



GCE MARKING SCHEME

BUSINESS STUDIES AS/Advanced

SUMMER 2014

INTRODUCTION

The marking schemes which follow were those used by WJEC for the Summer 2014 examination in GCE BUSINESS STUDIES. They were finalised after detailed discussion at examiners' conferences by all the examiners involved in the assessment. The conferences were held shortly after the papers were taken so that reference could be made to the full range of candidates' responses, with photocopied scripts forming the basis of discussion. The aim of the conferences was to ensure that the marking schemes were interpreted and applied in the same way by all examiners.

It is hoped that this information will be of assistance to centres but it is recognised at the same time that, without the benefit of participation in the examiners' conferences, teachers may have different views on certain matters of detail or interpretation.

WJEC regrets that it cannot enter into any discussion or correspondence about these marking schemes.

	Page
BS1	1
BS2	9
BS3	18
BS4	27

BUSINESS STUDIES

BS1 MARK SCHEME

GENERAL MARKING GUIDANCE

It should be remembered that the candidates are writing under examination conditions and credit should be given for what the candidate writes rather than adopting the approach of penalising him/her for any omissions. It should be possible for a very good candidate to achieve full marks and a very poor one to achieve zero marks. Marks should not be deducted for the less than perfect answer it satisfies the criteria of the mark scheme, nor should marks be added as a consolation where they are not merited.

Levels of Response

Questions are awarded marks on the basis of the levels of response. The purpose of this is to award the so-called higher level skills, particularly of analysis and evaluation. In practice, the good Business Studies candidate is likely to demonstrate a good grasp of the information presented to him/her, he/she will be able to weigh this up in the light of his/her theoretical understanding of the subject and will be able to suggest appropriate strategies to deal with the situation. Candidates who have a deficiency in their theoretical understanding or who are unable to analyse a situation properly, are unlikely to be able to synthesise or evaluate in a meaningful way.

In marking scripts reference should be made to the relevant part of the mark scheme and the candidate should be awarded a mark that corresponds to the highest level that he/she has demonstrated.

Quality of written communication

The QWC is assessed in question 5

GCE BUSINESS STUDIES - BS1

Mark Scheme - Summer 2014

Question	Answer	Mark allocation	Assessment objective
1	<p>With the use of examples, explain what is meant by the term primary market research.</p> <p>Explanation of term (x2), plus 1 mark for each correct example</p> <p>Answer:</p> <ul style="list-style-type: none"> • Gathering of first-hand data • Tailor made to a business's own products or services • Carried out by fieldwork • Provides answers to exact questions that a firm may be interested in. • Examples – Questionnaires, focus groups, personal interviews, IT based research such as e-mail surveys, telephone interviews, postal surveys, observation, consumer panels, test marketing. 	4	AO1 3 AO2 1
2 (a)	<p>Adapt the diagram below and explain the likely effect on the price of potatoes in 2012 as a result of the flooding.</p> <p>2 marks for the diagram & 2 for the explanation 1 mark for a new correctly labelled supply curve 1 mark for P2+Q2 (both labels need to be correct)</p> <p>Indicative content:</p> <ul style="list-style-type: none"> • Poor potato harvest leads to <u>a decrease</u> in supply of UK potatoes causing the <u>supply curve to shift (upwards)</u> to the left. (x1) • New equilibrium is formed where S1 cuts D, <u>raising price</u> to P2. (x1) 	4	AO1 2 AO2 2

Question	Answer	Mark allocation	Assessment objective
2 (b)	<p>Discuss the view that not all businesses will suffer as a result of the impact of exogenous shocks, such as the floods that hit the UK in 2012.</p> <p>Level 1 Candidate briefly outlines 1 or 2 positive/negative impacts that an exogenous shock may have on UK businesses.</p> <p>Level 2 Candidate attempts to explain the harm and/or benefits caused by exogenous shocks to UK businesses and may attempt some basic evaluation.</p> <p>Level 3 Candidate fully evaluates the viewpoint, using relevant examples.</p> <p>Indicative Content: Possible responses may include:</p> <ul style="list-style-type: none"> • Damage to the agricultural businesses affected by flooding and excessive rain. • Disruption to travel in the UK – train companies suffering from damaged tracks and lost revenue. • Tourism in the UK damaged – camping particularly badly hit. • Businesses flooded out – pubs, hotels, high street shops etc. • Insurance companies having to pay out vast amounts of money. • Any relevant harm to businesses caused by flooding. <p>However:</p> <ul style="list-style-type: none"> • Examples from text of businesses that saw an upturn in trade for certain items. • Tradesmen and building firms who will pick up work repairing the damage caused by the floods. • Businesses not affected by floods may pick up trade from their unfortunate competitors who were impacted. • Businesses which have undertaken contingency planning (for example, insurance policies, flood defences) will not suffer to the same extent to those who do not undertake such planning. <p>Students may refer to any exogenous shock and use relevant examples to illustrate their point. Certain ‘shocks’ – such as terrorist attacks – have almost an entirely negative impact, when compared to others such as flooding.</p> <p>Max 1 for correct definition of exogenous shock – must indicate unexpected or unforeseen impact.</p>	<p style="text-align: center;">8</p> <p style="text-align: center;">1-2</p> <p style="text-align: center;">3-5</p> <p style="text-align: center;">6-8</p>	<p style="text-align: center;">AO1 1 AO2 1 AO3 2 AO4 4</p>

Question	Answer	Mark allocation	Assessment objective
3	<p>Analyse the possible benefits and drawbacks of home-working to both employers and employees in UK businesses.</p> <p>Level 1 Candidate briefly outlines 1 or 2 benefits or drawbacks to either employees or employers.</p> <p>Level 2 Candidate attempts to analyse at least 1 possible benefit and 1 possible drawback to either employers and/or employees of the increasing popularity of home working.</p> <p>Level 3 Candidate fully analyses possible benefits and drawbacks to both employers and employees of the increasing popularity of home-working.</p> <p>Indicative content:</p> <p>Possible responses may include:</p> <p>Benefits for employees:</p> <ul style="list-style-type: none"> • Greater flexibility in combining work with domestic responsibilities such as childcare or taking children to school. Work life balance improved. • The stress of travelling is reduced. • Cost savings on travelling, work clothes, food etc. <p>Drawbacks for employees:</p> <ul style="list-style-type: none"> • May miss out on social interaction with colleagues / feeling isolated. • More difficult to impress management if ambitious. • May miss out on experience of learning from others. <p>Benefits for employers:</p> <ul style="list-style-type: none"> • Costs reduced as less equipment and space is needed. • Absenteeism as a result of bad weather is eliminated. • Lateness is no longer an issue. • Staff may be more motivated if the benefits of home-working suit their lifestyle. <p>Drawbacks for employers:</p> <ul style="list-style-type: none"> • May be more difficult to monitor and control staff. • Communication problems may occur especially if staff are working on-line. • Cross fertilisation of ideas may be reduced if staff do not communicate with each other so frequently. 	<p>6</p> <p>1-2</p> <p>3-4</p> <p>5-6</p>	<p>AO1 2</p> <p>AO2 2</p> <p>AO3 2</p>

Question	Answer	Mark allocation	Assessment objective
4 (a)	<p>Explain two reasons why an individual may wish to set up his or her own business.</p> <p>Identification of reason (2x1) Explanation of each reason (2x1)</p> <p>Indicative content:</p> <ul style="list-style-type: none"> • Financial reward: may be opportunity to become better off/earn more than current employment/keep the profit/do not have to split the profit with anyone. • Independence: enjoy being in control rather than being employed/greater degree of flexibility. • Personal satisfaction: building your own business may help individuals reach the higher goals in life. • Prefer to work on their own: one man/women businesses are not uncommon. • Interest: may be passionate about the product or service they provide. Examples. • May take over a family business: and wish to keep it going to support family and employees. • Identifying gap in the market: can exploit an opportunity/to increase wealth. • Lack of employment opportunities: people made redundant and unable to find alternative work. • Encouragement by external/government agencies to set up own business: support and advice offered by agencies, e.g. GO Wales, Career Wales, Princes Trust. <p>Do not reward answers linked to comparing different types of ownership.</p>	4	AO1 2 AO2 2

Question	Answer	Mark allocation	Assessment objective
4 (b)	<p>Suggest two possible sources of external finance that would be suitable for a small start-up business. Give one advantage and one disadvantage of each.</p> <p>(x1) for identification of possible source of finance (x1) for correctly identified advantage (x1) for correctly identified disadvantage</p> <p>Indicative content:</p> <p>Possible responses may include:</p> <p>Bank loan: Very difficult to obtain for small businesses but if successful the money becomes immediately available. However, interest has to be paid on the loan and some form of collateral may be required to secure the loan.</p> <p>Loans/finance from family or friends: Money will be available immediately and may not incur interest. However, if loan is not repaid could damage friendships cause family issues.</p> <p>Business Angels/Venture capitalists: Possibly large sums of money can be attained quickly and advice may also be given. However, likely to lose full control of the business and may have to sacrifice equity.</p> <p>Overdraft: Very useful for overcoming short term liquidity problems. However, interest charged can be very high indeed and the overdraft limit tends to be fairly low for small businesses.</p> <p>Government assistance: Usually given to small businesses in regions where unemployment is high. Often they are grants which do not have to be repaid. However, they tend to be small amounts that last only for a relatively short period of time. They are also few and far between.</p> <p>Hire purchase: Useful for purchasing plant and machinery which can be obtained quickly. Finance houses may also be less selective than banks. However, interest rates are usually very high and the property is not owned by the business until the last payment has been made. Items can be legally repossessed if the business falls behind with repayments.</p>	6	AO1 2 AO2 2 AO3 2

Question	Answer	Mark allocation	Assessment objective
	<p>Trade credit: The 30-90 days offered by suppliers can be viewed as interest free way of raising finance. However, suppliers often offer discounts for cash or early payments, meaning the cost of goods is higher if full credit period is used. Late payment can also lead to a business gaining a bad reputation with suppliers.</p> <p>Leasing: The business acquires the use of resources without the need for a large sum of money. The maintenance and repair bills are met by the leasing company and they are generally easier to obtain than loans. Equipment can be updated regularly. However, over a long period of time it can be a very expensive and well in excess of the purchase price. The business never gets to own the items leased.</p> <p>Credit cards: Convenient, flexible, secure and avoid interest charges if monthly accounts are promptly settled. However, they tend to have a fairly low credit limit and not all suppliers and businesses will accept them. Late payments incur very high interest rates indeed.</p>		

Question	Answer	Mark allocation	Assessment objective
4 (c)	<p>Explain why, despite all the difficulties that face them, small businesses continue to survive.</p> <p>Level 1 Candidate briefly outlines 1 or 2 reasons why small businesses continue to survive.</p> <p>Level 2 Candidate attempts to explain at least 2 reasons why small businesses continue to survive.</p> <p>Level 3 Candidate fully explains reasons why small businesses continue to survive.</p> <p>Indicative content:</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • Some business owners do not want to grow and are content to operate as a small business without all the stresses and strains associated with a growing business. • Some small businesses can survive on a relatively low cost structure for example may operate from home or have no stock holding costs. • Some serve niche markets and there is no scope for growth – the market may not be possible to expand. • The government actively encourage the start-up of small businesses and offers help and advice to those wishing to start an enterprise. • The changing structure of the economy and the expansion of the tertiary sector has contributed to the growth of small businesses. Many services can be delivered more effectively on a small scale. Hairdressers, personal trainers, etc. • Small businesses can adapt to change quickly and satisfy customer needs more effectively than a cumbersome plc. • Many people who are made unemployed start up small businesses with their redundancy payments, utilising the skills they've gained when employed by larger companies. Carpenters, fitters, engineers, etc. • Some consumers like to purchase goods from specialist suppliers and outlets as they may provide something unique or provide a personal service which some larger organisations struggle to achieve. 	<p>8</p> <p>1-2</p> <p>3-5</p> <p>6-8</p>	<p>AO1 2</p> <p>AO2 4</p> <p>AO3 2</p>

Question	Answer	Mark allocation	Assessment objective
5	<p>Consider the factors that businesses, such as Glass Tech Recycling Ltd, need to take into account when deciding on where to locate.</p> <p>Level 1 Candidates briefly describes relevant location factors. The candidate organises information and presents simple ideas in a clear manner using some appropriate terminology suggesting weakness in these areas.</p> <p>Level 2 Candidate attempts to explain at least 2 relevant factors that businesses would need to take into account. The candidate can organise relevant information and express moderately complex ideas clearly in a coherent manner. There is good use of specialist terminology.</p> <p>Level 3 Candidate fully considers at least 3 key factors that the business would need to take into account when deciding upon where to locate. The candidate can organise effectively relevant information and express complex ideas extremely clearly and fluently. There is very good use of specialist terminology.</p> <p>Indicative Content:</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • The cost of renting or purchasing a suitable site in order that profitability will not be damaged by excessive rent or interest repayments. • Business rates need to be affordable. • Planning permission if expansion needed in future. • Sufficient space for future growth if anticipated. • All amenities available – especially internet access. • Transport links – good access to major highways/motorways. Not somewhere where congestion is an issue. • Sufficient potential customers within the region chosen. • Competition – avoid areas where there are other recycling businesses. • Possibility of gaining some kind of grant or incentive for locating in a certain area. Local or central government assistance. • Availability and cost of labour in the area chosen. • Industrial activity such as this may cause noise and disturbance – needs to be away from residential areas. <p>If candidates focus their responses on businesses which are in a different sector to Glass Tech Recycling Ltd, (for example, retail) then these responses must be qualified.</p>	<p>10</p> <p>1-3</p> <p>4-7</p> <p>8-10</p>	<p>AO1 1 AO2 1 AO3 2 AO4 6</p>

BUSINESS STUDIES

BS2 MARK SCHEME

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Quality of written communication

The QWC is assessed in question 3.8.

GCE BUSINESS STUDIES - BS2

Mark Scheme - Summer 2014

Question	Answer	Mark allocation	Assessment objective
1.1	<p>Explain what methods Mike Hallinan, the sales and marketing manager, might use to sell the excess stock?</p> <p>Level 1 Candidate identifies 1 or 2 methods that the sales and marketing manager might use to sell the excess stock.</p> <p>Level 2 Candidate identifies and explains 1 or 2 methods that the sales and marketing manager might use to sell the excess stock.</p> <p>Level 3 Candidate fully explains at least 2 methods that the sales and marketing manager might use to sell the excess stock. For a student to reach a top level 3 (6) they must undertake these explanations in the context of business to business marketing.</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • A reduction in price - a sale at reduced prices if larger volume taken. Introductory offers to new customers. • Sales promotions - buy ten get one free. • Increased advertising at targeted customers - mail shot. • Use market research to seek out new outlets who have not bought their products before - introductory offer. • Incentive scheme for sales team. • Increased presence at trade fairs and exhibitions. 	<p>6</p> <p>1-2</p> <p>3-4</p> <p>5-6</p>	<p>AO1 2</p> <p>AO2 3</p> <p>AO3 1</p>
1.2	<p>Explain three reasons why Martin Waites considers that holding too much stock is bad for the business.</p> <p>(x1) for identification. (x1 or for development)</p> <ul style="list-style-type: none"> • High costs – storage, insurance, lighting, refrigeration, handling, security, warehouse staff wages, etc. • Takes up space which may be more productively used e.g. better factory layout. • Opportunity cost – money is tied up and could be more effectively used elsewhere in the business. Loss of interest if in bank account. • Could be left with stocks if they cannot be sold due to unexpected change in demand. • Stock may become obsolete if superseded by newer, better products. • Theft may occur – employees may feel that theft from large stocks may not be so readily noticed. • Stocks can be damaged – temperature, vermin, mishandling, etc. • Health and safety issues - danger to staff through accidents etc. 	<p>6</p>	<p>AO1 2</p> <p>AO2 3</p> <p>AO3 1</p>

Question	Answer	Mark allocation	Assessment objective
2.1	<p>What is workforce planning?</p> <p>The process of determining the labour needs of the business now and in the future (x1) and then devising a plan to achieve them. (x1)</p> <p>Ensuring that the business has the right number of staff with the right skills (x1) to meet the needs and objectives of the organisation now and in the future. (x1)</p>	2	AO1 2
2.2	<p>Why is workforce planning so important to large organisations such as PepsiCo?</p> <p>Level 1 Candidate briefly outlines 1 or 2 reasons why workforce planning is so important to large organisations such as PepsiCo.</p> <p>Level 2 Candidate attempts to explain 1 or 2 reasons why workforce planning is so important to large organisations such as PepsiCo.</p> <p>Level 3 Candidate fully explains more than 2 reasons why workforce planning is so important to large organisations such as PepsiCo.</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • Important to establish that sufficient numbers are being employed in order that all necessary tasks can be carried out. • Helps a business like PepsiCo to cost how many workers it will need in the future and whether they are part time or full time. • It is important to identify the skills necessary for the vacancies they may wish to fill. • It is important to know when these workers will be needed in order to put recruitment plans in place for the future. • Where will these workers be needed? PepsiCo has many locations, both in UK and abroad. Which departments/functional areas might they be needed in? • Important to identify who may need training to improve skills or who can be redeployed to fill gaps where certain skills are necessary. • Important if business needs to rationalise – natural wastage, voluntary redundancy, compulsory redundancy, early retirement – the extent and cost of these. • Important because the firms need to establish the types of contracts to offer employees, e.g. part-time, permanent, zero hours etc. 	<p>6</p> <p>1-2</p> <p>3-4</p> <p>5-6</p>	<p>AO2 2</p> <p>AO3 4</p>

Question	Answer	Mark allocation	Assessment objective
2.3	<p>Evaluate the usefulness of the Boston Matrix to large businesses such as PepsiCo when attempting to manage their extensive product portfolios.</p> <p>Level 1 Candidate describes/illustrates the Boston Matrix.</p> <p>Level 2 Candidate explains the usefulness of the Boston Matrix in managing an extensive product portfolio and may attempt some basic evaluation.</p> <p>Level 3 Candidate fully evaluates the usefulness of the Boston Matrix to firms such as PepsiCo when managing an extensive product portfolio.</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • The Boston Matrix shows the market share of each of PepsiCo's products and the rate of growth of the markets in which they operate. • By highlighting the position of each product in terms of market share and market growth, PepsiCo can analyse its existing situation and decide what to do next. • Cash cows – high sales generate cash which may be used to help support new products being launched in new or existing market segments. Less money is likely to be used on supporting cash cows as they are already established. • Problem Child – could well provide a lot of revenue in the future – probably the most difficult to manage. The market is growing and therefore achieving a higher market share would be the objective. Relatively high levels of investment are needed to keep the products going with re-launches. If this has been tried before, may abandon the product. • Star – doing well in a growing market. May well need protection from competitors and money from the cash cows can help to fund heavy promotion. • Dogs – hold little appeal unless they can be revived. Will probably be withdrawn from the market or may be given one last chance. Dogs may be sold onto other companies and removed from the portfolio. 	<p>8</p> <p>1-2</p> <p>3-6</p> <p>7-8</p>	<p>AO1 1</p> <p>AO2 1</p> <p>AO3 2</p> <p>AO4 4</p>

Question	Answer	Mark allocation	Assessment objective
3.3	<p>Identify two stakeholders who might have an interest in Miles Guitars' Profit and Loss Accounts and briefly explain why each might have this interest.</p> <p>(x1) for identification plus (x1/2) for explanation of interest.</p> <ul style="list-style-type: none"> • HMRC /Government – To calculate tax payable. Dave Miles is a sole trader and therefore pays income tax. • Employees – for use in relation to wage negotiations or establishing job security. • The owner/manager – To review what aspect of the business needs attention e.g. expenses. To decide whether or not he could earn more money from another activity. Can he manage the business effectively? • Potential partners/investors/venture capitalists – is it a viable business to put money into? Would it be a worthwhile investment or is there too much risk involved? • Bank/potential lenders – what is the level of risk involved if Miles applied for a loan? Would he be able to meet the repayment schedule? • Customers – If they purchase goods in advance will the business be able to deliver in the future? Are the profits so low as to be a concern? • Suppliers/trade creditors – if they allow the business to purchase items on credit, will it be able to pay invoices when they are due? • Competitors – How profitable is the business compared to their own? Has the production of ukuleles made a difference to profitability? • Accountant – Are there any areas of the accounts that should be drawn to Miles' attention? How do the accounts compare with previous years? 	6	AO1 2 AO2 2 AO3 2
3.4	<p>What is Value Added?</p> <p>The difference between the cost of raw materials (x1) and the selling price (x1)</p>	2	AO1 2
3.5	<p>Using the figures in Table 1 calculate the value added for each ukulele that Miles Guitars will produce.</p> <p>£130 - £43 (x1) £87 (x2)</p>	2	AO2 2

Question	Answer	Mark allocation	Assessment objective
3.6	<p>Using examples from the text, explain what is meant by ‘above and below the line promotion’.</p> <p>Candidate explains what is meant by above the line (x1) and below the line (x1) promotion.</p> <p>Candidate uses appropriate example/s from the text of above the line (x1) and below the line (x1) methods of promotion.</p> <ul style="list-style-type: none"> • Above the line promotion is through independent, mass media which is indirect and allows a business to reach a wide/large audience. • Below the line promotion is direct, takes place via methods over which firms have some degree of control and allows businesses to aim their products at customers they know are interested in their products or services. • Placing adverts in two of the leading music magazines – above the line. • Directly contacting all existing customers on his data base. Prominently displaying ukuleles on their stall at trade exhibitions. 	4	AO1 2 AO3 2
3.7	<p>Evaluate the decision to introduce a team bonus scheme for the workers manufacturing the ukuleles.</p> <p>Level 1 Candidate briefly outlines one or two advantages and/or disadvantages of putting a bonus scheme in place for the ukulele team at Miles Guitars.</p> <p>Level 2 Candidate attempts to analyse one or two advantages and/or disadvantages of putting a bonus scheme in place for the ukulele team at Miles Guitars.</p> <p>Level 3 Candidate evaluates the decision of putting a bonus scheme in place for the ukulele team at Miles Guitars by fully explaining at least two advantages and two disadvantages.</p> <p>Possible responses may include:</p> <ul style="list-style-type: none"> • They may have a positive effect on productivity, resulting in greater output. Absenteeism may be reduced. • They can induce higher commitment/motivation from workers in order to gain maximum output. • It may result in a greater teamwork (team spirit) as one worker is reliant on the efforts of his/her colleagues. <p>However:</p> <ul style="list-style-type: none"> • Quality issues – there is an incentive for workers to do things quickly and this can lead to mistakes or poor workmanship. • Resentment – as they are working as a team some workers may be more productive than others and this could cause arguments amongst the workers. • Jealousy – those still making guitars may be envious of any bonuses that the ukulele team may attain and this could affect their motivation. • Not all workers are motivated by money so the desired increase in productivity may not be achieved by some workers. • The introduction of the bonus system will increase costs of producing ukuleles, which could impact on profitability. 	8 1-2 3-6 7-8	AO1 2 AO2 2 AO3 1 AO4 3

Question	Answer	Mark allocation	Assessment objective
3.8	<p>Discuss the view that a democratic leadership style, in whatever size or type of business, is always likely to be the most effective in achieving success.</p> <p>Level 1 Candidate demonstrates a basic understanding of the concept of democratic leadership.</p> <p>The candidate organises information and presents simple ideas in a clear manner using some appropriate terminology. Errors in grammar, punctuation and spelling may be noticeable and intrusive suggesting weaknesses in these areas.</p> <p>Level 2 Candidate attempts to explain why a democratic leadership style is likely to be the most effective in achieving success and may attempt some basic evaluation.</p> <p>The candidate can organise relevant information and express moderately complex ideas clearly in a coherent manner. There is good use of specialist terminology. Occasional errors in grammar, punctuation and spelling occur but they are not sufficient to suggest a weakness in these areas.</p> <p>Level 3 Candidate fully evaluates the view that a democratic leadership style, in whatever size or type of business, is always likely to be the most effective in achieving success.</p> <p>The candidate can organise effectively relevant information and express complex ideas extremely clearly and fluently. There is very good use of specialist terminology. There are few, if any, errors of grammar, punctuation and spelling.</p> <p>Possible reasons may include:</p> <ul style="list-style-type: none"> • A democratic leadership style encourages participation in decision making. • A democratic leadership style can be persuasive or consultative. • Requires good two-way communication – the leader needs to be able to explain ideas clearly and understand any feedback they receive. • More effective because managers are able to ‘tap into’ the ideas of workers who may be innovative, knowledgeable or experienced. Better decisions result. • More effective because workers are likely to be more committed and motivated to accept decisions made with their help. • More effective because workers are more likely to volunteer new and creative ideas without fear of criticism or repercussions. • More effective because it empowers workers and leads to, potentially, better decision making. 	<p>12</p> <p>1-4</p> <p>5-8</p> <p>9-12</p>	<p>AO1 2 AO2 2 AO3 1 AO4 7</p>

Question	Answer	Mark allocation	Assessment objective
	<p>However, it may not always be the most effective:</p> <ul style="list-style-type: none"> • It may result in decisions taking much longer to be reached as lengthy consultations may take place. • Whilst a more highly skilled workforce may be more productive when their opinions are sought, they may even prefer a laissez faire leadership style, having even more responsibility for making their own decisions. • Democratic leadership styles can lead to confusion the greater the size of the group, as communication can be more difficult. • Some groups of workers prefer to be directed rather than contribute; due to lack of interest or because they believe management are paid to make decisions and shoulder the responsibility. • Democratic leadership may not be suited to certain circumstances – an emergency may require an autocratic approach in order to get tasks done quickly to avoid the situation escalating further. • It may be wrong to assume that all workers in an organisation react in the same way to a particular management style. What is effective with some workers may not be with others and therefore a varied approach may be necessary, depending on the situation being faced. 		

BUSINESS STUDIES

BS3 MARK SCHEME

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Quality of written communication

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GCE BUSINESS STUDIES - BS3

Mark Scheme - Summer 2014

Question	Answer	Mark allocation	Assessment objective
1	<p>Identify and explain the various changes that have taken place in the dairy industry in recent years which have had an impact on Dairy Crest plc.</p> <p>Level 1 The candidate makes some attempt to explain the ways in which changes in the dairy industry have had an impact on Dairy Crest plc.</p> <p>Level 2 The candidate makes a reasonable attempt to explain the ways in which changes in the dairy industry have had an impact on Dairy Crest plc.</p> <p>Level 3 The candidate fully explains the ways that changes in the dairy industry have had an impact on Dairy Crest plc.</p> <p>Responses might include the following:</p> <ul style="list-style-type: none"> • The market for liquid milk has changed enormously. Sales have declined and moved away from doorstep deliveries. Customers now prefer to shop at supermarkets because milk is cheaper and is available up to 24 hours a day. Supermarkets have become the biggest customer and there is intense competition between the three big suppliers. This has squeezed profit levels. Consumers are buying more carbonated drinks. • The supply of milk has been affected by the consolidation of farms on the one hand and the increased output per cow. Farmers are demanding higher prices for the milk that they produce. In the future Dairy Crest might find that there is a shortage of milk and it might even have to import some of its supplies. Oversupply has caused prices to fall. • The market for cheese is buoyant with customers preferring mature cheddar which the company is in a good position to supply. They have been able to increase their prices and sales volume. Cathedral City sales have increased 16% against a market increase of 3.1%. • The market for spreads is very profitable and consumers are purchasing more. The market is up 12% however Dairy Crest plc's fortunes are mixed. Clover has increased sales by 16% but Country Life sales fell by 1%. • The market for flavoured milk is increasing. Market growth is up 27% although Friij's growth is only 7%. Friij would appear to be a bit of a 'problem child' as far as Dairy Crest plc are concerned. • Doorstep deliveries have declined significantly but the use of the internet with Milk&More means that this process can, to some extent be reversed. • Changes in packaging, decline in glass bottles and the use of Juglt. <p>Any valid response should be rewarded.</p>	<p align="center">10</p> <p align="center">1-3</p> <p align="center">4-7</p> <p align="center">8-10</p>	<p align="center">AO1 4 AO2 3 AO3 3</p>

Question	Answer	Mark allocation	Assessment objective
2	<p>Explain possible ways in which the management of Dairy Crest plc might respond to the risks which face the business.</p> <p>Level 1 The candidate demonstrates some understanding of the ways in which Dairy Crest might respond to the risks that it faces.</p> <p>Level 2 The candidate demonstrates better understanding of the ways in which Dairy Crest might respond to the risks that it faces.</p> <p>Level 3 The candidate demonstrates excellent understanding of the ways in which Dairy Crest might respond to the risks that it faces.</p> <p>Answers might refer to the following:</p> <ul style="list-style-type: none"> • To combat competition it may try to reduce costs and so compete on the basis of price or it could try to strengthen its brands, for instance through advertising, improving quality or repackaging its products. • To prevent consumers moving away for economic reasons it might try to reduce prices. To prevent them moving away for health reasons it might attempt to promote their health-giving qualities. They should also demonstrate the ethical nature of their business, e.g. in promoting animal welfare. • To reduce volatile milk costs they should strike long-term deals with farmers and possibly consider owning farms themselves. To reduce non-milk costs the company might try to reduce their reliance on gas and electricity by reducing consumption and using alternative methods, e.g. bio-fuels or solar. Also they should reduce the amount of packaging that they use. • The threat of restricted milk supply might be overcome by increasing storage capacity. • Accidents, contamination and the failure of equipment or systems will require vigilance and regular inspections together with policies for dealing with such eventualities. • High quality employees can be ensured from careful recruitment and training programmes. <p>Any valid suggestions should be rewarded.</p> <p>(N.B. Contingency plans are not covered until BS4 and are not expected but nevertheless should be credited if mentioned.)</p>	<p>12</p> <p>1-4</p> <p>5-7</p> <p>8-12</p>	<p>AO1 4 AO2 4 AO3 4</p>

Question	Answer	Mark allocation	Assessment objective																								
3	<p>Analyse and evaluate the performance of Dairy Crest plc, using both financial and non-financial methods.</p> <p>Level 1 The candidate attempts some analysis/evaluation of the financial/non-financial performance of Dairy Crest plc.</p> <p>Level 2 The candidate makes a reasonable attempt to analyse/evaluate the financial/non-financial performance of Dairy Crest plc.</p> <p>Level 3 The candidate makes a detailed and well-balanced evaluation of the financial and non-financial performance of Dairy Crest plc.</p> <table border="1" data-bbox="316 636 1098 1630"> <thead> <tr> <th></th> <th>2012</th> <th>2011</th> </tr> </thead> <tbody> <tr> <td>Net Profit Margin</td> <td>$95/1632 \times 100 = 5.82\%$</td> <td>$98/1605 \times 100 = 6.11\%$</td> </tr> <tr> <td>ROCE (fixed + current assets)</td> <td>$95/(732+400) \times 100 = 95/1132 \times 100 = 8.39\%$</td> <td>$98/(820+363) \times 100 = 98/1183 \times 100 = 8.28\%$</td> </tr> <tr> <td>ROCE (shareholders' funds + long term liabilities)</td> <td>$95/(274+585) \times 100 = 95/859 \times 100 = 11.06\%$</td> <td>$98/(367+462) \times 100 = 98/829 \times 100 = 11.82\%$</td> </tr> <tr> <td>Current Ratio</td> <td>$400/273:1 = 1.47:1$</td> <td>$363/354:1 = 1.03:1$</td> </tr> <tr> <td>Acid Test Ratio</td> <td>$400-188/273:1 = 212/273:1 = 0.78:1$</td> <td>$363-165/354:1 = 198/354:1 = 0.56:1$</td> </tr> <tr> <td>Gearing (long term liabilities /shareholders funds)</td> <td>$585/274 \times 100 = 213.5\%$</td> <td>$462/367 \times 100 = 125.89\%$</td> </tr> <tr> <td>Gearing (long-term liabilities/ shareholders funds + long-term liabilities)</td> <td>$585/(274+585) \times 100 = 585/859 \times 100 = 68.1\%$</td> <td>$462/(367+462) \times 100 = 462/829 \times 100 = 55.73\%$</td> </tr> </tbody> </table> <p>There is no Gross Profit Margin as the figures are not available.</p> <p>The Net Profit Margin has fallen from 6.11% to 5.82%. This figure is quite low and the fact that it has declined is likely to be a worry for Dairy Crest plc. The information given in the text shows that these figures are made up of several components: dairy, cheese and spreads. It seems that the cheese and spreads are not doing so badly but that there is little profit in the liquid milk business at present.</p>		2012	2011	Net Profit Margin	$95/1632 \times 100 = 5.82\%$	$98/1605 \times 100 = 6.11\%$	ROCE (fixed + current assets)	$95/(732+400) \times 100 = 95/1132 \times 100 = 8.39\%$	$98/(820+363) \times 100 = 98/1183 \times 100 = 8.28\%$	ROCE (shareholders' funds + long term liabilities)	$95/(274+585) \times 100 = 95/859 \times 100 = 11.06\%$	$98/(367+462) \times 100 = 98/829 \times 100 = 11.82\%$	Current Ratio	$400/273:1 = 1.47:1$	$363/354:1 = 1.03:1$	Acid Test Ratio	$400-188/273:1 = 212/273:1 = 0.78:1$	$363-165/354:1 = 198/354:1 = 0.56:1$	Gearing (long term liabilities /shareholders funds)	$585/274 \times 100 = 213.5\%$	$462/367 \times 100 = 125.89\%$	Gearing (long-term liabilities/ shareholders funds + long-term liabilities)	$585/(274+585) \times 100 = 585/859 \times 100 = 68.1\%$	$462/(367+462) \times 100 = 462/829 \times 100 = 55.73\%$	<p>14</p> <p>1-5</p> <p>6-10</p> <p>11-14</p>	<p>AO1 2</p> <p>AO2 3</p> <p>AO3 5</p> <p>AO4 4</p>
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	<p>ROCE has not changed very much, it is now standing at around 8 or 11% depending on the method used to calculate it, the figure is quite low, although still better than the return offered by banks. If this return continues to fall shareholders are likely to become worried.</p> <p>The Current Ratio has increased and at around 1.5:1 is looking quite healthy. The Acid Test ratio has also improved but at below 1:1 it might be thought to be a matter of concern. However, Dairy Crest is likely to have relatively high levels of daily sales so that cash supplies will be coming in quickly whereas it will probably be able to pay its suppliers a month in arrears so that there is unlikely to be a cash-flow problem.</p> <p>Gearing has increased dramatically and the company is highly geared (i.e. over 100% using the first method, or over 50% using the second method). However, it is stated in the text that, since the results were published, the company has sold the St Hubert spreads business for £344 million. This sale will have made a huge difference to the gearing ratio. If this is taken into account the ratio falls in 2012 to $241/(274+241) \times 100 = 241/515 \times 100 = 46.8\%$ so that the company is now low-geared and indeed it is looking for further acquisitions in order to push the ratio up.</p> <p>The non-financial methods include analysis of market share, sales targets, productivity, environmental impact, quality and customer satisfaction. There is some evidence in the case study concerning these issues.</p> <p>Three of its brands are number one in their respective markets, Cathedral City, Clover and Friij so the market share of these products must be high. However, whilst Cathedral City and Clover are growing faster than their markets, Friij is only growing at 7% compared to market growth of 27%. Country Life is doing even worse, despite being number three in the market its sales have fallen 1% against market growth of 12%.</p> <p>The company seems to be reaching its sales targets for Milk&More but as total revenue has only grown by £27m between 2011 and 2012 it seems that there is room for improvement.</p>		

Question	Answer	Mark allocation	Assessment objective
	<p>Productivity in the milk business seems to have improved due to rationalisation (the closure of two dairies) and job losses. Also milk productivity in general has increased.</p> <p>There is little evidence about environmental impact although there are question marks about the welfare of cattle. It has introduced a milk bottle that uses 15% less plastic. Also the business states that it is proud of its links with the countryside and that it acts responsibly “with a passion to do the right thing”.</p> <p>Dairy Crest claims to put consumers at the heart of their business and the fact that three of its brands are number one, this is evidence of success. Also the success of Milk&More shows that it meets customer needs.</p> <p>Overall, the financial situation looks weak. Profit levels are low, particularly in the liquid milk business. Liquidity and gearing are less of a worry. The company needs to continue its cost-cutting policies and look for ways to increase profit margins, perhaps by concentrating on the high-margin businesses of cheese, spreads and flavoured milk drinks. In some areas its sales performance is good but there is no need for complacency.</p>		

Question	Answer	Mark allocation	Assessment objective
4	<p>Evaluate Dairy Crest plc’s vision and values from the point of view of its various stakeholders.</p> <p>Level 1 The candidate makes an attempt to analyse/evaluate Dairy Crest plc’s vision and values to the future success of the business. from the point of view of some stakeholders.</p> <p>Level 2 The candidate makes a reasonable attempt to analyse/evaluate Dairy Crest plc’s vision and values from the point of view of various stakeholders.</p> <p>Level 3 The candidate makes a good attempt to analyse and evaluate Dairy Crest plc’s vision and values from the point of view of most of the company’s stakeholders.</p> <p>Responses might include the following:</p> <ul style="list-style-type: none"> • Much is said about consumers: earning their loyalty by providing healthy, enjoyable and convenient products; meeting consumers’ needs and “go where this takes us”; “consumers are at the heart of our business”. • However, whilst most of their products are likely to be healthy there may be concerns that over-consumption of dairy products can cause health problems. Also some enjoyable products may not necessarily be healthy. • The company claims to look after their people and that they respect and value their people. Nevertheless, the company seeks to cut costs and has made many workers redundant. • Managers and shareholders are likely to benefit if the business is successful, however if too much emphasis is given to acting responsibly and looking after “our people and the communities where we work” short-term profits may suffer. • Suppliers, and farmers in particular, will benefit if the company is true to its links to the countryside and if it acts responsibly with a passion to do the right thing. However, there is a conflict between treating farmers fairly and negotiating the best price for milk. This may also impact on animal welfare, which pressure groups will be concerned about. Other suppliers will find themselves squeezed by the e-auction process. • Communities should benefit from the company’s vision, but closing dairies in some areas will have a negative effect on some communities. • The government will be concerned with the activities of the company as it plays an important role in supporting farmers. The company will be paying corporation tax on its profits. 	<p>12</p> <p>1-4</p> <p>5-8</p> <p>9-12</p>	<p>AO1 1</p> <p>AO2 1</p> <p>AO3 3</p> <p>AO4 7</p>

Question	Answer	Mark allocation	Assessment objective
cont'd	<ul style="list-style-type: none"> • Competitors may be affected by the business's vision and values insofar as if it is successful they may lose market share. • In general, the vision and values are helpful in creating a positive culture and helping to focus employees on the tasks in hand and creating a positive image as far as the public are concerned, however, in practice, it may not be easy to achieve them all. Also, some critics argue that such things may just be pious hopes and that, in practice, particularly when times are hard, some aspects of them may go by the wayside. <p>Any valid response should be rewarded.</p>		

Question	Answer	Mark allocation	Assessment objective
5	<p>Assess the view that the best strategy for growth for Dairy Crest plc is through acquisitions (mergers and takeovers) rather than through organic growth.</p> <p>Level 1 The candidate makes some attempt to analyse/evaluate the opportunities and threats facing Dairy Crest plc.</p> <p>Level 2 The candidate makes a reasonable attempt to analyse/evaluate the opportunities and threats facing Dairy Crest plc.</p> <p>Level 3 The candidate makes a well-balanced analysis and evaluation of the opportunities and threats facing Dairy Crest plc.</p> <p>Arguments in favour of acquisitions:</p> <ul style="list-style-type: none"> • It is a fast method of growth, a business such as Yeo Valley, Ambrosia or DairyCrest is ready-made. • The business to be acquired already has a proven track record and an established customer base. • Savings can be made through rationalisation. For instance only one head office will be required. • The acquired company is likely to have a product or products that enhance Dairy Crest's product portfolio, e.g. yoghurt. • There may be synergies and likely to benefit from economies of scale. <p>Arguments against acquisition:</p> <ul style="list-style-type: none"> • It may be difficult to merge the businesses effectively. The culture and management styles may be very different. • A high price may have to be paid for the target business, especially if they are reluctant to sell in the first place, as seems to be the case with Yeo Valley. • Possible diseconomies of scale. • May be seen as unfair competition by the regulator. <p>Arguments in favour of organic growth:</p> <ul style="list-style-type: none"> • Dairy Crest will have more control over the way that the business develops. • There will be no culture clash. • It will probably be cheaper than acquiring another business. <p>Arguments against organic growth:</p> <ul style="list-style-type: none"> • It can take a long time to develop a new business. • Dairy Crest may not have the necessary expertise to develop the business successfully. <p>It could also be argued that the two methods are not contradictory, indeed the company's strategy refers to both organic growth and acquisitions. It is likely that they could benefit from both in different ways.</p> <p>Any valid response should be rewarded.</p>	<p>12</p> <p>1-4</p> <p>5-8</p> <p>9-12</p>	<p>AO1 1 AO2 1 AO3 3 AO4 7</p>

BUSINESS STUDIES

BS4 MARK SCHEME

GENERAL MARKING GUIDANCE

It should be remembered that the candidates are writing under examination conditions and credit should be given for what the candidate writes rather than adopting the approach of penalising him/her for any omissions. It should be possible for a very good candidate to achieve full marks and a very poor one to achieve zero marks. Marks should not be deducted for the less than perfect answer it satisfies the criteria of the mark scheme, nor should marks be added as a consolation where they are not merited.

Levels of Response

Questions are awarded marks on the basis of the levels of response. The purpose of this is to award the so-called higher level skills, particularly of analysis and evaluation. In practice, the good Business Studies candidate is likely to demonstrate a good grasp of the information presented to him/her, he/she will be able to weigh this up in the light of his/her theoretical understanding of the subject and will be able to suggest appropriate strategies to deal with the situation. Candidates who have a deficiency in their theoretical understanding or who are unable to analyse properly a situation, are unlikely to be able to synthesise or evaluate in a meaningful way.

In marking scripts reference should be made to the relevant part of the mark scheme and the candidate should be awarded a mark that corresponds to the highest level that he/she has demonstrated.

Quality of written communication

The QWC is assessed in question 6, 7 and 8.

GCE BUSINESS STUDIES - BS4

Mark Scheme - Summer 2014

SECTION A

Question	Answer	Mark allocation	Assessment objective																						
1	<p>Show the calculations of the figures for depreciation for each of the five years using the straight-line method.</p> <p>£52000-£17000 = £35000 <i>[1 mark]</i></p> <p>£35000/5= £7000 <i>[1 mark]</i></p> <p>£7000 <i>[1mark]</i></p> <p><i>+ 1 mark for correct calculations</i></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Cost</td> <td style="text-align: right;">£52000</td> </tr> <tr> <td>Depreciation Year 1</td> <td style="text-align: right;">(£7000)</td> </tr> <tr> <td></td> <td style="text-align: right;">£45000</td> </tr> <tr> <td>Depreciation Year 2</td> <td style="text-align: right;">(£7000)</td> </tr> <tr> <td></td> <td style="text-align: right;">£38000</td> </tr> <tr> <td>Depreciation Year 3</td> <td style="text-align: right;">(£7000)</td> </tr> <tr> <td></td> <td style="text-align: right;">£31000</td> </tr> <tr> <td>Depreciation Year 4</td> <td style="text-align: right;">(£7000)</td> </tr> <tr> <td></td> <td style="text-align: right;">£24000</td> </tr> <tr> <td>Depreciation Year 5</td> <td style="text-align: right;">(£7000)</td> </tr> <tr> <td>Disposal value</td> <td style="text-align: right;">£17000</td> </tr> </table>	Cost	£52000	Depreciation Year 1	(£7000)		£45000	Depreciation Year 2	(£7000)		£38000	Depreciation Year 3	(£7000)		£31000	Depreciation Year 4	(£7000)		£24000	Depreciation Year 5	(£7000)	Disposal value	£17000	4	AO1 2 AO2 2
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2	<p>Explain the benefits to Bubbletone of having a marketing budget and any possible problems that it might cause the company.</p> <p>Level 1 The candidate demonstrates some understanding of the benefits and problems of setting a marketing budget.</p> <p>Level 2 The candidate demonstrates good understanding of the benefits and problems of setting a marketing budget.</p> <p>Level 3 The candidate demonstrates excellent understanding of the benefits and problems of setting a marketing budget.</p> <p>The benefits might include the following:</p> <ul style="list-style-type: none"> • It helps to control marketing costs • It can help to identify where costs have been too high • It identifies situations where marketing expenditure has been ineffective • It helps to plan the future of the business • It helps to co-ordinate strategies with other departments • It sets targets which may help to motivate employees. <p>Problems might include the following:</p> <ul style="list-style-type: none"> • They may be too rigid and not be responsive to changes in market conditions • If too ambitious they may demotivate employees • They may be inaccurate and lead to poor decision-making • They might conflict with other objectives of the business • Resources might be redirected from other departments • Time and expense of setting the budget 	<p>7</p> <p>1-2</p> <p>3-5</p> <p>6-7</p>	<p>AO1 2 AO2 2 AO3 3</p>

Question	Answer	Mark allocation	Assessment objective
<p>3(a)</p>	<p>Use the information in the table to draw the decision tree diagram and identify the option which gives him the best return.</p> <p><i>1 mark for diagram</i> <i>1 mark for correctly calculating all the probabilities</i> <i>1 mark for correct totals</i> <i>1 mark for recommending refurbishing the factory</i></p> <p>Allow OFR</p>	<p>4</p>	<p>AO1 2 AO2 2</p>
<p>3(b)</p>	<p>Briefly explain TWO other factors Sam Rogers might need to consider before making his final decision as to the best course of action to take.</p> <p>On the basis of the quantitative evidence Mr Rogers should choose the option of refurbishing the factory as it would give him a return of £1 150 000 as opposed to £1 120 000 from the takeover of Zingy Sweets and only £1 080 000 if he was to do nothing.</p> <p>However, these answers are based on probabilities and cannot be relied on 100%. Given that the differences in returns on the three options are relatively close he might be well-advised to take other factors into account.</p> <p>These might include such things as:</p> <p>The fact that doing nothing might be the best option as there is less risk involved and the figures are more likely to be correct. How will each of these options effect the managers and employees? How good is Zingy Sweets reputation? How long have they been trading for? Might their products go out of fashion? Market research. External factors. Problems relating to refurbishment.</p> <p>Any sensible suggestions should be credited.</p> <p><i>1 mark for the each suggestion + 1 mark for development</i></p>	<p>4</p>	<p>AO1 1 AO2 1 AO3 2</p>

Question	Answer	Mark allocation	Assessment objective
<p>4(a)</p>	<p>Complete the diagram including: the time required for each task, the <i>earliest start times</i> and the <i>latest finishing times</i>.</p> <p><i>1 mark for correct time for each task</i></p> <p><i>5 marks max – minus ½ mark for each mistake, marks to be rounded up</i></p>	<p>6</p>	<p>AO1 2 AO2 2 AO3 2</p>
<p>4(b)</p>	<p>Mark the critical path on the diagram</p> <p>Or A-B-C-G-L-M</p>	<p>1</p>	<p>AO2 1</p>

Question	Answer	Mark allocation	Assessment objective
4(c)	<p>Discuss the usefulness of critical path analysis to PJ Construction Ltd.</p> <p>Level 1 The candidate suggests some limited ideas regarding the usefulness of critical path analysis.</p> <p>Level 2 The candidate suggests more detailed and valid ideas regarding the usefulness of critical path analysis.</p> <p>Level 3 The candidate produces a well-balanced discussion of the usefulness of critical path analysis.</p> <p>The fact that CPA has a number of benefits for a business, including the fact that producing a network can help a business to become more efficient by saving time and materials. It can ensure that a business meets critical deadlines and so does not let its customers down.</p> <p>It can help the business make more accurate decisions as it will have to think clearly about the time that each task takes and the best sequence in which to work. It can speed up the overall time that a project takes as many processes can be carried out simultaneously and there should be less waiting time involved.</p> <p>By sequencing production a business can make sure that raw material stocks arrive when and where needed and so be part of a JIT system. This cuts down on the costs of carrying inventory.</p> <p>On the other hand CPA can be costly to carry out and it does not guarantee success since time estimates may be wrong, or unexpected events occur which mean that the original plan needs to be adapted.</p> <p>When used appropriately it can have significant benefits for a business.</p>	<p>6</p> <p>1-2</p> <p>3-4</p> <p>5-6</p>	<p>AO1 1 AO3 1 AO4 4</p>

Question	Answer	Mark allocation	Assessment objective
5	<p>The managing director, Sally Phillips, is keen to increase the level of employee participation in the business. Consider the methods that Sally might use to achieve this goal.</p> <p>Level 1 The candidate demonstrates some understanding of the ways that this might be achieved and the difficulties involved.</p> <p>Level 2 The candidate demonstrates good understanding of the ways that this might be achieved and the difficulties involved.</p> <p>Level 3 The candidate demonstrates excellent understanding of the ways that this might be achieved and the difficulties involved,</p> <p>Possible suggestions might include:</p> <ul style="list-style-type: none"> • Giving employees shares in the business – this might work, but they may decide to sell their shares, or the share price might fall which would have the opposite effect. • Holding regular meetings with staff, this would not be expensive but it would involve losing some production time. • Using team working and cell production, however an assembly line might be more productive in some circumstances. • Empowering workers so they are involved in decision making. • Use suggestion boxes – this is a cheap and effective method but may not have a big take-up. • Introduce quality circles – this would take time and may be resisted by some members of staff. • Creating a culture that promotes participation. • Using a democratic leadership style to encourage workers to take part in decision making. • Worker directors/works councils/autonomous work groups. • A combination of some or all of these methods might be used but they need to be introduced carefully. <p>Any other sensible suggestion should be credited.</p>	<p>8</p> <p>1-3</p> <p>4-6</p> <p>7-8</p>	<p>AO1 2 AO2 2 AO3 2 AO4 2</p>

SECTION B

The following levels should be applied to each question.

Level	Mark Band	Descriptor
1	1-5	<p>Candidate makes few, if any, relevant points with no real application. There may be an attempt to draw conclusions, but understanding of connections between different areas of subject content is limited or not demonstrated.</p> <p>Information is poorly organised. There is limited use of specialist terminology/vocabulary and frequent errors in spelling, punctuation and grammar.</p>
2	6-10	<p>Candidate makes some valid points using relevant business principles, concepts and theories. There may be some application with valid conclusions drawn. Some ability to make connections between different parts of the subject content is demonstrated.</p> <p>Information is well organised and ideas are expressed in a logical manner. There is good use of specialist terms/vocabulary with some errors in spelling, punctuation and grammar, but these are not intrusive.</p>
3	11-15	<p>Candidate shows good knowledge and understanding of relevant business principles, concepts and theories. There is good application and analysis with sound logical conclusions drawn. The ability to make connections between different parts of the subject content is demonstrated on several occasions.</p> <p>Information is very well organised and argument is expressed clearly and coherently. There is good use of specialist terms/vocabulary and spelling, punctuation and grammar are generally accurate.</p>
4	16-20	<p>Candidate demonstrates excellent knowledge, understanding, analysis, and evaluation using business principles, concepts and theories. The ability to synthesise and make connections between different parts of the subject content is fully demonstrated throughout the answer.</p> <p>Information is very well organised and the form and style of communication is highly appropriate. There is very good use of specialist terms/vocabulary with few, if any, errors in spelling, punctuation and grammar.</p>

Question	Answer	Mark allocation	Assessment objective
6	<p>“In the past, trade unions were essential in order to protect workers’ rights but, in the 21st century, they no longer have a useful role to play”. Discuss.</p> <p>Answers might include the following: Arguments as to why unions still have a useful role:</p> <ul style="list-style-type: none"> • Unions negotiate for better pay, working conditions, employment rights etc. • Not all rights are guaranteed by law and even if they were a union can help an individual worker fight their case which otherwise might be prohibitively expensive • Unions are able to give their members advice • There is a need for collective bargaining since an individual worker does not hold the same power as his or her employer • Not all employers are ethical in their treatment of workers • Unions often offer other services to their members including such things as discounts on purchases; reduced insurance costs etc. <p>Arguments as to why unions no longer have a useful role:</p> <ul style="list-style-type: none"> • Unions can restrict availability of employment, e.g. actors need to have a union card before they can work • Unions artificially push up pay for some workers which means that others are unable to find employment • Many employees rights are now enshrined in law and so unions are not required to fight for those rights • Good employers want to motivate their workforce and will therefore look after them so unions are not necessary • Unions are only useful in the public sector or in big organisations. If you work for an SME unions may have little relevance to you • More part-time workers (flexible working) • Decline in heavy industry. <p>Credit any other valid points.</p>	20	AO3 8 AO4 12

Question	Answer	Mark allocation	Assessment objective
7	<p>“The failure to adopt an appropriate leadership/management style can cause serious problems for a business.” Discuss, giving relevant examples.</p> <p>Answers might include:</p> <ul style="list-style-type: none"> • An outline of the different types of leadership style, including: Autocratic, democratic, bureaucratic, paternalistic, laissez-faire. • An autocratic leadership style might be appropriate in circumstances where workers are low-skilled and the work has to be completed in a specific way. The captain of a ship is likely to be autocratic in the sense that he is ultimately responsible for the safety of everyone on board. The police force and army are autocratic. • Democratic leadership style is more appropriate to creative activity or situations where workers are expected to use their initiative. More and more businesses are delayering and adopting a more democratic approach. This method is also appropriate for workers’ cooperatives and the like. • Bureaucratic management style tends to be in industries where things are done by the book such as the railways or the Post Office. There is little room for individual initiative in these types of environment. • Paternalistic is similar to autocratic but the management is actively concerned with the well-being of the employees. Marks and Spencer and Boots are examples of this approach. • Laissez-faire tends to be used when dealing with workers in professions such as doctors, teachers, solicitors etc. The individual is expected to act in a professional fashion and so does not require supervision in carrying out their activities. • It is important that an appropriate management style is used since employees can be demotivated by inappropriate management styles (viz Herzberg’s hygiene factors). <p>Credit any other valid points.</p>	20	AO3 8 AO4 12

Question	Answer	Mark allocation	Assessment objective
8	<p>Consider the view that it would be in the best interests of the majority of British businesses for the United Kingdom to leave the European Union.</p> <p>Answers might include the following:</p> <p>Arguments in favour of leaving the EU</p> <ul style="list-style-type: none"> • There may be fewer regulations that have a negative impact on some UK businesses such as the working time directive and regulation of the banking industry • The UK would not have to contribute to the EU budget so there would be more money to spend in the UK which might benefit some businesses • The UK government would be able to follow a more independent course that could benefit UK businesses. For example, they could subsidise certain industries which is not allowed under EU legislation • More trade with countries outside the UK. <p>Arguments against leaving the EU</p> <ul style="list-style-type: none"> • Most of the UK's trade is conducted with the EU that trade might suffer if the UK pulled out • By having common standards across Europe it is easier for UK businesses to compete • Many EU treaties would continue to affect British businesses even after the UK left the EU so it would be in their interests for the UK to help shape these policies • Many businesses in the UK benefit from EU subsidies, e.g. farming, and would suffer if those subsidies were withdrawn • The EU might be weaker without Britain and some economies might suffer which could affect UK exports • EU legislation states that British businesses have the right to bid for contracts with EU country governments, these would be lost • Free movement of people benefits many businesses • Free movement of capital allows British businesses to invest throughout Europe • There may be tariffs and quotas which would restrict UK exports. <p>Credit any other valid points.</p>	20	AO3 8 AO4 12



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