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BU02

Unit 2: Managing Operations, Human Resources and Finance

Mark scheme

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Mark schemes are prepared by the Lead Assessment Writer and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation events which all associates participate in and is the scheme which was used by them in this examination. The standardisation process ensures that the mark scheme covers the students' responses to questions and that every associate understands and applies it in the same correct way. As preparation for standardisation each associate analyses a number of students' scripts. Alternative answers not already covered by the mark scheme are discussed and legislated for. If, after the standardisation process, associates encounter unusual answers which have not been raised they are required to refer these to the Lead Examiner.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of students' reactions to a particular paper. Assumptions about future mark schemes on the basis of one year's document should be avoided; whilst the guiding principles of assessment remain constant, details will change, depending on the content of a particular examination paper.

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How to mark

Aims

When you are marking your allocation of scripts your main aims should be to:

- recognise and identify the achievements of students
- place students in the appropriate mark band and in the appropriate part of that mark band (high, low, middle)
- record your judgements with brief notes, annotations and comments that are relevant to the mark scheme and make it clear to other examiners how you have arrived at the numerical mark awarded
- put into a rank order the achievements of students (not to grade them – that is done later using the rank order that your marking has produced)
- ensure comparability of assessment for all students, regardless of question or examiner.

Approach

It is important to be **open-minded** and **positive** when marking scripts.

The specification recognises the variety of experiences and knowledge that students will have. It encourages them to study business in a way that is relevant to them. The questions have been designed to give them opportunities to discuss what they have found out about business. It is important to assess the quality of **what the student offers**.

Assessment Objectives

This component requires students to:

AO1	Demonstrate knowledge of terms, concepts, theories, methods and models to show an understanding of how individuals and organisations are affected by and respond to business issues.
AO2	Apply knowledge and understanding to various business contexts to show how individuals and organisations are affected by and respond to issues.
AO3	Analyse issues within business, showing an understanding of the impact on individuals and organisations of external and internal influences.
AO4	Evaluate quantitative and qualitative information to make informed judgements and propose evidence-based solutions to business issues.

The marking grids

The specification has generic marking grids for each Assessment Objective that is customised with indicative content for individual tasks. These have been designed to allow assessment of the range of knowledge, understanding and skills that the specification demands.

Within each Assessment Objective there are three or four broad levels representing different levels of achievement. Do not think of levels as equivalent to grade boundaries.

The indicative content gives examples of the kind of things students might do that would exemplify the level. They are neither exhaustive nor required – they are simply indicative of what would appear at this level. You will find that they sometimes indicate areas of content that can be handled with increasing sophistication and subtlety. You will also find statements which only characterise work at the bottom or top of the range.

Depending on the part of the examination, the levels will have different mark ranges assigned to them. This will reflect the different weighting of Assessment Objectives in particular tasks and across the examination as a whole. You may be required to give different marks to bands for different Assessment Objectives.

Using the grids

These levels of response mark schemes are broken down into levels, each of which has descriptors. The descriptors for the level show the performance characteristics of the level. There is the same number of marks in each level for an individual Assessment Objective. The number of marks per level will vary depending upon the number of marks allocated to the various Assessment Objectives covered by a particular question.

Having familiarised yourself with the descriptors and indicative content, read through the answer and annotate it (as instructed below) to identify the qualities that are being looked for and that it shows. You can now check the levels and award a mark.

Step 1 Determine a level

Start at the lowest level of the mark scheme and use it as a ladder to see whether the answer meets the descriptors for that level. The descriptors for the level indicate the different qualities that might be seen in the student's answer for that level.

When assigning a level you should look at the overall quality of the answer and not look to pick holes in small and specific parts of the answer where the student has not performed quite as well as in the rest. If the answer covers different aspects of different levels of the mark scheme you should use a best fit approach for defining the level and then use the variability of the response to help decide the mark within the level; eg if the response fulfils most but not all of level 3 with a small amount of level 4 material, it would be placed in level 3 but be awarded a mark near the top of the level because of the level 4 content.

Step 2 Determine a mark

Once you have assigned a level you need to decide on the mark.

It is often best to start in the middle of the level's mark range and then check and adjust. If there is a lot of indicative content fully identifiable in the work you need to give the highest mark in the level. If only some is identifiable or it is only partially fulfilled, then give the lower mark.

The exemplar materials used during standardisation will also help. There will be an answer in the standardising materials that will correspond with each level of the mark scheme. This answer will have been awarded a mark by the lead examiner. You can compare the student's answer with the example to determine if it is of the same standard, better or worse than the example. You can then use this to allocate a mark for the answer based on the lead examiner's mark on the example.

You may well need to read back through the answer as you apply the mark scheme to clarify points and assure yourself that the level and the mark are appropriate.

In addition to the generic descriptors (presented in bold text), paper-specific indicative descriptors (presented in plain text) are provided as a guide for examiners. These are not intended to be exhaustive and you must credit other valid points.

An answer that contains nothing of relevance to the question must be awarded no marks.

Examiners are required to assign each of the students' responses to the most appropriate level according to its overall quality, then allocate a single mark within the level. When deciding upon a mark in a level examiners should bear in mind the relative weightings of the Assessment Objectives and be careful not to over/under credit a particular skill. For example, in question 12, 13 and 14 more weight should be given to AO4 than to AO1, AO2 and AO3. This will be exemplified and reinforced as part of examiner training.

Annotating scripts

You should write a summative comment at the end for each Assessment Objective and indicate the marks for each Assessment Objective being tested at the end of the answer in the margin in sequence. It is vital that the way you arrive at a mark should be recorded on the script. This will help you with making accurate judgements and it will help any subsequent markers to identify how you are thinking. Please do not write negative comments about students' work; this is unprofessional and it impedes a positive marking approach.

Section A **Total for this section: 17 marks**

<table>
<tr><th>Question</th><th>Part</th><th>Marking guidance</th><th>Total marks</th></tr>
<tr><td>1</td><td></td><td>A manager introduces an employee of the week award. Which of Maslow's needs is she attempting to satisfy?

Answer B: Ego (Esteem)</td><td>1

AO1 = 1</td></tr>
<tr><td>2</td><td></td><td>A business has fixed costs of $54 000, variable costs of $3.50 per unit and a selling price of $8.00 per unit. What is its break-even output in units?

Answer C: 12 000</td><td>1

AO1 = 1</td></tr>
<tr><td>3</td><td></td><td>Extract of a cash flow statement.

<table><tr><th>Outflows ($)</th><th>January</th><th>February</th><th>March</th></tr><tr><td>Materials</td><td>3940</td><td>3825</td><td>4565</td></tr><tr><td>Rent</td><td>2500</td><td>2500</td><td>2500</td></tr></table>
A business bought materials on one month's credit. What was the value of materials ordered in February?

Answer C: $4565</td><td>1

AO1 = 1</td></tr>
</table>

4		Explain why quality might be an appropriate objective for a public sector organisation. Indicative content • Public sector organisations are run in the best interest of the public and should focus on the quality of the product or service rather than costs. For example schools and government agencies. • Public sector organisations are not for profit and therefore do not need to focus on gaining profits leaving them to be able to focus on the quality of the service. • Public sector organisations do not have shareholders whose needs focus on increasing profits to increase return on investment and therefore can focus on meeting other stakeholder's needs such as customers by improving their quality. **Good Response 3 marks** Links the explanation to why quality is important to a public sector organisation. For example, a public organisation is run and owned by the government, their key stakeholders are customers whose needs are quality of service over profit. This means that the business can focus on improving quality rather than decreasing costs to improve profit margins. **Reasonable Response 2 marks** Explains relevant points but does not fully develop explanations to say why the objective is appropriate for a public sector organisation, ie no link to the context. **Limited Response 1 mark** Identifies relevant points with no explanation or development, eg states what a public sector organisation is but not how quality is an appropriate objective.	**3** **AO1 = 1** **AO2 = 2**

5		A property developer bought three houses for $120 000 each. He sold them for a total of $450 000. Calculate the percentage return on investment. States the correct answer 25% (3 marks) $$\frac{\text{Profit}}{\text{Initial Cost of Investment}} \times 100$$ Attempts the calculation/shows some knowledge of return on investment. (1 mark) Calculates the profit (return) $90 000 but does not calculate the return on investment. (1 mark)	**3** **AO1 = 1** **AO2 = 2**
6		A business had 126 employees in 2021. Its sales revenue in 2020 was $318 000. This increased by 5% in 2021. Calculate its sales per employee for 2021. Answer = $2650 or 2650 • 1 mark for correct formula. • 1 mark for calculating sales per employee.	**2** **AO1 = 1** **AO2 = 1**

7		Explain **one** benefit of crowdfunding to a start-up business. Indicative content • Crowdfunding does not usually have to be paid back. • Can increase brand awareness through the crowdfunding campaign. • Can attract investors in the business who can help the business grow (may have expertise). • Does not require the start-up to go through a lengthy application like a bank loan. • With crowdfunding a business can attract a large number of investors which may make it easier to raise the amount needed as they will only need to invest small amounts. • People who invest into the business through crowdfunding are more likely to become customers as they have a vested interest in the company. • The crowdfunding campaign can raise awareness of the brand through social media and crowdfunding platforms allowing inexpensive brand exposure to an unknown brand. • It is often less risky for the investor as they are investing small amounts of money (or as much as they want) therefore being in control of their risk. **Good Response 3 marks** Links the benefit of crowdfunding to a start-up business. For example, raising finance through crowdfunding does not have to be paid back like a loan. This is useful for a start-up business as new businesses are likely to have poor cash flow in the early days therefore any extra expenses can impact the cash flow of a business negatively as they may not have the revenue to pay the payments. Using crowdfunding will allow the start-up to have a more positive cash flow position. **Reasonable Response 2 marks** Explains one relevant benefit which is in context but does not fully develop to say how the benefit is suitable for a start-up business. For example, states a benefit that they do not have to pay it back but not explain why this is useful for a start-up. **Limited Response 1 mark** Identifies relevant points with no explanation or development. Eg states what crowdfunding is and/or offers a benefit but no explanation.	**3** **AO1 = 1** **AO2 = 2**

8		Explain **one** benefit of Just in Time (JIT) for a car manufacturer. Indicative content • Levels of inventory held are low or 0 which saves spending on storage, security etc. • Quality checking can be easier to do with Just in Time production as quality is checked on "live" stock and any rework is easily identified. • Cars are produced to order meaning that finished cars are not standing around waiting to be sold and depreciating in value. **Good Response 3 marks** Links the benefit of Just in Time to a car manufacturer. For example, cars are produced to order meaning that finished cars are not standing around waiting to be sold and depreciating in value (cars depreciate rapidly once they leave the factory) which maximises profit margins and the overall profit of the manufacturer. **Reasonable Response 2 marks** Explains one benefits but does not fully develop it to say how the benefit is important for a car manufacturer. For example, the students may explain that Just in Time allows for zero levels of inventory to be held but not why this is important for a car manufacturer or manufacturer in general. **Limited Response 1 mark** Identifies relevant points with no explanation or development. Eg states what Just in time is and/or offers a benefit but no explanation.	**3** **AO1 = 1** **AO2 = 2**

Section B **Total for this section: 27 marks**

Question	Part	Marking guidance	Total marks
9		A business operates in a highly competitive market. Analyse **two** ways that increasing labour turnover will reduce its competitiveness.	**9** **AO1 = 3** **AO2 = 3** **AO3 = 3**

Examiners are reminded that AO1, AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives for this question.

Level	Marks	Descriptor
3	**7 – 9**	**A good response that focuses on many of the demands of the question** • includes well-focused analysis with logical chains of reasoning • includes well-focused application to the given context • shows sound knowledge and understanding of business terminology and concepts with few, if any, errors • is well structured.
2	**4 – 6**	**A reasonable response which focuses on some of the demands of the question** • includes reasonable analysis but the analysis might not be fully developed or may lack some accuracy in places • includes reasonable application to the given context • focuses on issues that are relevant to the question, showing satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present.
1	**1 – 3**	**A limited response that has little focus on the demands of the question** A limited response with some understanding that may: • include some limited analysis but lacks focus and development • include some limited application to the given context • include some limited knowledge and understanding of business terminology and concepts but some errors are likely.
	0	**No credit worthy material.**

The focus of this question is to analyse the human resource data and analyse the impact of this data on the operations department.

Indicative content includes:

- Labour turnover has increased meaning that staff are leaving the company. This may impact on the operations department as they may need to recruit new staff to replace the staff who are leaving, they will then have to train the staff to complete the job which will take time and might reduce the productivity of the staff in the short term, meaning that they may not hit their operations targets. As there is a shortage of staff who are skilled to work in the industry, it may be difficult to replace staff and this could impact on the business meeting the needs of their customers.
- Productivity has declined over the year meaning that staff output per member of staff has declined. This will lead to fewer units being produced/work being done which may not meet targets and increase unit costs.
- The increase in staff turnover and decrease in productivity suggests that staff may be de-motivated. The operations department may have to work closely with the human resource department to implement motivational techniques to try to improve the situation.
- The data suggests staff are not happy working in the business and are leaving, as the market is highly competitive, they might leave to join a competitor making this business less competitive.

Credit valid alternative content.

A good response may analyse the human resource data and go on to analyse the impact of this data on the operations department. For example, labour turnover has increased meaning that staff are leaving the company. This may impact on the operations department as it may need to recruit new staff to replace the staff who are leaving, it will then have to train the staff to complete the job which will take time and might reduce the productivity of the staff in the short term, meaning that they may not hit their operations targets resulting in orders not being delivered on time and a decrease in customer satisfaction.

A reasonable response may analyse some of the data but not analyse the impact of the data for the operations department. For example, states that productivity has declined but not analyse the impact of this on the operations department.

A limited response may show understanding of productivity and/or labour turnover.

Question	Part	Marking guidance	Total marks
10		A hotel experiences low demand during the winter months. Analyse **two** benefits of budgeting to this business.	**9** **AO1 = 3** **AO2 = 3** **AO3 = 3**

Examiners are reminded that AO1, AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives for this question.

Level	Marks	Descriptor
3	**7 – 9**	**A good response that focuses on many of the demands of the question** • includes well-focused analysis with logical chains of reasoning • includes well-focused application to the given context • shows sound knowledge and understanding of business terminology and concepts with few, if any, errors • is well structured.
2	**4 – 6**	**A reasonable response which focuses on some of the demands of the question** • includes reasonable analysis but the analysis might not be fully developed or may lack some accuracy in places • includes reasonable application to the given context • focuses on issues that are relevant to the question, showing satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present.
1	**1 – 3**	**A limited response that has little focus on the demands of the question** A limited response with some understanding that may: • include some limited analysis but lacks focus and development • include some limited application to the given context • include some limited knowledge and understanding of business terminology and concepts but some errors are likely.
	0	**No credit worthy material.**

The focus of this question is to analyse why it is important for a seasonal business to set budgets.

Indicative content includes:

- A seasonal business will not have consistent revenue or expenditure over the year. Spending and revenue will come in peaks and troughs and setting a budget will help them to identify when they need to maximise revenue and minimise/maximise spending.
- A budget can work as a tool for target setting during busy periods which can be communicated to staff to motivate them to achieve maximum revenue during peak times.
- The business can use the budget to make sure that they plan in advance for the busy/quiet periods so that they do not overspend unnecessarily and/or do not run out of stock.
- The budget can be used retrospectively to analyse any variances in spending or revenue to help them plan in the future.

Credit valid alternative content.

A good response may analyse the benefits of budgeting and explain why it is important to a hotel which experiences seasonal demand. For example, a seasonal hotel will not have consistent revenue or expenditure over the year. Spending and revenue will come in peaks and troughs and setting a budget will help them to identify when they need to maximise revenue and minimise/maximise spending. This will allow the business to ensure they have enough resources available ensuring peak times and to cut back on resources during quiet times to ensure it is maximising profit margins.

A reasonable response may analyse some of the benefits of budgeting but not explain why this is important for a seasonal hotel. For example, they may explain that the hotel may benefit from being able to plan their expenditure but not why this is important for a seasonal hotel.

A limited response may show understanding of budgeting.

Question	Part	Marking guidance	Total marks
11		A mobile phone service provider has no competition in its region. Analyse how this might impact on its customer satisfaction.	**9** **AO1 = 3** **AO2 = 3** **AO3 = 3**

Examiners are reminded that AO1, AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives for this question.

Level	Marks	Descriptor
3	**7 – 9**	**A good response that focuses on many of the demands of the question** • includes well-focused analysis with logical chains of reasoning • includes well-focused application to the given context • shows sound knowledge and understanding of business terminology and concepts with few, if any, errors • is well structured.
2	**4 – 6**	**A reasonable response which focuses on some of the demands of the question** • includes reasonable analysis but the analysis might not be fully developed or may lack some accuracy in places • includes reasonable application to the given context • focuses on issues that are relevant to the question, showing satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present.
1	**1 – 3**	**A limited response that has little focus on the demands of the question** A limited response with some understanding that may: • include some limited analysis but lacks focus and development • include some limited application to the given context • include some limited knowledge and understanding of business terminology and concepts but some errors are likely.
	0	**No credit worthy material.**

The focus of this question is to analyse the effects of market conditions (no competition) impact on customer satisfaction rates.

Indicative content includes:

- No local competition results in no choice for the customer. This means that businesses operating in the market may not invest their money into increasing customer satisfaction as they do not need to compete for customers meaning that customer satisfaction rates may not be high.
- A mobile phone may be classed as a necessity depending on where the mobile phone service provider is located. If it is not a necessity and customer satisfaction is low, customers will not return and the business will not survive. The business will then have to invest in customer service to improve customer satisfaction to ensure they survive.
- No competition means that the business does not have to compete on price and therefore can charge higher prices, if the customer perceives that the prices are too high and not good value for money it can lead to customer dissatisfaction.
- A single service provider is likely to make high levels of profit which it may decide to re-invest into research and development activities to improve their services. This could result in an increase in customer satisfaction due to improvements in the technology.

Credit valid alternative content.

A good response may analyse the effect(s) of market conditions and links this to customer satisfaction rates. For example, a single service provider is likely to make high levels of profit which they may decide to re-invest into research and development activities to improve their services. This could result in an increase in customer satisfaction due to improvements in the technology as the service provider may have greater confidence in taking risks due to its monopoly power. This could benefit the customer through the availability of new cutting edge technology.

A reasonable response may analyse some of the effect(s) of market conditions on a business, but not explain how this will impact on customer satisfaction. For example, it may say that the single provider has a monopoly power over the market and, as a result might increase their prices but not link this to customer satisfaction.

A limited response may show an understanding of market conditions and/or customer satisfaction rates.

Section C **Total for this section: 36 marks**

Question	Part	Marking guidance	Total marks
12		A bank would like to increase its profit and has decided to invest in new technology to replace some of its staff. Assess the arguments for and against this decision and make a judgement on whether the investment would increase profits.	**12** **AO1 = 2** **AO2 = 2** **AO3 = 3** **AO4 = 5**

Examiners are reminded that AO1, AO2 AO3 and AO4 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives for this question. More weight should therefore be given to AO4 than AO1, AO2 and AO3.

Level	Marks	Descriptor
4	**10 – 12**	**An excellent response that focuses fully on the demands of the question** Likely to demonstrate sound, focused analysis and well-supported evaluation: • includes supported evaluation in a final conclusion and within response • includes well-focused analysis with clear, logical chains of reasoning • includes well-focused application to the given context • showing sound knowledge and understanding of business terminology and with few, if any, errors • is well structured and well-focused. A complete and coherent overall argument with a clear conclusion. The conclusion is arrived at through a balancing of arguments, with appropriate weight given to each argument and to the argument overall. Where there are crucial arguments, these are distinguished from less crucial ones.
3	**7 – 9**	**A good response that focuses on many of the demands of the question** Likely to demonstrate sound, focused analysis and some supported evaluation: • includes some reasonable, supported evaluation • includes analysis with some logical chains of reasoning • includes some good application to the given context • showing sound knowledge and understanding of business terminology and concepts with relatively few errors • is well-structured and generally focused. A relatively complete and coherent argument leading to an attempt to conclude. The content is detailed and correct and most of it is integrated. There is recognition of arguments and counter-arguments, but balance is not always present and the weight to be given to each argument is not always fully clear.

2	**4 – 6**	**A reasonable response which focuses on some of the demands of the question** Some reasonable analysis but generally unsupported evaluation: • there is likely to be some attempt to make relevant evaluation but this has little support from arguments or does not address the question as a whole • includes some reasonable analysis but which might not be adequately developed or becomes confused in places • includes reasonable application to the given context • shows satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present. There is an attempt to answer the question. There is likely to be a conclusion but it has little support and response may lack balance. The content is largely correct, though there may be some gaps and lack of detail.
1	**1 – 3**	**A limited response that has little focus on the demands of the question** A limited response with some understanding: • includes no evaluation or attempts evaluation but this is unsupported • includes some limited analysis but it may lack focus and/or become confused • includes some limited application to the given context • includes some limited knowledge and understanding of business terminology and concepts but errors are likely.
	0	**No credit worthy material.**

The demands of the question are to decide whether the business should invest into new technology to replace some of their staff.

Indicative Content

Investing into new technology to replace staff.

Possible Arguments Against:

- Replacing staff with technology could cause staff to feel vulnerable about their jobs. This could see staff becoming demotivated resulting in a decline in productivity and increase in labour turnover resulting in an increase in costs impacting negatively on profit margins.
- Investing in technology can be expensive in the short term which will impact on short-term profits. It may take a while to see a return on investment for the bank.
- Some customers do not like to use technology and prefer the human touch, using technology could cause customers to be dissatisfied and leave the bank for a competitor, reducing revenue for the bank and profit margins.

Possible Arguments For:

- Technology can work 24 hours, 7 days a week and does not need a break so can be more economical in the long run reducing overall costs and thus increasing profit margins for the bank.
- Technology does not have human error and therefore can be more accurate leading to increased customer satisfaction rates, meaning increased loyalty and repeat purchase, increasing revenue and profit margins.
- Technology can process customer transactions quicker which means less waiting time for customers and improved customer service rates.

Overall, it depends on what the technology is being used for and how much it costs. Technology can decrease costs in the long run by carrying out simple human tasks such as depositing money or directing customers to the right service over the phone. However, there are some tasks which need the human touch and trying to replace these with technology could damage the reputation of the bank resulting in a loss of customers. The bank should pilot the introduction of technology first before investing.

Credit valid alternative content. No decision is right or wrong but should be assessed on the quality of argument.

Question	Part	Marking guidance	Total marks
13		A business has a shortage of staff with the skills required to meet its customers' needs. It has decided to train its existing staff rather than recruit. Is this the correct decision? Assess the arguments for and against and make a judgement.	**12** **AO1 = 2** **AO2 = 2** **AO3 = 3** **AO4 = 5**

Examiners are reminded that AO1, AO2 AO3 and AO4 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives for this question. More weight should therefore be given to AO4 than AO1, AO2 and AO3.

Level	Marks	Descriptor
4	**10 – 12**	**An excellent response that focuses fully on the demands of the question** Likely to demonstrate sound, focused analysis and well-supported evaluation: • includes supported evaluation in a final conclusion and within response • includes well-focused analysis with clear, logical chains of reasoning • includes well-focused application to the given context • showing sound knowledge and understanding of business terminology and with few, if any, errors • is well structured and well-focused. A complete and coherent overall argument with a clear conclusion. The conclusion is arrived at through a balancing of arguments, with appropriate weight given to each argument and to the argument overall. Where there are crucial arguments, these are distinguished from less crucial ones.
3	**7 – 9**	**A good response that focuses on many of the demands of the question** Likely to demonstrate sound, focused analysis and some supported evaluation: • includes some reasonable, supported evaluation • includes analysis with some logical chains of reasoning • includes some good application to the given context • showing sound knowledge and understanding of business terminology and concepts with relatively few errors • is well-structured and generally focused. A relatively complete and coherent argument leading to an attempt to conclude. The content is detailed and correct and most of it is integrated. There is recognition of arguments and counter-arguments, but balance is not always present and the weight to be given to each argument is not always fully clear.

2	**4 – 6**	**A reasonable response which focuses on some of the demands of the question** Some reasonable analysis but generally unsupported evaluation: • there is likely to be some attempt to make relevant evaluation but this has little support from arguments or does not address the question as a whole • includes some reasonable analysis but which might not be adequately developed or becomes confused in places • includes reasonable application to the given context • shows satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present. There is an attempt to answer the question. There is likely to be a conclusion but it has little support and response may lack balance. The content is largely correct, though there may be some gaps and lack of detail.
1	**1 – 3**	**A limited response that has little focus on the demands of the question** A limited response with some understanding: • includes no evaluation or attempts evaluation but this is unsupported • includes some limited analysis but it may lack focus and/or become confused • includes some limited application to the given context • includes some limited knowledge and understanding of business terminology and concepts but errors are likely.
	0	**No credit worthy material.**

The demands of this question are to decide whether training existing staff is better than recruiting new in order to gain new skills in the business.

Indicative Content

Training existing staff

Possible Arguments for:

- This will act as a motivator for staff as they feel that they are valued and being invested in which could increase productivity and staff retention.
- Existing staff will understand the organisation's values and aims. They will not need an induction period which will save time and money for the business.
- The business will not need to recruit and therefore will save money and time on recruitment.

Possible Arguments Against:

- Staff will need to be sent on training which will take time and cost money.
- New staff can bring more than just new skills to the organisation, they can bring industry insight and new perspectives which can benefit the organisation.
- Whilst the existing staff are on training someone will need to carry out their job. Their existing job may also need to be replaced meaning there is no saving on recruitment costs.

Overall, it depends on the industry and length/complexity of the training. If the training is a lengthy process and expensive it would make more sense to recruit new staff. If the training is not complex or staff have already been identified who would like to complete the training, then it will act as a motivator for existing staff and therefore would be beneficial for the organisation.

Credit valid alternative content. No decision is right or wrong but should be assessed on the quality of argument.

Question	Part	Marking guidance	Total marks
14		An online retailer is trying to gain a competitive advantage by offering next day delivery on all orders. It has decided to recruit warehouse staff on zero hour contracts. Is employing staff on zero hour contracts a good decision? Assess the arguments for and against and make a judgement.	**12** **AO1 = 2** **AO2 = 2** **AO3 = 3** **AO4 = 5**

Examiners are reminded that AO1, AO2 AO3 and AO4 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives for this question. More weight should therefore be given to AO4 than AO1, AO2 and AO3.

Level	Marks	Descriptor
4	**10 – 12**	**An excellent response that focuses fully on the demands of the question** Likely to demonstrate sound, focused analysis and well-supported evaluation: • includes supported evaluation in a final conclusion and within response • includes well-focused analysis with clear, logical chains of reasoning • includes well-focused application to the given context • showing sound knowledge and understanding of business terminology and with few, if any, errors • is well structured and well-focused. A complete and coherent overall argument with a clear conclusion. The conclusion is arrived at through a balancing of arguments, with appropriate weight given to each argument and to the argument overall. Where there are crucial arguments, these are distinguished from less crucial ones.
3	**7 – 9**	**A good response that focuses on many of the demands of the question** Likely to demonstrate sound, focused analysis and some supported evaluation: • includes some reasonable, supported evaluation • includes analysis with some logical chains of reasoning • includes some good application to the given context • showing sound knowledge and understanding of business terminology and concepts with relatively few errors • is well-structured and generally focused. A relatively complete and coherent argument leading to an attempt to conclude. The content is detailed and correct and most of it is integrated. There is recognition of arguments and counter-arguments, but balance is not always present and the weight to be given to each argument is not always fully clear.

2	**4 – 6**	**A reasonable response which focuses on some of the demands of the question** Some reasonable analysis but generally unsupported evaluation: • there is likely to be some attempt to make relevant evaluation but this has little support from arguments or does not address the question as a whole • includes some reasonable analysis but which might not be adequately developed or becomes confused in places • includes reasonable application to the given context • shows satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present. There is an attempt to answer the question. There is likely to be a conclusion but it has little support and response may lack balance. The content is largely correct, though there may be some gaps and lack of detail.
1	**1 – 3**	**A limited response that has little focus on the demands of the question** A limited response with some understanding: • includes no evaluation or attempts evaluation but this is unsupported • includes some limited analysis but it may lack focus and/or become confused • includes some limited application to the given context • includes some limited knowledge and understanding of business terminology and concepts but errors are likely.
	0	**No credit worthy material.**

The demands of the question are to decide whether the business should use zero hour contracts to be able to meet the demands for next day delivery.

Indicative Content

Zero Hour Contracts

Possible Arguments for:

- Zero hour contracts will allow the retailer to have flexibility. They will be able to use more workers if there is a sudden surge in demand and to not use them if they are not busy. This saves them money on paying staff when they are not needed and allows them to meet customer demands.
- Can be flexible to meet other business needs.

Possible Arguments against:

- Staff on zero hour contracts may not be loyal to the business as they are not contracted to work a set number of hours so may not be able to attend when needed, as a result failing to meet the retailers next-day delivery guarantee and disappointing customers.
- Labour turnover of zero hour contract staff can be high as they move to other jobs with more favourable contracts which could increase costs for the business and not give them the flexibility they need for the service.

Overall, it depends on the loyalty of the workforce and whether the staff who are on zero hour contracts are available to work at short notice. The retailer will not be able to be certain of how many staff it needs to pick and pack until orders are placed, even then they only have 24 hours to deliver the product so it will need to ensure they have contracted staff in place to fulfil orders. Zero hour contracts will help with speed of response but only if the staff can do extra hours, if they cannot they are not obliged and therefore they are little use to the business.

Credit valid alternative content. No decision is right or wrong but should be assessed on the quality of argument.