and profit would be increasing, this would be beneficial to Premium motors as the takeover would cost £400,000 leaving them with £600,000 to be made up for which could easily be done through their new customer base.

However London is a very competitive market, ~~and taking over LLC is a risk~~ By entering a competitive market they are ~~putting~~ putting the business at risk and at a potential £1000,000 loss. Taking over LLC does not guarantee a place in the market and the takeover could just make the business harder to manage.

Extra space Janet is also not familiar with the London area and so would be running it from her headquarters in Manchester, not only would managing the business be difficult from further away but it also puts more

pressure on Janet to hire the correct people who know the London area as she doesn't have knowledge on it. This means quality of the service could fall and damage the reputation of Premium Motors.

Overall I recommend Premium Motor to not take over LIC as it increases risk and puts them at a potential loss of £400,000. However this decision would depend on how effectively Janet would be able to work in the London market without knowledge of the area.

### This is a Level 3 response

It begins with some clear Level 2 line of reasoning with the student also showing an understanding of the concept growth. There is a good line of reasoning and use of context. There is then some use of the data/source material from Item A to explain why the expansion is beneficial which moves into Level 3. The response then provides a strong counter argument providing clear reasoning as the drawbacks of expanding this way. The final recommendation does not further develop the reasoning but whilst there is a slight weakness in the conclusion the extensive use of the case study information in a logical and clear manner means this is a response achieving full marks..

**9 marks**

## Response B

new customers  
 ↓  
 more sale opportunities  
 ↓  
 higher sales  
 ↓  
 more advertising  
 ↓  
 more money made  
 ↓  
 quicker to pay back  
 ↓  
 more revenue  
 ↓  
 higher profit

A takeover is when one business gains enough money to buy out another, if then has control of the business. One benefit of taking over LLC is that Premium Motors would gain a large new group of customers from hotels and tv celebrities this could allow Janet to have more sale opportunities as LLC currently have a good reputation. More sales made means that more money is made therefore allowing Premium Motors to make back the £400,000 quicker. It also means more revenue which leads to higher profit.

highly competitive market  
 ↓  
 aware of demand  
 ↓  
 taking over one of the popular businesses  
 ↓  
 rapid growth because of more sales  
 ↓  
 expand further  
 ↓  
 with money made

Another benefit of Premium Motors taking over LLC is that due to the competitive market they are aware of the high demand. Since Premium Motors are already removing one of the competitors they have a higher chance of being successful. As well Extra space as rapid growth due to the increase in clientele. This could allow Janet to further expand her business into other locations therefore producing more money.

400,000  
 ↓  
 might not have the money  
 ↓  
 use retain profits  
 ↓  
 could lose bc no guarantee of success.

However one disadvantage of taking over LLC is that it costs £400,000 and Premium Motors might not have that amount saved in having to use their retained profits which could be lost as success is not guaranteed. This could lead to Premium Motors even making a loss.

I think that Premium Motors should take over LLC because it would give them the opportunity to grow ~~it~~ rapidly instead of slowly using organic growth.

### This is a Level 2 response

There is clear Level 2 reasoning in the opening paragraph explaining the impact of the potential takeover and why more sales will come about. A second benefit is then outlined in relation to reducing the competition. The student then provides a brief and simplistic counter argument but does not develop the point. Finally, a decision with some justification is given. This response provides a logical but not fully developed line of reasoning. To move to Level 3 the response would need to explain in more detail the how and why in relation to the business growing. Points are made but not fully developed.

**6 marks**



## Response C

one reason I would recommend Premium Motors to take over LLC is because LLC has already got a very large customer base. This is good because Premium Motors will be making lots of revenue, and higher amounts. This will lead to Premium Motors making lots of profit, and allowing them to expand even more.

However one reason I wouldn't recommend PM taking over LLC is because it's very expensive, this is bad because PM's will have to pay 400,000 upfront, which could lead to PM not being able to cover these costs.

To summarise, in my opinion I think that PM should take over LLC, as long as they can do it safely, as this could be a great investment for PM. Taking over, is definitely the better choice.

**This is a Level 2 response**

This response is a bottom of Level 2 response. The reasons given for the takeover are generic and does not explain who the customers are in relation to the case study. Reasons are then given against the takeover, again these are generic and could apply to any business although there is a limited use of context used relating to the cost of the takeover which move the response into Level 2. The recommendation is given and with an attempted justification although this is limited. To move to Level 3 the response would need to make a much more extensive use of the context and explain in more detail the points made relating to the business growing. Points are far too generic and not fully developed.

**4 marks**

## Question 2.6

Premium Motors has developed the new website to provide information about cars before making a booking. Janet is thinking of adding the option to book cars directly on the website.

Recommend whether Janet should use e-commerce to **improve customer service** at Premium Motors. Give reasons for your recommendation.

[9 marks]

## Mark scheme

Marks for this question: AO2 – 3 marks AO3 – 6 marks

Level	Marks	Description
3	7-9	<p><b>Detailed analysis and evaluation of topics based on the context</b></p> <ul style="list-style-type: none"> <li>• Sustained line of reasoning, which is coherent, relevant, substantiated with a focused conclusion that is fully justified.</li> <li>• Business areas are fully analysed.</li> <li>• Applies knowledge and understanding to the context sufficiently.</li> </ul>
2	4-6	<p><b>Sound analysis and evaluation of topics based on the context</b></p> <ul style="list-style-type: none"> <li>• A line of reasoning, with a conclusion that has some justification.</li> <li>• Business areas are partially analysed.</li> <li>• Applies some knowledge and understanding to the context.</li> </ul>
1	1-3	<p><b>Basic analysis and evaluation of topics based on the context</b></p> <ul style="list-style-type: none"> <li>• Basic line of reasoning with a conclusion.</li> <li>• Basic analysis of business areas.</li> <li>• Basic knowledge and understanding is applied to the context.</li> </ul>
0	0	<ul style="list-style-type: none"> <li>• Nothing written worthy of credit</li> </ul>

**Indicative content:**

<b>Application</b>	<b>Analysis/evaluation</b>
<p>The price depends on several factors which will be difficult to manage online.</p> <p>At present there are no prices for car hire on the website. Customers must telephone a salesperson between 9 am and 6 pm Monday to Friday to agree the price of their car hire booking.</p>	<p>E-commerce will not improve customer service as customers may find it difficult to find the correct price due to the several factors which make up the price. If customers do not have a straightforward booking, for example they are picking up customers from lots of locations this could make calculating the price difficult. If the customer books a car thinking they have worked out the price and this is not correct, then this could lead to complaints. As the prices are not currently on the website due to the fact there is not a set price it could mean this service is not suitable for e-commerce. Incorrect prices could mean that the booking does not make a profit for the business, which long term could lead to the business becoming insolvent.</p>
<p>Prices could be requested using online chat and then easily booked.</p> <p>Telephoning a salesperson between 9 am and 6 pm Monday to Friday for</p>	<p>E-commerce will improve customer service as it allows customers to book at times convenient for them, increasing customer satisfaction. The sales team is only currently available Monday to Friday between 9 am and 6 pm, which means that if a customer is at work, they may not be able to</p>

**Evaluation**

- Depends if the online chat team can give accurate prices.
- Depends on what they are booking the car for – more complicated bookings such as weddings will need the sales team to consider the price to make sure a profit is made.

## Student responses

## Response A

A reason that Janet should use e-commerce is that it is more convenient for customers, which will increase satisfaction. This is because currently they are not open between 9am-6pm on a weekday, but many people are busy during these hours, limiting Premium Motor's reach to more customers.

E-commerce may lead to more customers using the service provided by Premium Motors.

This is also due to the rising demand for luxury chauffeurs in the Manchester area. This will lead to more sales, bringing more revenue, meaning their market share grows, and more profit, which could help fund the induction training for new drivers.

On the other hand, customers may appreciate more of an interactive experience when paying for such a luxury service.

This is not provided in e-commerce. As Premium Motors takes pride in the quality of its service, expanding to e-commerce could damage this image/reputation. Any errors or discrepancies due to e-commerce can lead to customer dissatisfaction, something less likely <sup>with</sup> the current service.

In conclusion, I think Janet ~~should~~ should expand as the positives outweigh the negatives. E-commerce will help her expand the customer base, and will improve customer service.

**This is a Level 3 response**

There is a sound Level 2 line of reasoning and use of context to explain how the use of e-commerce is beneficial to customers and therefore more customers using the service. The first paragraph concludes with a link to sales when the question relates to customer service. The counter line of reasoning outlines the drawbacks of e-commerce and a Level 3 level of reasoning relating to the consequences of poor customer service. The conclusion is limited and contains a basic justification. The second paragraph is where this response achieves the bottom of Level 3. To move to the top of Level 3 the response would need to explain in more detail the effects on customer service and provide a more detailed justification as to why the business should or should not use ecommerce.

**7 marks**

## Response B

Using e-commerce to allow customers to book online allows for ~~anytime~~ 24/7 bookings. This improves customer service as customers are not restricted to the times they are allowed to book. Having closing times at 9am until 6pm means some people could be at work and therefore not very able to book however booking on the website gives more freedom of times to book and allows more customers to use their service.

Using e-commerce would also mean customers would not have to wait for ~~an~~ an employee to answer their call and they can book quickly.

If the call lines are busy customers may have to wait long periods of time before being able to

<sup>talk</sup> ~~talk~~ to ~~an~~ <sup>an</sup> employee. This leads to customer dissatisfaction however being able to book online allows for bookings to be made quickly and effectively.

Extra space However booking online means that customers cannot ask questions about the service when booking leading to confusion and dissatisfaction.

Overall I would recommend for Janet to use e-commerce to improve customer service as more customers would be able to book easily and quickly. However this depends on how efficiently ~~Janet~~ Janet can run an online booking service.

**This is a Level 2 response**

There is clear Level 2 reasoning in the opening paragraph explaining how better customer service will come about through developing e-commerce. There is a partial analysis of each of the points made in the response with both sides of the decision to use e-commerce considered in part. The response shows a clear line of reasoning, and use of context but only partial analysis of the issues. To move to Level 3 the response would need to explain in more detail each of the points made with the consequences and effects fully detailed.

**5 marks**



## Response C

An advantage of Janet using e-commerce to improve customer service is that the website will be accessible to customers at any time. This is good because customers can book a car from the website whilst out <sup>shopping</sup>, this leads to ~~repeat~~ a high rate of customer satisfaction therefore repeat custom.

A disadvantage of using E-commerce to improve customer service is that Premium Motors may be fully booked for the day and there not be enough drivers. This is bad because customers may look for a different car from Premium Motors. Competition, this leads to losing loyal customers therefore gaining a bad reputation.

Extra space In conclusion I recommend Janet to use E-commerce as this will improve Premium Motors customer service as loyal customers can quickly and easily book the car which leads to more sales therefore a higher profit.



**This is a Level 1 response**

This response is a middle of Level 1 response. The response begins with a generic statement about being able to book from anywhere and then talks about more sales when the question is about customer service. The problem outlined as a counter reason is an issue faced through any booking process so not appropriate to e-commerce alone and is again generic in nature. The response concludes with a basic statement recommending the use of e-commerce. The response shows a basic line of reasoning, and a limited use of context with only a simplistic analysis of the issues. To move to Level 2 the response would need to show a greater understanding of what e-commerce is and be able to explain the issues in relation to the case study in context rather than in the generic way it has done.

**2 marks**

## Section B

6-mark question

### Question 2.5

Janet is considering introducing a new induction training programme for the new drivers to ensure a high level of customer service.

Analyse **one** benefit of introducing the new induction training for drivers.

**[6 marks]**

### Mark scheme

**Marks for this question: AO2 – 3 marks AO3 – 3 marks**

Level	Marks	Description
<b>3</b>	<b>5-6</b>	<p><b>Detailed analysis of topics based on the context</b></p> <ul style="list-style-type: none"> <li>• Business areas are fully analysed.</li> <li>• Applies knowledge and understanding to the context sufficiently.</li> </ul>
<b>2</b>	<b>3-4</b>	<p><b>Sound analysis of topics based on the context</b></p> <ul style="list-style-type: none"> <li>• Business areas are partially analysed.</li> <li>• Applies some knowledge and understanding to the context.</li> </ul>
<b>1</b>	<b>1-2</b>	<p><b>Basic analysis of topics based on the context</b></p> <ul style="list-style-type: none"> <li>• Basic analysis of business areas.</li> <li>• Basic knowledge and understanding is applied to the context.</li> </ul>
<b>0</b>	<b>0</b>	<ul style="list-style-type: none"> <li>• Nothing written worthy of credit</li> </ul>

**Answers may include:****Application:**

- the video will help drivers review how to deal with customers and have a high customer service – **induction helps employees carry out their roles more efficiently**
- the role play exercise will allow drivers to practise dealing with difficult customers so when faced with them they know what to do to – **induction can help drivers become more productive.**

**Example of a Level 3 developed answer**

The role play exercise will allow drivers to practise dealing with difficult customers in an environment where they can make mistakes without it affecting the business' reputation for quality of service. This will mean that the new drivers will become more productive more quickly as when faced with a difficult customer they will know what to do to, as the induction will have given them the opportunity to run through a number of different scenarios. Compared with a leaflet this will be more effective in making sure that there are fewer complaints about drivers, especially as they have also watched the more experienced driver dealing with a customer.

**Student responses****Response A**

One benefit of introducing new induction training for drivers is a guarantee of high customer service leading to better brand reputation. As seen from the case study <sup>Motors</sup> Premium Prider it sets on high quality of service therefore they must meet those expectations. By doing this drivers will be able to greet customers correctly as they will be able to see an example and will be able to practise dealing with difficult customers as a result there will be a good word of mouth as customers are more satisfied with the journey and as a result a good reputation will create brand awareness leading to more services used. Overall by training drivers their performance and motivation of happiness is increased and this is reflected on business.

**This is a Level 3 response**

The response makes clear the benefit of introducing the induction training and how this will lead to improved reputation. The knowledge and understanding of the concept is clear and the analysis linking induction training to the benefits good customer service are well developed. There is a detailed line of reasoning along one line of discussion which makes the benefits to the business clear.

**6 marks**

## Response B

Ready to deal problems  
won't damage reputation

New induction training would result in drivers engaging ~~and~~ positively with customers straight away. By politely engaging with customers, they are more likely to be satisfied with the service. This could result in a tip for the driver, which motivates them to always deliver a top quality service. Or it could also result in a good review on their website, which could result in a higher status for Premium Motors allowing them to increase their price as many customers would still be willing to pay this. This would result in more profit for Premium Motors just from introducing new induction training.

**This is a Level 2 response**

The response outlines a variety of benefits of the induction training but does not fully develop any. The question asks for analysis of one benefit. None of the three benefits given are developed and each one is only partially analysed. To move to Level 3 the response would need to focus on one benefit and fully analyse that. The benefit of the induction training could be to the business, the customer or the driver.

**3 marks**

Response C

Induction training is good for new drivers. It helps ensure that they know exactly what they are doing when. This helps them to make sure nothing is going wrong. Which in turn means that they can also deal with difficult customers.

**This is a Level 1 response**

The response makes a considerably basic statement about how the drivers will benefit from induction training and about the impact on their role. There is no development and there is no analysis. To move to Level 2 the response would need to provide more analysis explaining why the benefit given will help the business, the customer or the driver.

**2 marks**

## Section C

6-mark questions

### Question 3.3

There have been 500 applications received for the team leader's job and the business now needs to shortlist only the most suitable applicants.

Using **Item C**, analyse **one** way the person specification can be used to decide which applicants to invite for an interview.

[6 marks]

### Mark scheme

Marks for this question: A02 – 3 marks A03 – 3 marks

Level	Marks	Description
3	5-6	<b>Detailed analysis of topics based on the context</b> <ul style="list-style-type: none"> <li>Business areas are fully analysed.</li> <li>Applies knowledge and understanding to the context sufficiently.</li> </ul>
2	3-4	<b>Sound analysis of topics based on the context</b> <ul style="list-style-type: none"> <li>Business areas are partially analysed.</li> <li>Applies some knowledge and understanding to the context.</li> </ul>
1	1-2	<b>Basic analysis of topics based on the context</b> <ul style="list-style-type: none"> <li>Basic analysis of business areas.</li> <li>Basic knowledge and understanding is applied to the context.</li> </ul>
0	0	<ul style="list-style-type: none"> <li>Nothing written worthy of credit.</li> </ul>

#### Application:

- essential skills – three years' experience of leading employees and communication skills – **rule out any applicants without essential experience as it's important to recruit the people with the right experience to ensure job success**
- shortlist any students who meet both the essential and desirable requirements, eg have worked in the mobile phone market – **desirable could limit the amount of training needed and essential requirements would ensure the applicant is efficient at the role**
- needs someone who can lead effectively and help the success of the expansion – **effective management of the new product.**

**Example of a Level 3 developed answer**

The person specification helps the business shortlist applicants for interview based on their skills/experience which gives them the ability to carry out the role. The business has indicated that it is essential that the applicants have experience of leading employees and good communication. If this is not present on their application then they can discard these applicants as they will not be suitable for the role. This should reduce the 500 people who applied. Ones that are left can be matched to the desirable requirements as this will mean they can carry out the role more effectively once employed and may save training for the business. This final list will be more likely be suitable for interview and match Anita's need to find someone who can lead effectively.

**Student responses****Response A**

One way in which the person specification can be used is if Anita can filter out the people that ~~are not on the~~ do not fit the criteria of the "Essential" list and if there are still too many applicants to interview then she could use the "Desirable" list for example only keep the applicants that have "Experience of working in the mobile phone industry". This is good because if Anita has to use the "Desirable" section of the person specification then the employee will be more suited to the team leader job role.

**This is a Level 3 response**

The response clearly identifies the way a person specification can be used to reduce the number of applicants explaining two steps which could be used to get numbers down. The response then refers back to the case study explaining that Anita will be able to find potential employees more suited to the job. There is clear reasoning which stays focussed on the use of the person specification.

**6 marks**



## Response B

The person Specification can help very quickly shortlist the 500 people. This is because Anita can instantly eliminate all candidates missing any of the essential requirements. She it can then help her choose a select few on how many desirable specifications they have. She can choose her top 20 out of 500 to come for an interview which saves her costs as she may have to pay for their travel to her business HQ.

**This is a Level 3 response**

The response identifies the stages a person specification can be used to reduce the number of applicants, removing those without the essential experience then those without the desirable elements. To move to the top of Level 3 the response would need to use more context relating to the phone cases or outline the benefits to Anita in more detail.

**5 marks**

## Response C

The person specification can be used as whilst Anita is looking through the applications she can ~~pick~~ shortlist the applicants who have the Health and safety training and the experience of working in the mobile phone industry. She can shortlist these applicants further by choosing the ~~the~~ person who has the longest experience.

**This is a Level 1 response**

The response is quite generic and refers to the process of shortlisting but not why using the person specification to do this would help reduce the numbers and select appropriate candidates for the job. The idea of essential and/or desirable would need to be used to move to Level 2 or 3 and a greater use of context relevant to the case study.

**2 marks**

### Question 3.6

Demand for the new ultra-thin phone cases is increasing.

Analyse **one** advantage to Fone Ltd of introducing its new flow production process.

[6 marks]

### Mark scheme

**Marks for this question: A02 – 3 marks A03 – 3 marks**

Use the [levels of response in previous section \(page 23\)](#).

#### Application:

- increased demand for ultra-thin cases and the new flow production process means the business can produce up to 100 000 phone cases a month – **flow allows businesses to increase volume to meet sales as demand is there**
- machines able to change the shape and style of the mobile phone cases for different makes and models of phones – **use of equipment in flow production makes it easier to meet the demand for different phones and product range can increase**
- workers have specific jobs such as to load different colour materials into machines – **allows for specialisation and workers can become more efficient**
- unit costs have decreased by £1.50 – **the business has benefited from economies of scale due to new machinery**
- flow has reduced need for employees which have reduced from 14 to 10 – **could save costs and result in economies of scale.**

#### Example of a Level 3 developed answer

The business is experiencing an increasing demand for ultra-thin cases and the new flow production process means the business can produce up to 100 000 phone cases a month. Flow production will make it more efficient as production can be continuous without the need to stop. The specialist machine will enable the business to use this increase in output to meet the demand for different shapes and styles of phones which will need slight changes made such as the colour, allowing a wider range of consumer demand to be met.

## Student responses

## Response A

quick  
 An advantage to Fone Ltd introducing flow production is that the machine can produce lots of phone cases "100,000 phone cases a month." This is good because the demand for the ultra-thin phone cases have been increasing so the consumer demands can be met. This leads to a high rate of customer satisfaction therefore more phone cases being sold which increases profit.

**This is a Level 3 response**

The response makes clear the advantage of introducing the new production process and uses context to help – the demand has increased so the new machinery will help meet the demand. The response is not detailed enough in developing a clear understanding of flow production to achieve the top of Level 3 but the reference to the case study is good application of knowledge.

**5 marks**

## Response B

Introducing flow production would allow for more phone cases to be produced faster. This would be beneficial to the firm as at the moment their demand is exceeding their supply meaning they are losing out on potential customers. Introducing flow production and producing more at a quicker rate would allow for supply to meet demand and therefore satisfying all customers and also increasing their sales as more people would be able to purchase a phone case. This increase of sales would boost revenue and ~~and~~ ultimately increase profit.

**This is a Level 2 response**

The response does not fully develop how output would increase but does explain how using flow production would help meet the 'demand which currently exceeds supply'. There is a partial analysis and to move to Level 3 there would need to be more about how the use of flow production would solve the issue of meeting the demand for phone cases.

**4 marks**

## Response C

one advantage of Fone Ltd using flow production is that they can keep up with the demand.

This is good because if the demand for phone cases is going up and the business has just switched to flow production, Fone Ltd will be taking advantage of a huge gap in the market.

This will lead to Fone Ltd selling lots more phone cases, and will result in a geometric increase in profits.

**This is a Level 1 response**

The response makes a statement about the flow production helps keep up with demand and why it is needed. This is followed up with statements about taking advantage of a gap in the market which have no relevance to the question. To increase the level there needs to be more in the response which indicates an understanding of what flow production is and how this will help meet the increased demand for phone cases.

**2 marks**

## Section C

12-mark question

### Question 3.7

Anita wants to increase the productivity of all employees quickly and plans to use **two** options to achieve this.

1. Introduce a new lean production technique to each department.
2. Change the organisational structure and recruit internally for new assistant managers within each department.

Analyse the effect of each of these **two** options on all employees at **Fone ltd**.

Recommend which option **Fone ltd** should introduce first to improve productivity of all its employees in the short term.

**[12 marks]**

## Mark scheme

Marks for this question: AO1 – 3 marks AO2 – 3 marks AO3 – 6 marks

Level	Marks	Description
4	10–12	<p><b>Developed, integrated analysis and evaluation of topics with sustained judgement based on context</b></p> <ul style="list-style-type: none"> <li>• An integrated line of reasoning, which is coherent, relevant, with a conclusion where the area which has been impacted on the most has been fully justified.</li> <li>• Interdependent nature of business areas is fully analysed.</li> <li>• Applies knowledge and understanding to the context and successfully draws together several functional areas of business.</li> </ul>
3	7–9	<p><b>Detailed analysis and evaluation of topics based on the context</b></p> <ul style="list-style-type: none"> <li>• A line of reasoning, which is coherent, relevant, with a conclusion that is justified.</li> <li>• Different business areas are analysed independently, or the interdependent nature of business areas is partially analysed.</li> <li>• Applies knowledge and understanding to the context and starts to draw together several functional areas of business.</li> </ul>
2	4–6	<p><b>Sound analysis and evaluation of topics in isolation of their interdependence based on the context</b></p> <ul style="list-style-type: none"> <li>• A line of reasoning, with a conclusion that has some justification.</li> <li>• One business area is analysed independently.</li> <li>• Applies some knowledge and understanding to the context.</li> </ul>
1	1–3	<p><b>Basic generic discussion of topics</b></p> <ul style="list-style-type: none"> <li>• A basic understanding of business concepts in isolation.</li> <li>• A basic understanding of one or more business concepts.</li> <li>• Partial relevance to the question.</li> </ul>
0	0	<ul style="list-style-type: none"> <li>• Nothing written worthy of credit.</li> </ul>



<b>Understanding</b>	<b>Application</b>	<b>Analysis/evaluation</b>
<p>Lean production looks at inefficiency and can boost productivity and reduce costs.</p> <p>Lean production and being part of the groups could be a non-financial method of motivation as it could lead to greater responsibility.</p> <p>The reward for all staff can be a financial method of motivation.</p>	<p>The groups will look at job roles and make suggestions for change.</p> <p>It will be optional to join.</p> <p>Groups can be set up immediately.</p> <p>Bonus of £5000 to be shared among the department.</p> <p>Human resources and marketing departments already have an efficient work force (7.5 and 7.7) out of 8 hours.</p>	<p>Lean production looks at inefficiency and can boost productivity and reduce costs.</p> <p>Being part of the groups could be a non-financial method of motivation as it could lead to greater responsibility. Each group will have the responsibility to look at roles and tasks within the department and look for changes to improve productivity. The employees who work within the department are the people best suited to making changes. This can also help boost job satisfaction which can lead to higher levels of productivity. The employees who want to get involved can do as it is optional, however as the bonus will be shared then all employees will benefit. As they can be set up immediately then the changes could be made quickly and within three months the bonus could have been given out. For the small departments this is more likely to be effective as the roles will be more familiar to all staff and the financial incentive greater. In operations it is difficult to see how this will have much financial incentive as 15 employees will share the £5000. However, with the lowest staff productivity even a minor change suggested by the group could improve this and reduce the two hours wasted each day.</p>

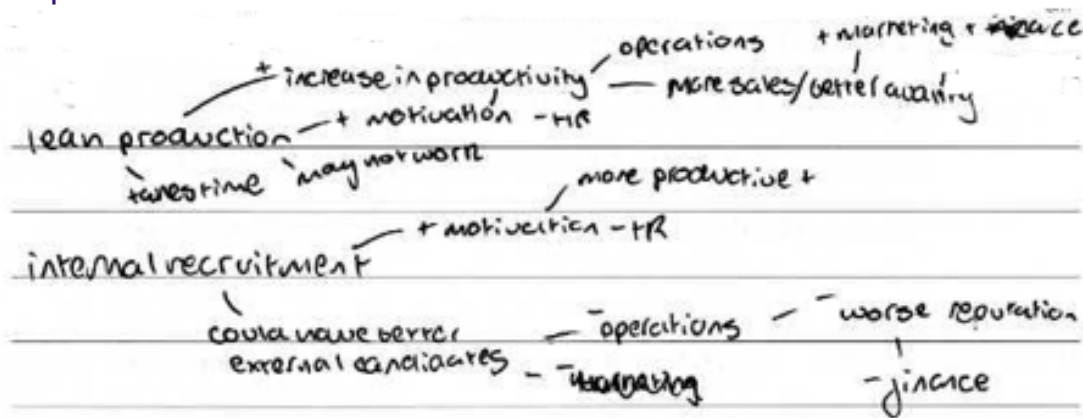
<p>Assistant manager roles may motivate employees as they will have higher pay and more senior roles in the business. Motivated employees normally work harder and do the job more efficiently.</p> <p>It provides opportunities for progression within the business and can help employee retention.</p>	<p>£5000 extra pay and more duties such as higher authority in decision making in each department and will oversee employees' training.</p> <p>Human resources and marketing are small departments with only five employees.</p> <p>The larger departments may become more efficient as an assistant manager will be delegated tasks, eg training.</p>	<p>Assistant manager roles may motivate employees as they will have higher pay and more senior roles in the business. Motivated employees normally work harder and do the job more efficiently. This can be both a financial and a non-financial method of motivation. As the successful applicant will gain about £5000 more in pay this could motivate them to work more productively. It can also help improve other employees' productivity as it can be seen as giving more opportunities to move up the organisation. However, its success will depend on how many employees apply for the role and if they see it as being fair and open to all. With 15 staff in the operations department and there is already a team leader in that department it may not help. Whereas in human resources a smaller number of employees will apply for the role.</p>
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**What does it depend on? Evaluation and integration**

- Employee productivity is lowest in the operations department. Does she need to improve productivity for all employees in the business?
- If employees are likely to get involved with the groups.
- In the operations department a high number of employees may apply for the assistant manager job and this could mean that the time it takes will be too long to have an immediate impact on motivation and thus productivity.
- Pay could be the main issue for lower motivation and productivity and a pay-rise for all may be more effective.
- Depends if the roles in each department can be improved with the group.

## Student responses

## Response A



Lean production is ~~producing things~~ ~~and~~ ~~operating~~ operating in more efficient and effective ways. An advantage to Jones of introducing ~~to~~ lean production - specifically Kaizen - is employees ~~will be more motivated~~ productivity should increase. One reason for this is that employees will be more motivated as they feel listened to by Anita and that they are helping the company out - positively affecting HR. The increase in productivity will also come from the fact that the people who witness everything and who know how to become more efficient are the employees. The increase should positively effect operations as ~~output~~ production output and quality should increase which in turn positively effects marketing as Jones Ltd will have a better reputation. This should positively affect finance as sales should increase.

A disadvantage to Jones Ltd of implementing lean production is that it will take time. It will take time to meet up and make suggestions and talk about how to improve.

Extra space This will negatively affect operations as this time could be spent producing phone cases or selling them. ~~This will negatively affect finance as sales will likely fall in the meantime as finance is held.~~ This is because they have 15 employees producing but only 12 can work while improvements are being made.

Organisational structure is the ~~structure within~~ levels of hierarchy within a business. Internal recruitment is recruiting employees from within the business - so transferring them across or upwards internally. One advantage ~~to~~ internal recruitment for increasing productivity is that employees will want to be the one promoted. This means that employees will be more productive to show their skills to Anita. The main reason for this is more control and a £5000 pay rise. It will likely increase motivation amongst employees positively affecting HR. ~~and~~ This increase in motivation will likely result in a positive effect for operations ~~and~~ as productivity will increase hopefully improving production quality and output. This should have a positive effect on marketing and finance as sales and reputation would increase. However a disadvantage to hiring internally is that there might be better external candidates. This is a disadvantage as Jones Ltd would be completely ignoring potential candidates better. This would negatively affect operations as ~~management~~

running of the department may not be very good which would reduce productivity and may also negatively affect HR. This is because employees may not like decisions making them unhappy and more likely to leave. It would also affect Fones Ltd's reputation negatively impacting marketing.

Overall: I think Fones Ltd should introduce lean production to improve productivity. This is because ~~they~~ it would allow them to become more efficient. Reducing costs and improving productivity likely resulting in more sales increasing profit. ~~HR~~ Operations would be most impacted as production output and quality would improve.

### This is a Level 3 response

It begins with some clear Level 2 line of reasoning with the student also showing an understanding of the concept of lean production. The consequences of introducing the lean production method are then outlined and there is a recognition that not just operations will benefit. The counter argument that it will take time to implement the changes and the consequences of this move the response into Level 3. The second part of the response focuses on the option to change the organisational structure, again showing an understanding of the concept and the effects this change will have on the workforce. There is a clear line of reasoning and identification of consequences. The analysis involves some repetition and is therefore only sound rather than detailed. The question asks for a recommendation and the development of this part of the response provides a clear summary, but is repetitive of earlier parts of the response, the decision is simplistic and could apply to any business. In summary the response contains a good line of reasoning, a relevant conclusion and some analysis, although this is repetitive. In order to move to Level 4 the response would need to consider all employees in the business and include more analysis of the time scales and short and long term impacts on the productivity of all employees.

**9 marks**

## Response B

By introducing a new team production technique of groups of employees suggests how to improve means that employees can become more productive as they will have specific objectives to be working on that relate closely to their job.

Having objectives could motivate the staff to work harder. These groups can also be made immediately <sup>means</sup> ~~may~~ production could increase quicker.

However it could cause resentment between the employees who weren't picked for the job as they could become even more demotivated as they weren't considered for the job. This could create a hostile working environment leading to lower levels of productivity. This has an effect on the operations function as it affects the production of the goods.

On the other hand receiving from internally presents the chance of promotion between staff. The idea of promotion means more employees will become more productive as they would want to move higher up a hierarchy.



and gain more responsibility. This increase in motivation would cause productivity levels to rise. There is also a financial motivation

Extra space ~~However by reducing intensity of~~  
with ~~take a month to~~

of £5000 pay rise for the successful applicants this would also increase motivation for those who are financially motivated rather than motivated by more responsibility.

However by reducing intensity it would take a month to choose the applicants. This means employees could become anxious about the opportunity and productivity levels could fall. This would also mean the business would have to give ~~the~~ the successful applicants a pay rise of £5000. This affects the human resources function as it motivates employees both financially and non-financially.

Overall I would recommend introducing the ~~groups~~ new lean production method first as it can be put into place immediately and financial measures productivity quicker <sup>reduces the business in the short term.</sup> ~~than~~ this has the biggest impact on ~~the~~ <sup>the</sup> human resources function as of the employees <sup>do not set</sup> ~~are not~~ motivated then <sup>neither</sup> ~~either~~ of these strategies

will work. However the decision depends on whether there are suitable employees for the scope to be given priority in the lean production strategy.

### This is a Level 2 response

It begins with a generic statement how all employees can become more productive if lean production is introduced and that this can be done immediately. There is no development of how an immediate implementation would help. The counter argument is again generic and has limited use of context. At this point there is the start of a line of reasoning at Level 2. The alternative option is then considered with a basic line of reasoning which is again generic and could relate to any business. The points made are sound in analysis but not linked together and are repetitive in nature. The question asks for a recommendation and the development of this part of the response is not in detail. In summary the response considers both options with some indication that the difference in the time taken to implement each option will be different alongside some indication that promotion opportunities will be beneficial. There is context but this is limited. In order to move to Level 3 the response would need a greater use of context and a line of reasoning which is more connected rather than separate points. The response needs to show a clear understanding of the impacts on the productivity of all employees.

**6 marks**



## Response C

Lean Advantage	Disadvantage
- more ideas	- TOO competitive - cause tension
- more productivity	- <del>decreases</del>

## change organisation

Advantage	Disadvantage
- high staff retention	- cause tension.

The organisational structure is the order of authority in the business. The most important (director) is at the top.

An advantage of Anita introducing a new lean production is that there will be more ideas in the business. This is good because Fone Ltd will have a higher rate of productivity in the business which therefore increases staff retention.

A disadvantage of Anita introducing a new lean production is that the departments will be competing against each other for the 'bonus' of £5000. This is bad because this will cause a high rate of tension in the business.

this leads to employees not liking the workplace therefore ~~many~~ employees may quit their job.

Extra space

An advantage of Fone Ltd changing their Organisation structure is that internal recruitment doesn't take long and the employee already knows the business. This is good because the Assistant Managers will know all of the employees and the workplace well so this leads to less training needed therefore higher productivity in the business.

A disadvantage of Fone Ltd changing their Organisation structure is that internal recruitment for assistant manager may cause conflict between the employees who have applied for the job but got turned down. This is bad because this causes tension in the workplace ~~and~~ which may lead to employees not enjoying their job therefore quitting.

This links to all of the departments, in conclusion I think that Anita should introduce lean production as this will

~~increase~~ "improve productivity" as the employees will work hard for a bonus.

### This is a Level 2 response

It begins with some simple knowledge points about organisational structure and lean production. The response then makes an incorrect statement about departments competing and creating tension in the workplace which is the opposite of what is stated in the information being used for the question. The response goes on to give a sound analysis with some partially developed reasoning relating to changing the organisational structure although this is generic and could be applied to any business.

There is a basic line of reasoning for both options and the response fails to develop a justification for the option being suggested. In summary the response has a basic line of reasoning with a conclusion but contains no developed analysis of which is the best option.

In order to move to Level 3 the response would need a greater use of context and a line of reasoning which is more connected rather than separate points. The response needs to show a clear understanding of the impacts on the productivity of all employees.

**4 marks**

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