



*Rewarding Learning*

**ADVANCED SUBSIDIARY (AS)  
General Certificate of Education  
2014**

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**Business Studies**

**Assessment Unit AS 2**

*assessing*

**Managing Business Resources**

**[AT121]**

**WEDNESDAY 18 JUNE, MORNING**

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**MARK  
SCHEME**

## General Marking Instructions

### Introduction

Mark schemes are published to assist teachers and students in their preparation for examinations. Through the mark schemes teachers and students will be able to see what examiners are looking for in response to questions and exactly where the marks have been awarded. The publishing of the mark schemes may help to show that examiners are not concerned about finding out what a student does not know but rather with rewarding students for what they do know.

### The Purpose of Mark Schemes

Examination papers are set and revised by teams of examiners and revisers appointed by the Council. The teams of examiners and revisers include experienced teachers who are familiar with the level and standards expected of students in schools and colleges.

The job of the examiners is to set the questions and the mark schemes; and the job of the revisers is to review the questions and mark schemes commenting on a large range of issues about which they must be satisfied before the question papers and mark schemes are finalised.

The questions and the mark schemes are developed in association with each other so that the issues of differentiation and positive achievement can be addressed right from the start. Mark schemes, therefore, are regarded as part of an integral process which begins with the setting of questions and ends with the marking of the examination.

The main purpose of the mark scheme is to provide a uniform basis for the marking process so that all the markers are following exactly the same instructions and making the same judgements in so far as this is possible. Before marking begins a standardising meeting is held where all the markers are briefed using the mark scheme and samples of the students' work in the form of scripts. Consideration is also given at this stage to any comments on the operational papers received from teachers and their organisations. During this meeting, and up to and including the end of the marking, there is provision for amendments to be made to the mark scheme. What is published represents this final form of the mark scheme.

It is important to recognise that in some cases there may well be other correct responses which are equally acceptable to those published: the mark scheme can only cover those responses which emerged in the examination. There may also be instances where certain judgements may have to be left to the experience of the examiner, for example, where there is no absolute correct response – all teachers will be familiar with making such judgements.

- 1 (a) Explain what is meant by internal recruitment, using an example from the case study to illustrate your answer.

Internal recruitment is the appointment of staff to posts from within the current workforce.

Application: Encourages advancement from shop floor to top floor. 70% of managers are home grown.

	<b>AO1 Knowledge and Understanding [2]</b>	<b>AO2 Application [2]</b>
<b>Level 2</b>	[2] Candidate demonstrates good understanding of internal recruitment.	[2] Candidate makes good application of the term.
<b>Level 1</b>	[1] Candidate demonstrates some understanding of internal recruitment.	[1] Candidate attempts to make some application of the term.
<b>Level 0</b>	[0] Candidate demonstrates no understanding of internal recruitment.	[0] No attempt at application.

[4]

AVAILABLE  
MARKS

- (b) Explain what is meant by employee empowerment, using an example from the case study to illustrate your answer.

Employee empowerment is similar to delegation. It occurs when power or authority is given to employees so they can make their own decisions regarding their working life. For instance, workers are encouraged to meet new challenges.

- Motivate employees
- Non monetary method of motivation
- Gain employees full potential

	<b>AO1 Knowledge and Understanding [2]</b>	<b>AO2 Application [2]</b>
<b>Level 2</b>	[2] Candidate demonstrates good understanding of what is meant by the term 'employee empowerment'.	[2] Candidate makes good application of the term.
<b>Level 1</b>	[1] Candidate demonstrates some understanding of what is meant by the term 'employee empowerment'.	[1] Candidate attempts to make some application of the term.
<b>Level 0</b>	[0] Candidate demonstrates no understanding of what is meant by the term 'employee empowerment'.	[0] No attempt at application.

[4]

**AVAILABLE  
MARKS**

(c) Analyse factors that may affect the choice of medium selected by Morrisons when communicating with customers.

- The nature of the communication, e.g. responding to a customer complaint would be considered confidential so a written letter would be most appropriate.
- The length of the message, e.g. the procedures for making a complaint would be too long to explain verbally and impossible to communicate to all customers so poster would be appropriate
- The cost involved, e.g. informing customers of a special promotion could be done cheaply using a tano system, flyer or poster.
- The urgency of the communication – handling queries about products offered can be dealt with immediately by the highly trained staff
- The direction of the communication – this can be both upward and downwards, e.g. customer feedback is encouraged verbally or online through customer reviews. While signage in the store is used to assist customers find their way around
- Digital technology
- Size of audience/business
- Competition
- Use of language/receiver.

	<b>AO1 Knowledge and Understanding [2]</b>	<b>AO2 Application [2]</b>	<b>AO3 Analysis [4]</b>
<b>Level 2</b>	[2] Candidate demonstrates good understanding of factors affecting choice of communication medium.	[2] Candidate makes good application of the terms.	[4]–[3] Good analysis of factors affecting choice of communication medium.
<b>Level 1</b>	[1] Candidate demonstrates some understanding of factors affecting choice of communication medium.	[1] Candidate attempts to make some application of the terms.	[2]–[1] Limited analysis of factors affecting choice of communication medium.
<b>Level 0</b>	[0] Candidate demonstrates no understanding of factors affecting choice of communication medium.	[0] No attempt at application.	[0] No analysis

[8]

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- (d) Discuss the advantages and disadvantages of external recruitment to a business such as Morrisons.

External recruitment involves filling job vacancies by applicants from outside the organisation.

Advantages include:-

- External recruitment greatly increases the number of potential applicants that an organisation may get for a job. This means a higher calibre of applicant may be recruited.
- A new employee may be more willing to try to change the way of working within an organisation as they have no previous links or allegiances to the existing staff.
- External candidates should have wider experience if they have come from another organisation. This will allow them to introduce new methods of working and new ideas to the organisation.
- Fill vacancy.
- Conflict reduced.
- Highly skilled workers available to Morrisons.

Disadvantages

- The recruitment and selection of external candidates can be costly and time consuming. There may be a considerable time lag between the job analysis conducted by human resources and the appointment of the appropriate candidate.
- An external candidate may give a very strong performance at the interview stage yet when in post he/she may not be very good at the actual job.
- An external candidate may take a long time to adjust to the culture of the organisation and this is likely to affect productivity which the firm cannot afford.
- Current employees may resent appointments being made from outside the organisation and they could become de-motivated.

As part of their discussion, candidates should consider both positive and negative arguments and come to a final judgement.

Candidates are expected to evaluate throughout their answer.

AVAILABLE  
MARKS

	<b>AO1 Knowledge and Understanding [3]</b>	<b>AO2 Application [2]</b>	<b>AO3 Analysis [3]</b>	<b>AO4 Evaluation [4]</b>
<b>Level 3</b>	[3] Candidate demonstrates excellent understanding of the advantages and disadvantages of external recruitment.		[3] Candidate makes excellent analysis of the advantages and disadvantages of external recruitment.	[4] Candidate gives a full evaluation of the arguments presented and forms a final judgement. QWC is excellent.
<b>Level 2</b>	[2] Candidate demonstrates good understanding of the advantages and disadvantages of external recruitment.	[2] Candidate makes good application of the term.	[2] Candidate makes good analysis of the advantages and disadvantages of external recruitment.	[3]–[2] Candidate gives a satisfactory evaluation of the arguments presented and forms a final judgement. QWC is good.
<b>Level 1</b>	[1] Candidate demonstrates some understanding of the advantages and disadvantages of external recruitment.	[1] Candidate attempts to make some application of the term.	[1] Some analysis of the advantages and disadvantages of external recruitment.	[1] Candidate attempts some evaluation of the arguments presented. QWC is limited.
<b>Level 0</b>	[0] Candidate demonstrates no understanding of the advantages and disadvantages of external recruitment.	[0] No attempt at application.	[0] No analysis.	[0] Candidate gives no evaluation of the arguments presented or final judgement. QWC is poor.

AVAILABLE  
MARKS

[12]

- (e) Evaluate the usefulness of Herzberg's theory of motivation to a business such as Morrisons.

AVAILABLE  
MARKS

#### Benefits

- If management know what the hygiene factors are they will be able to reduce them to a minimum to make the working environment a better place for employees.
- Herzberg's motivators relate directly to the actual job that employees are doing and there is strong evidence in the case study to show that Morrisons have adopted these 'satisfiers' to get the very best from their employees.
- The training and development programmes offered to all workers in the Morrison Academy is another example of satisfying workers by providing a clear career structure within the organisation from the 'shop floor to top floor'.
- The fact that 70% of managers are 'home grown' shows the firm's commitment to recognising effort and performance which again Herzberg recommended.
- Providing new challenges and increasing the level of responsibility for Morrisons employees had lead to increased job satisfaction and Herzberg believed that satisfied employees would be productive employees.
- Morrisons run a family-focused business where all employees are valued so Herzberg's theory of motivation is very much in evidence throughout the organisation.

#### Drawbacks

- Herzberg's theory assumes that everyone will seek motivators such as increased responsibility but this is not always the case. Even the range of programmes offered by Morrisons may not be enough to engage employees beyond the minimum required to keep their job.
- Some organisations, by their very nature, may require a bureaucratic regime and autocratic leadership so Herzberg's theory may not be acceptable in these circumstances.
- Job satisfaction does not guarantee motivation.
- Herzberg assumes that pay cannot be used to motivate especially in more developed countries but may not apply in the poorer developing countries.
- Micro-management focus.

As part of their discussion, candidates should consider both positive and negative arguments and come to a final judgement.

Candidates are expected to evaluate throughout their answer.



	<b>AO1 Knowledge and Understanding [3]</b>	<b>AO2 Application [2]</b>	<b>AO3 Analysis [3]</b>	<b>AO4 Evaluation [4]</b>
<b>Level 3</b>	[3] Candidate demonstrates excellent understanding of the usefulness Herzberg's theory to Morrisons.		[3] Candidate makes excellent analysis of the usefulness Herzberg's theory to Morrisons.	[4] Candidate gives a full evaluation of the arguments presented and forms a final judgement. QWC is excellent.
<b>Level 2</b>	[2] Candidate demonstrates good understanding of the usefulness Herzberg's theory to Morrisons.	[2] Candidate makes good application of the term.	[2] Candidate makes good analysis of the usefulness Herzberg's theory to Morrisons.	[3]–[2] Candidate gives a good evaluation of the arguments presented and forms a final judgement. QWC is good.
<b>Level 1</b>	[1] Candidate demonstrates some understanding of the usefulness Herzberg's theory to Morrisons.	[1] Candidate attempts to make some application of the terms.	[1] Some analysis of the usefulness Herzberg's theory to Morrisons.	[1] Candidate attempts some evaluation of the arguments presented. QWC is limited.
<b>Level 0</b>	[0] Candidate demonstrates no understanding of the usefulness Herzberg's theory to Morrisons.	[0] No attempt at application.	[0] No analysis.	[0] Candidate gives no evaluation of the arguments presented or final judgement. QWC is poor.

[12]

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- 2 (a) Explain the importance of net profit using an example from the case study to illustrate your answer.

Net profit is gross profit less overheads and selling expenses. In 2013 net profit fell to £102 000. Earning a good level of net profit is important as Frank has to repay the money borrowed for the van. In addition it will provide opportunities for future growth and stability.

- Decision making
- Performance management
- Comparisons enabled
- Attract investors
- Determines net profit for use by other stakeholders, e.g. tax authorities.

	<b>AO1 Knowledge and Understanding [2]</b>	<b>AO2 Application [2]</b>
<b>Level 2</b>	[2] Candidate demonstrates good understanding of the importance of net profit.	[2] Candidate demonstrates good application.
<b>Level 1</b>	[1] Candidate demonstrates some understanding of the importance of net profit.	[1] Candidate demonstrates some application.
<b>Level 0</b>	[0] Candidate demonstrates no understanding.	[0] No attempt at application.

[4]

AVAILABLE  
MARKS

- (b) (i) Explain what is meant by depreciation.

Depreciation is the reduction in value of a non-current asset such as machinery caused by wear and tear.

- (ii) Calculate the annual depreciation charge for the delivery van, using the straight line method.

$$\text{Annual depreciation} = \frac{\text{£8 000} - \text{£2 000}}{2} \text{ £3 000 per year}$$

(\*Note: proper annotation required in addition to correct answer.)

	<b>AO1 Knowledge and Understanding [2]</b>	<b>AO2 Application [2]</b>
<b>Level 2</b>	[2] Candidate demonstrates good understanding of the term depreciation.	[2] Candidate accurately calculates depreciation.
<b>Level 1</b>	[1] Candidate demonstrates some understanding of the term depreciation.	[1] Candidate has figures but inaccurate.
<b>Level 0</b>	[0] Candidate shows no understanding.	[0] No attempt.

[4]

**AVAILABLE  
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(c) Analyse how the financial position of McCann's Kitchens changed between 2012 and 2013.

- Sales revenue decreased by £40 000 most likely due to slow down in the market
  - Current assets reduced by £3 000, the firm has a cash flow problem
  - Current Liabilities increased by £8 000 due to purchase of second hand van
  - Gross Profit has fallen from £208 000 to £162 000 and expenses has increased by £6 000 and this is most likely due to the replacement of kitchen units
  - Net Profit is also down from £154 000 to £102 000
- In general the business is not in a very healthy position.

	<b>AO1 Knowledge and Understanding [2]</b>	<b>AO2 Application [2]</b>	<b>AO3 Analysis [4]</b>
<b>Level 2</b>	[2] Candidate demonstrates good understanding of how the financial position of McCann's Kitchens changed between 2012 and 2013.	[2] Candidate makes good application of the terms.	[4]–[3] Good analysis of the financial position of McCann's Kitchens changed between 2012 and 2013.
<b>Level 1</b>	[1] Candidate demonstrates some understanding of how the financial position of McCann's Kitchens changed between 2012 and 2013.	[1] Candidate attempts to make some application of the terms.	[2]–[1] Limited analysis of the financial position of McCann's Kitchens changed between 2012 and 2013.
<b>Level 0</b>	[0] Candidate demonstrates no understanding of how the financial position of McCann's Kitchens changed between 2012 and 2013.	[0] No attempt at application.	[0] No analysis of the financial position of McCann's Kitchens changed between 2012 and 2013.

[8]

AVAILABLE  
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- (d) Discuss the advantages and disadvantages of a zero-based budget system to a business such as McCann's Kitchens.

#### Advantages

- Zero-based budgeting ensures that there is an efficient allocation of resources, as it is based on needs and benefits.
- Zero-based budgeting will encourage the owner to find cost effective ways to improve operations.
- Zero-based budgeting can improve staff motivation and encourage everyone to take greater responsibility for cost reduction in the business.
- Zero-based budgeting helps to eliminate wasteful and obsolete operations.
- Zero-based budgeting increases communication and co-ordination within the organisation.
- Considers changes in external environment.

#### Disadvantages

- This type of budgeting is time consuming.
- It requires justification of every detail related to expenditure and this can cause resentment.
- Zero-based budgeting must be clearly understood by those who are implementing it.
- Influenced by dominant managers.

As part of their discussion, candidates should consider both positive and negative arguments and come to a final judgement.

Candidates are expected to evaluate throughout their answer.

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	<b>AO1 Knowledge and Understanding [3]</b>	<b>AO2 Application [2]</b>	<b>AO3 Analysis [3]</b>	<b>AO4 Evaluation [4]</b>
<b>Level 3</b>	[3] Candidate demonstrates excellent understanding of zero based budgeting.		[3] Candidate makes excellent analysis of zero based budgeting.	[4] Candidate gives a full evaluation of the arguments presented and forms a final judgement. QWC is excellent.
<b>Level 2</b>	[2] Candidate demonstrates good understanding of zero based budgeting.	[2] Candidate makes good application of the term.	[2] Candidate makes good analysis of zero based budgeting.	[3]–[2] Candidate gives a good evaluation of the arguments presented and forms a final judgement. QWC is good.
<b>Level 1</b>	[1] Candidate demonstrates some understanding of zero based budgeting.	[1] Candidate attempts to make some application of the terms.	[1] Some analysis of zero based budgeting.	[1] Candidate attempts some evaluation of the arguments presented. QWC is limited.
<b>Level 0</b>	[0] Candidate demonstrates no understanding of zero based budgeting.	[0] No attempt at application.	[0] No analysis.	[0] Candidate gives no evaluation of the arguments presented or final judgement. QWC is poor.

[12]

AVAILABLE  
MARKS

- (e) Evaluate the usefulness of final accounts to Harry and Paul when deciding whether to buy McCann's Kitchens.

#### Benefits

- Harry and Paul can use the accounts to make an assessment of the financial performance of McCann's Kitchens.
- Harry and Paul can use the data to conduct ratios analysis and this will help them assess the profitability and liquidity of the business.
- Harry and Paul can identify areas of strength and areas of weakness within the business.
- Harry and Paul may be able to use the data to attract another investor.
- Enables comparisons (overtime; with budgets/forecasts, etc.).
- Sets targets.

#### Drawbacks

- Final accounts have little value for those who do not have the expertise to interpret them. Harry and Paul are likely to fall into this category.
- Final accounts are based on past performance which means they may not represent what will actually happen in the future.
- Different organisations may have different accounting policies so the figures can be misleading.
- Financial information may ignore other objectives of the organisation such as customer service, quality and employee satisfaction.
- Dates quickly.
- Window dressing/manipulation.
- Quantitative focus mainly.
- Difficult to interpret.

As part of their discussion, candidates should consider both positive and negative arguments and come to a final judgement.

Candidates are expected to evaluate throughout their answer.

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	<b>AO1 Knowledge and Understanding [3]</b>	<b>AO2 Application [2]</b>	<b>AO3 Analysis [3]</b>	<b>AO4 Evaluation [4]</b>	<b>AVAILABLE MARKS</b>
<b>Level 3</b>	[3] Candidate demonstrates excellent understanding of the usefulness of financial information to Harry and Paul.		[3] Candidate makes excellent analysis of the usefulness of financial information to Harry and Paul.	[4] Candidate gives a full evaluation of the arguments presented and forms a final judgement. QWC is excellent.	
<b>Level 2</b>	[2] Candidate demonstrates good understanding of the usefulness of financial information to Harry and Paul.	[2] Candidate makes good application of the term.	[2] Candidate makes good analysis of the usefulness of financial information to Harry and Paul.	[3]–[2] Candidate gives a good evaluation of the arguments presented and forms a final judgement. QWC is good.	
<b>Level 1</b>	[1] Candidate demonstrates some understanding of the usefulness of financial information to Harry and Paul.	[1] Candidate attempts to make some application of the terms.	[1] Some analysis of the usefulness of financial information to Harry and Paul.	[1] Candidate attempts some evaluation of the arguments presented. QWC is limited.	
<b>Level 0</b>	[0] Candidate demonstrates no understanding of the usefulness of financial information to Harry and Paul.	[0] No attempt at application.	[0] No analysis.	[0] Candidate gives no evaluation of the arguments presented or final judgement. QWC is poor.	
				[12]	40
				<b>Total</b>	<b>80</b>