



ASSESSMENT and  
QUALIFICATIONS  
ALLIANCE

# Mark scheme

# June 2003

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## GCE

# Business Studies

## Unit BUS2

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## MARK SCHEME

### **GENERAL MARKING GUIDANCE**

*You should remember that your marking standards should reflect the levels of performance of Advanced Subsidiary Level candidates, mainly 17 years old, writing under examination conditions. The level of demand of this unit is that expected of candidates half-way through a full A Level course.*

#### **Positive Marking**

*You should be positive in your marking, giving credit for what is there rather than being too conscious of what is not. Do not deduct marks for irrelevant or incorrect answers as candidates penalise themselves in terms of the time they have spent.*

#### **Mark Range**

*You should use the whole mark range available in the marking scheme. Where the candidate's response to a question is such that the mark scheme permits full marks to be awarded, full marks **must** be given. A perfect answer is not required. Conversely, if the candidate's answer does not deserve credit, then no marks should be given.*

#### **The use of Levels of Response**

*Levels of response marking has holistic aspects, yet must conform to the rule of positive marking. A candidate who has built a strong argument must have that achievement recognised fully, even if a subsequent paragraph of ambiguity reduces the power of the whole. For this to occur consistently requires careful annotation of the level of response achieved within each skill category, at each significant stage within an answer.*

*Fundamental to a Levels of Response approach is that there maybe more than one right answer to a written question. Examiners must use their professional judgement to credit any reasonable answer, whether or not it is listed on the mark scheme.*

*Levels of response marking requires examiners to follow the logic of a candidate's answer. A concept that would receive credit for knowledge in one context could become a means of analysis in another. It is also possible that a candidate's line of argument could validate knowledge that would not have been recognised if the candidate had simply tabled it. For example, acid test is not listed within the specification as a test of financial efficiency, yet a candidate could build an argument that made it relevant. Then knowledge could be rewarded as well as analysis.*

*Despite the value of skills such as analysis and evaluation, all answers must be based upon relevant knowledge and understanding. Therefore, it is not possible to credit application, analysis or evaluation unless recognisable knowledge has been rewarded.*

The skills we seek from candidates are as follows:

1. Knowledge and understanding: accurate definitions or explanations of relevant terms should always be credited within this category; candidates can also gain credit for knowing and explaining a point relevant to the question, e.g. an advantage of factoring.
2. Application is the skill of bringing knowledge to bear to the business context faced by the candidate. Candidates should not be rewarded for simply dropping the company name or product category into their answer; the response must show recognition of some specific business aspect of the firm, its management or its situation.
3. Analysis: building up an argument using relevant business theory in a way that answers the question specifically and shows understanding of cause and effect.
4. Evaluation is judgement. This can be shown within an answer, through the weighting of an argument or in the perceptiveness shown by the candidate (perhaps about the degree of crisis/strength of the XYZ Company). It can also be shown within a conclusion, perhaps by weighing up the strength of the candidate's own arguments for and against a proposition. Evaluation is **not** shown simply by the use of drilled phrases such as "On the other hand" or "Business operates in an ever-changing environment". It is shown through the weighting of the candidate's response plus the logic and justification of his/her conclusions.

### Quality of Language

The GCSE and GCE A/AS Code of Practice requires the assessment of candidates' quality of written communication wherever they are required to write in continuous prose. In this unit, this assessment will take place for each candidate's script as a whole by means of the following marking criteria.

LEVEL 3	Moderately complex ideas are expressed clearly and reasonably fluently, through well linked sentences and paragraphs. Arguments are generally relevant and well structured. There may be occasional errors of grammar, punctuation and spelling.	<b>3 marks</b>
LEVEL 2	Straightforward ideas are expressed clearly, if not always fluently. Sentences and paragraphs may not always be well connected. Arguments may sometimes stray from the point or be weakly presented. There may be some errors of grammar, punctuation and spelling, but not such as to suggest a weakness in these areas	<b>2 marks</b>
LEVEL 1	Simple ideas are expressed clearly but arguments may be of doubtful relevance or obscurely presented. Errors in grammar, punctuation and spelling may be noticeable and intrusive, suggesting a weakness in these areas.	<b>1 mark</b>
LEVEL 0	Ideas are expressed poorly and sentences and paragraphs are not connected. There are errors of grammar, punctuation and spelling, showing a weakness in these areas.	<b>0 marks</b>

**Total 3 marks**

1.

Seyi used internal recruitment to appoint the manager of the second store. Explain how *Black Looks Ltd.* might have benefited from external recruitment for this appointment (see section D)

(6 marks)

	<b>CONTENT</b> <b>3 marks</b>	<b>APPLICATION</b> <b>3 marks</b>
LEVEL 2	<b>3 marks</b> Clear explanation of the benefit(s), showing good understanding	<b>3 marks</b> Effective application of the point(s) made in relation to <i>Black Looks</i> situation
LEVEL 1	<b>2-1 marks</b> Some explanation of the term or the benefit(s), showing some understanding	<b>2-1 marks</b> Some application of the point(s) made in relation to <i>Black Looks</i> ' situation

**Content** – recruitment of personnel from outside the organisation as opposed to filling posts from existing employees.

**Content/Application** – benefits include:

- Wider pool of recruits to choose from – existing employees may not have the skills needed, and there is some evidence that initially at least, Karen struggled.
- Able to bring in new knowledge and skills – competitors' experience might have benefited the company as the owners lack experience in this market.
- Bring in new thinking into the business – other similar retailers may have processes/knowledge that could benefit *Black Looks*.
- Create other opportunities within the business.
- Small company such as *Black Looks* may not have existing resources.

2.

Outline **two** possible disadvantages to the Littlehampton cosmetics supplier of holding large stocks of “raw and semi-processed materials” (see Section B) (6 marks)

	<b>CONTENT</b> <b>3 marks</b>	<b>APPLICATION</b> <b>3 marks</b>
LEVEL 2	<b>3 marks</b> Clear explanation of the disadvantage(s), showing good understanding	<b>3 marks</b> Effective application of the point(s) made in relation to <i>Black Looks</i> ' supplier's situation
LEVEL 1	<b>2-1 marks</b> Some explanation of the term or the disadvantage(s), showing some understanding	<b>2-1 marks</b> Some application of the point(s) made in relation to <i>Black Looks</i> ' supplier's situation

**Content**

- Understanding of disadvantages of high stock levels such as:
  - Opportunity costs
  - Liquidity impact of cash tied up in stock
  - Storage costs
  - Wastage costs

**Application**

- Application of above points such as:
  - Supplier may need cash to maintain business if a major customer such as Body Shop has been lost.
  - As above, the loss of a large customer such as Body Shop might have a major impact on liquidity.
  - Semi-processed materials unlikely to be able to be turned into something else, or may not be able to be turned into cash. Hence, high stock levels may be a large risk for the supplier.

## 3.

Discuss the possible problems that *Black Looks Ltd.* might have experienced as a result of making a quick decision to switch from the small scale producer in Littlehampton to the larger supplier in Cardiff. (15 marks)

	<b>CONTENT (3 marks)</b>	<b>APPLICATION (3 marks)</b>	<b>ANALYSIS (4 marks)</b>	<b>EVALUATION (5 marks)</b>
LEVEL 3				<b>5 marks</b> Judgement shown in weighing up the possible problems of switching suppliers, with clear conclusions.
LEVEL 2	<b>3 marks</b> Good understanding shown of problems	<b>3 marks</b> Relevant issues applied in detail to the case	<b>4-3 marks</b> Analysis of question set using relevant theory	<b>4-3 marks</b> Judgement shown in weighing up the problems
LEVEL 1	<b>2-1 marks</b> Some understanding of problems	<b>2-1 marks</b> Some application to issues in the case	<b>2-1 marks</b> some use of theory	<b>2-1 marks</b> Some judgement shown in text or conclusions

**Possible answers include:**

- Diseconomies of scale such as motivation – evidence at the Cardiff factory of poor industrial relations may cause *Black Looks* problems.
- Loss of communication between customer and supplier – there was evidence that the Littlehampton factory had good relationship with *Black Looks* and was willing to “pull out all the stops” to meet additional orders – contrast this with the response of the Cardiff factory’s workers to additional orders.
- Loss of control over quality – larger suppliers, such as that in Cardiff, may not produce to the same quality, as the mistake in the face cream suggests.

**Possible evaluative comments include:**

- Balance of benefits against or the relative importance of particular problems.
- Reference to speed of switch – were problems created by speed of decision rather than decision itself?
- Wasn’t a move from a small producer inevitable given the scale of *Black Looks Ltd* by mid 2003?

4.

Analyse how the Purchasing Director's performance might be improved by the introduction of Management By Objectives (see Section F and G) (8 marks)

	<b>CONTENT (2 marks)</b>	<b>APPLICATION (2 marks)</b>	<b>ANALYSIS (4 marks)</b>
LEVEL 2	<b>2 marks</b> Good understanding shown of MBO	<b>2 marks</b> Relevant issues applied in detail to the case	<b>4-3 marks</b> Analysis of question set using relevant theory/ies
LEVEL 1	<b>1 mark</b> Some understanding of MBO shown	<b>1 mark</b> Some application to issues in the case	<b>2-1 marks</b> Some use of theory

**Possible benefits include:**

- MBO could be used to set Purchasing Director targets relating to some of *Black Looks*' key objectives concerning cost reductions or quality.
- Targets could also relate to growth rate of new outlets.
- Targets can be used to determine his profit share.
- MBO might hasten resolution of quality problems experienced overseas.
- As a new employee, MBO could be used to organise activities of the new outlets.
- Purchasing Director could use MBO to manage assistant.
- MBO might make Seyi and Lily think more strategically about the business, hence giving the Purchasing Director clearer direction.
- With little actual experience (only 2 years), MBO might help the Purchasing Director prioritise the problems he faces – there are a few .
- Motivation theorists suggest working towards targets motivates employees to succeed.

5.

To what extent would <i>Black Looks</i> Ltd benefit from more effective Human Resource Management? (15 marks)
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	<b>CONTENT (3 marks)</b>	<b>APPLICATION (3 marks)</b>	<b>ANALYSIS (4 marks)</b>	<b>EVALUATION (5 marks)</b>
LEVEL 3				<b>5 marks</b> Judgement shown in weighing up the value HRM strategy to <i>Black Looks Ltd</i>
LEVEL 2	<b>3 marks</b> Good understanding shown of <b>more</b> than one aspect of HRM	<b>3 marks</b> Relevant issues applied in detail to the case	<b>4-3 marks</b> Analysis of question set using relevant theory of more than one aspect of HRM	<b>4-3 marks</b> Judgement shown in text or conclusion
LEVEL 1	<b>2-1 marks</b> Some understanding of <b>at least one</b> aspect of HRM	<b>2-1 marks</b> Some application to issues in the case	<b>2-1 marks</b> Some use of theory	<b>2-1 marks</b> Some judgement shown

**Content might include:**

- **Workforce planning** – the extent to which *Black Looks* planned and anticipated the workforce needs initially and as the business grew.
- **Recruitment** – the processes that *Black Looks* went through to recruit and select Managers and full and part time employees.
- **Training** – the effectiveness of initial and on going training for Managers and full and part time staff.

**Possible answers suggesting effective HRM might include:**

- Recruitment for part time staff used a local college effectively – reduced the need for advert.
- External advert was effective and generated a large number of applicants.
- Long time period spent carefully recruiting Purchasing Director.

Cont/d

**Possible answers suggesting ineffective HRM might include:**

- Little evidence of advance planning of workforce needs – only began planning for recruitment 2 weeks before opening – no evidence that later appointments were planned.
- No evidence of shortlisting of candidates; in rush to appoint – would better appointments have been made?
- No evidence of organised training – including induction. Training seems to be a day's product training and on going training on tills etc.
- No store management training in existence – Karen appears to suffer initially.
- No evidence of management training for owners.

## Possible evaluative comments include:

- Is business too small? – would a more strategic view of HRM be beneficial as the company grows?
- Cost of HRM compared to benefits?
- Weighing up of benefits of HRM in terms of the effective planning and usage of staff as a major resource.

**BUS2****June 2003**

<b>ASSESSMENT OBJECTIVES GRID</b>					
<b>Question</b>	<b>Content</b>	<b>Application</b>	<b>Analysis</b>	<b>Evaluation</b>	<b>Total</b>
1	3	3			<b>6</b>
2	3	3			<b>6</b>
3	3	3	4	5	<b>15</b>
4	2	2	4		<b>8</b>
5	3	3	4	5	<b>15</b>
<b>Total</b>	<b>14</b>	<b>14</b>	<b>12</b>	<b>10</b>	<b>50</b>
QOL					<b>3</b>