

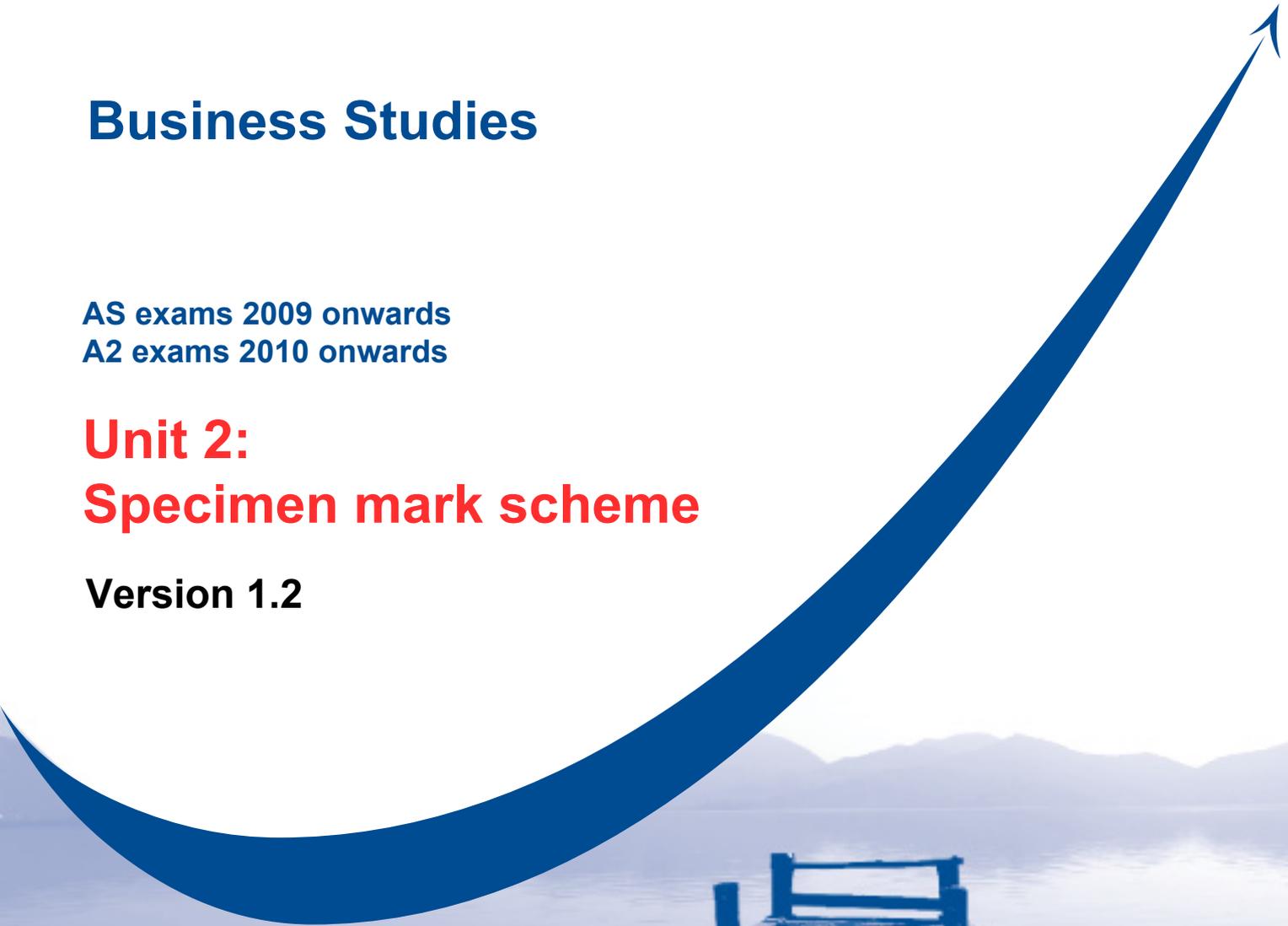
**GCE**  
AS and A Level

## **Business Studies**

AS exams 2009 onwards  
A2 exams 2010 onwards

### **Unit 2: Specimen mark scheme**

**Version 1.2**



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**General Certificate of Education**

**Business Studies**

**Unit 2: Managing a Business**

**Specimen Mark Scheme**

for 2009 and 2010

The specimen assessment materials are provided to give centres a reasonable idea of the general shape and character of the planned question papers and mark schemes in advance of the first operational exams.

Further copies of this Mark Scheme are available to download from the AQA Website: [www.aqa.org.uk](http://www.aqa.org.uk)

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Set and published by the Assessment and Qualifications Alliance.

	<b>Assessment Objectives</b>
	The Assessment Objectives represent those qualities which can be demonstrated in candidates' work and which can be measured for the purposes of assessment.
<b>AO1</b>	Demonstrate knowledge and understanding of the specified content.
<b>AO2</b>	Apply knowledge and understanding to problems and issues arising from both familiar and unfamiliar situations.
<b>AO3</b>	Analyse problems, issues and situations.
<b>AO4</b>	Evaluate, distinguish between and assess appropriateness of fact and opinion, and judge information from a variety of sources.
<b>Quality of Written Communication</b>	<p>The GCE Qualification Criteria require GCE specifications which require candidates to produce written material in English to:</p> <ul style="list-style-type: none"> <li>• ensure that text is legible and that spelling, punctuation and grammar are accurate so that meaning is clear</li> <li>• select and use a form and style of writing appropriate to purpose and to complex subject matter</li> <li>• organise information clearly and coherently, using specialist vocabulary when appropriate.</li> </ul> <p>In this specification QWC will be assessed in all units by embedding QWC in Assessment Objective 4 (AO4).</p>

1

**Total for this question: 40 marks**

(a) Explain, with the aid of a numerical example, what is meant by the phrase "...falling net profit margin..." (line 3). (4 marks)

	<b>Content 2 marks</b>	<b>Application 2 marks</b>
<b>Level 2</b>	<b>2 marks</b> Candidate demonstrates good understanding of profit margin	<b>2 marks</b> Candidate provides complete numerical example
<b>Level 1</b>	<b>1 mark</b> Candidate demonstrates some understanding of profit margin	<b>1 mark</b> Candidate provides incomplete numerical example/verbal explanation of a falling margin

**A profit margin** expresses profit as a proportion of the final selling price.

Award application marks for the numerical example showing a **falling** margin.

(b) Analyse the importance of monitoring quality to *Tyrrells Ltd.* (9 marks)

	<b>Content 2 marks</b>	<b>Application 3 marks</b>	<b>Analysis 4 marks</b>
<b>Level 2</b>	<b>2 marks</b> Candidate identifies two relevant points <b>or</b> shows good understanding of quality <b>or</b> some combination	<b>3 marks</b> Candidate applies knowledge effectively	<b>4–3 marks</b> Good analysis of importance of quality
<b>Level 1</b>	<b>1 mark</b> Candidate identifies single relevant point <b>or</b> shows limited understanding of quality	<b>2–1 marks</b> Candidate makes attempt to apply knowledge	<b>2–1 marks</b> Limited analysis of importance of quality

**Relevant answers might include the following:**

- as the company grows it cannot assume that quality will not suffer – employees may be under more pressure
- the product’s USP is high quality; it is important that production methods support marketing
- the company is using its reputation to expand the business – poor quality products would make this process more difficult
- high quality allows the company more flexibility in pricing and permits the continuation of premium pricing
- as the company controls the whole process from growing crops to manufacturing and packaging, no other organisation has responsibility or opportunity for checking quality.

(c) Discuss the factors that might have influenced *Tyrrells Ltd's* choice of a marketing mix for its crisps. (12 marks)

	<b>Content 3 marks</b>	<b>Application 2 marks</b>	<b>Analysis 3 marks</b>
<b>Level 3</b>	<b>3 marks</b> Candidate offers two relevant factors <b>and</b> shows good understanding of marketing mix		
<b>Level 2</b>	<b>2 marks</b> Candidate offers two relevant factors <b>or</b> shows good understanding of marketing mix <b>or</b> some combination	<b>2 marks</b> Candidate's arguments are firmly rooted in the case material	<b>3 marks</b> Good analysis of argument, developing argument(s) fully
<b>Level 1</b>	<b>1 mark</b> Candidate offers single relevant factor <b>or</b> shows some understanding of the marketing mix	<b>1 mark</b> Candidate makes very limited attempt to apply knowledge to <i>Tyrrells Ltd's</i> circumstances	<b>2–1 marks</b> Limited analysis of argument, looking at one side only

**Relevant answers might include the following:**

- the company's need to establish itself in a competitive market with larger rivals would have encouraged it to develop a USP and to emphasise the product strongly in its marketing mix
- distribution is to selective and selected outlets (not Tesco) and this approach would have been encouraged by its desire to sell in a niche market which would have less emphasis on price competition
- despite sales of £6 million, this is a small company and it cannot afford to compete with much larger rivals, therefore its mix stresses quality not competitiveness
- the amount and nature of promotion would have been determined by the amount of finance available to the company for this purpose. This may have been limited by the small scale of the business and its investment in expansion
- William Chase and his management team would have wanted to create a co-ordinated marketing mix that helped to develop the brand. Thus the decision to offer a high quality product called for premium pricing and selective outlets
- the product is the key to this brand and is the most important element of the marketing mix, shaping the other decisions.

**For Evaluation**, you should award marks using the grid below.

**Note:** Evaluation also assesses candidates' quality of written communication. When deciding on the level to be awarded, consider the degree to which the candidate orders and communicates his/her ideas.

<b>Level</b>	<b>Descriptor</b>	<b>Marks</b>
<b>E3</b>	Candidate offers judgement plus full justification. Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communications.	4
<b>E2</b>	Candidate offers judgement plus limited justification. Ideas are communicated with some structure evident with occasional use of technical terms. There are some errors in accepted conventions of written communications.	3–2
<b>E1</b>	Candidate offers undeveloped judgement based on evidence. Ideas are communicated in a simplistic way with limited use of technical terms. There are noticeable errors in accepted conventions of written communications.	1

(d) Some business analysts believe that training will be the key to *Tyrrells Ltd* maintaining an effective workforce as the company doubles its size. To what extent do you agree with this view? (15 marks)

	<b>Content 3 marks</b>	<b>Application 3 marks</b>	<b>Analysis 4 marks</b>
<b>Level 3</b>	<b>3 marks</b> Candidate offers two or more relevant factors <b>and</b> shows some understanding of training <b>or</b> good understanding of training and one relevant factor		
<b>Level 2</b>	<b>2 marks</b> Candidate offers two or more relevant factors <b>or</b> shows good understanding of training <b>or</b> some combination	<b>3 marks</b> Candidate's arguments are firmly rooted in the case material	<b>4–3 marks</b> Good analysis of argument, developing argument(s) fully
<b>Level 1</b>	<b>1 mark</b> Candidate offers single relevant factor <b>or</b> shows some understanding of HR	<b>2–1 marks</b> Candidate makes limited attempt to apply knowledge to <i>Tyrrells Ltd's</i> circumstances	<b>2–1 marks</b> Limited analysis of argument, looking at one side only

**Relevant answers might include the following:**

- training will help to maintain and improve quality standards – very important in the food industry
- training will allow the company to continue with its approach of a multi-skilled workforce as the company grows. This will provide a more flexible workforce able to respond to changing circumstances
- training offers benefits in terms of motivation through job enrichment and job rotation as employees are able to undertake a wider range of roles
- however, the company is due to double its size and new employees will be needed. It will be vital to recruit good quality employees and to retain existing ones
- the company's organisational structure will have to adapt to maintain effective spans of control and levels of hierarchy
- effective communication will become more important as the company grows and more workers are employed
- productivity depends on other issues such as the amount of technology used and this may be more relevant in a manufacturing context.

**For Evaluation**, you should award marks using the grid below.

**Note:** Evaluation also assesses candidates' quality of written communication. When deciding on the level to be awarded, consider the degree to which the candidate orders and communicates his/her ideas.

<b>Level</b>	<b>Descriptor</b>	<b>Marks</b>
<b>E3</b>	Candidate offers judgement plus full justification. Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communications.	5–4
<b>E2</b>	Candidate offers judgement plus limited justification. Ideas are communicated with some structure evident with occasional use of technical terms. There are some errors in accepted conventions of written communications.	3–2
<b>E1</b>	Candidate offers undeveloped judgement based on evidence. Ideas are communicated in a simplistic way with limited use of technical terms. There are noticeable errors in accepted conventions of written communications.	1

**2****Total for this question: 40 marks**

- |         |   |
|---------|---|
| (a) (i) | Calculate <i>CB Tyres Ltd's</i> <b>budgeted</b> sales revenue for August 2007 and its <b>actual</b> total costs for September 2007. (2 marks) |
|---------|---|

Budgeted sales revenue £164 000

Actual total costs £161 200

Award **one** mark for each correct answer.

- |          |   |
|----------|---|
| (a) (ii) | Calculate the company's profit variance for the two months August and September 2007. You should state whether it is favourable or adverse. (6 marks) |
|----------|---|

	<b>Content 2 marks</b>	<b>Application 3 marks</b>	<b>Analysis 1 mark</b>
<b>Level 3</b>		<b>3 marks</b> Candidate provides accurate numerical answer (allowing for OFR, if necessary)	
<b>Level 2</b>	<b>2 marks</b> Candidate demonstrates good understanding of profit variance eg by stating relevant formula	<b>2 marks</b> Candidate takes correct approach to calculating variance but incorporates arithmetical error	
<b>Level 1</b>	<b>1 mark</b> Candidate demonstrates some understanding of profit variance	<b>1 mark</b> Candidate makes limited attempt to calculate variance	<b>1 mark</b> Analyses variance correctly

Budgeted profits = £7 890 + £9 540 = £17 430

Actual profits = £4 200 + £4 800 = £9 000

Variance = £17 430 - £9 000 = £8 430 adverse.

(b) Analyse **two** advantages to *CB Tyres Ltd* of using external recruitment to appoint new employees. (8 marks)

	<b>Content 2 marks</b>	<b>Application 2 marks</b>	<b>Analysis 4 marks</b>
<b>Level 2</b>	<b>2 marks</b> Candidate explains relevant factor fully.	<b>2 marks</b> Candidate provides explanation in context	<b>4–3 marks</b> Good analysis of argument
<b>Level 1</b>	<b>1 mark</b> Candidate identifies relevant factor	<b>1 mark</b> Candidate attempts to provide explanation in context	<b>2–1 marks</b> Limited analysis of argument

**Relevant answers might include the following:**

- the company is very small and there is limited potential for internal recruitment and promotion
- the business needs different skills as it expands with, for example, more senior managers required to handle larger workforces
- the business may use more technology as it increases in scale requiring new skills
- Chris cannot carry out all the managerial functions as the business expands, so he will need to appoint more people with managerial and administrative experience.

(c) To what extent do you agree with Chris that, "High quality customer service is the most important operational issue..." for his business (line 12)? (11 marks)

	<b>Content 2 marks</b>	<b>Application 2 marks</b>	<b>Analysis 3 marks</b>
<b>Level 2</b>	<b>2 marks</b> Candidate offers two relevant factors <b>or</b> shows good understanding of customer service <b>or</b> some combination	<b>2 marks</b> Candidate's arguments are firmly rooted in the case material	<b>3–2 marks</b> Good analysis of argument, developing argument(s) fully
<b>Level 1</b>	<b>1 mark</b> Candidate offers single relevant factor <b>or</b> shows some understanding of customer service	<b>1 mark</b> Candidate makes very limited attempt to apply knowledge to <i>CB Tyres'</i> circumstances	<b>1 mark</b> Limited analysis of argument, looking at one side only

**Relevant answers might include the following:**

- customer service provides Chris with a USP – this is important in a market dominated by large firms such as Kwik-Fit
- because a lot of competition exists it is important that *CB Tyres* meets customer needs as fully as possible
- the company supplies the same brand tyres as rivals – therefore the quality of service is an important element of competitiveness
- the relationship with the company's suppliers especially the garages is vital - *CB Tyres* is dependent on them providing an efficient service
- IT is central to the operation of this business – the internet is the company's method of distribution, managing orders and receiving payment
- customer service is only one key element in the company's operations. Its competitiveness is dependent on all the elements operating efficiently together
- customer service is the way in which the business's customers measure the success of the enterprise.

**For Evaluation**, you should award marks using the grid below.

**Note:** Evaluation also assesses candidates' quality of written communication. When deciding on the level to be awarded, consider the degree to which the candidate orders and communicates his/her ideas.

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<b>E1</b>	Candidate offers undeveloped judgement based on evidence. Ideas are communicated in a simplistic way with limited use of technical terms. There are noticeable errors in accepted conventions of written communications.	1

(d) Evaluate the actions that *CB Tyres Ltd* might take to improve its profitability. (13 marks)

	<b>Content 3 marks</b>	<b>Application 2 marks</b>	<b>Analysis 4 marks</b>
<b>Level 3</b>	<b>3 marks</b> Candidate offers two relevant points <b>and</b> shows good understanding of profits		
<b>Level 2</b>	<b>2 marks</b> Candidate offers two relevant factors <b>or</b> shows good understanding of profits <b>or</b> some combination	<b>2 marks</b> Candidate's arguments are firmly rooted in the case material	<b>4–3 marks</b> Good analysis of argument, developing argument(s) fully
<b>Level 1</b>	<b>1 mark</b> Candidate offers single relevant factor <b>or</b> shows some understanding of the profits	<b>1 mark</b> Candidate makes very limited attempt to apply knowledge to <i>CB Tyres'</i> circumstances	<b>2–1 marks</b> Limited analysis of argument, looking at one side only

**Relevant answers might include the following:**

- the company may opt to increase its prices relying on the quality of the service it provides
- *CB Tyres* may accept lower rates of growth in return for higher profit levels
- as the company grows it may be able to negotiate more favourable prices with suppliers
- the company may be able to reduce advertising as it grows helping to reduce costs
- the company has substantial fixed costs – these should not increase as output rises, so that profits may improve over time anyway.

**For Evaluation**, you should award marks using the grid below.

**Note:** Evaluation also assesses candidates' quality of written communication. When deciding on the level to be awarded, consider the degree to which the candidate orders and communicates his/her ideas.

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**Unit 2 Specimen Assessment Grid**

<b>Questions</b>	<b>AO1 Content</b>	<b>AO2 Application</b>	<b>AO3 Analysis</b>	<b>AO4 Evaluation</b>	<b>Total</b>
1 (a)	2	2			4
1 (b)	2	3	4		9
1 (c)	3	2	3	4	12
1 (d)	3	3	4	5	15
<b>Q1 Sub Total</b>	<b>10</b>	<b>10</b>	<b>11</b>	<b>9</b>	<b>40</b>
2 (a)(i)	2				2
2 (a)(ii)	2	3	1		6
2 (b)	2	2	4		8
2 (c)	2	2	3	4	11
2 (d)	3	2	4	4	13
<b>Q2 Sub Total</b>	<b>11</b>	<b>9</b>	<b>12</b>	<b>8</b>	<b>40</b>
<b>PAPER TOTAL</b>	<b>21</b>	<b>19</b>	<b>23</b>	<b>17</b>	<b>80</b>