

# **Business Studies**

Advanced GCE

Unit **F296**: Business Production

## **Mark Scheme for June 2013**

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All examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes should be read in conjunction with the published question papers and the report on the examination.

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## Annotations

Annotation	Meaning
	Unclear
	Benefit of doubt
	Cross
	Level 1
	Level 2
	Level 3
	Level 4
	Not answered question
	No use of text
	Own figure rule
	Repetition
	Noted but no credit given
	Too vague
	Tick

Question		Answer	Marks	Guidance	
				Content	Levels of response
1		<p>Gantt charts are a useful tool for organising complex sequences of events such as construction projects. They put a time span and chronology to a series of usually inter-related activities to enable clarity of project management.</p> <p>Enables a high degree of organisation Ensures technology (eg cement mixers) are fully utilised and being used on site when being paid for. Ensures staff are not being paid when waiting around for equipment to arrive. Enables resources to switch between different aspects of construction, maybe even between sites.</p> <p>Exemplar: Gantt charts are a useful tool for organising complex sequences of events (L1). They put a time span and chronology to a series of usually inter-related activities to enable clarity of project management (L2). A Gantt chart is of particular use here as the complexities of a construction project need mapping so staff, eg flooring, that are co-dependent are scheduled correctly (L3).</p>	6	L3 must relate to case study and specifics of construction. The one point made must be developed in context to show clear gains IN THIS CASE to hit L3	<p><b>Level 3 (5–6 marks)</b> Candidate demonstrates analytical skills when considering Gantt charts.</p> <p><b>Level 2 (3–4 marks)</b> Candidate demonstrates understanding of Gantt charts. No context required.</p> <p><b>Level 1 (1–2 marks)</b> Candidate offers knowledge of Gantt charts.</p>

Question			Answer	Marks	Guidance	
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2			Indirect costs $\text{£}470,000/25 = \text{£}18,800$ (1) Labour costs $\text{£}17 \times 40 \text{ hours} \times 3 \text{ weeks} = \text{£}2,040$ $\text{£}9 \times 3 \times 40 \text{ hours} \times 3 \text{ weeks} = \text{£}3,240$ Total labour cost $\text{£}5,280$ (1) Materials $\text{£}3,500$  Total cost $\text{£}27,580$ (1)  Cost difference from Slabs Ltd $\text{£}36,000 - \text{£}27,580 = \text{£}8,420$ (1)	4	Accept answer that ignores indirect costs $\text{£}27,220$ – 3 marks  OFR applies	

Question		Answer	Marks	Guidance	
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3		<p>There are many production related concepts involved in this issue – capacity utilisation, logistics, quality.</p> <p>Advantages:            Cost saving of £8,420, although depends who it is compared to. Wider issue of costing here – his method of apportioning costs is not proportional and actually this project may be even 'cheaper'            Gets staff trained to utilise in future            Gain control of a project – have been sub-contractor errors recently            On hand to make changes and adapt as necessary            Job done on time – critical before school term</p> <p>Disadvantages:            Training and recruitment costs            Taking a gamble on actually finding staff to do it            Capacity utilisation issue – may not be able to accommodate the project in the sense of WCL taking such an active role</p> <p>Exemplar:            'In house' means organising logistics themselves (L1). This will have clear costs (eg labour) (L2). One of the biggest advantages is the fact that £8,420 will be saved, or so it seems, but this is very much down to exactly how</p>	13	<p>They key is to looking at the question in the context of the other options. An 'in house' solution is not necessarily the best however – they do not have the skills/staff to actually do it and any recruitment of such would need to be rapid. Is this realistic?            For L4 – weigh up these 'in house' pros and cons bringing in the other options. Better answers will use production concepts as a template.</p>	<p><b>Level 4 (9–13 marks)</b>            Candidate demonstrates evaluative skills when looking at the 'in house' option.</p> <p><b>Level 3 (6–8 marks)</b>            Candidate demonstrates analytical skills when considering the 'in house' option.</p> <p><b>Level 2 (3–5 marks)</b>            Candidate demonstrates understanding of the 'in house' option. No context.</p> <p><b>Level 1 (1–2 marks)</b>            Candidate offers knowledge of 'in house' operations.</p>

Question			Answer	Marks	Guidance	
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			costs are apportioned. His 4% method seems somewhat arbitrary (L3). This all needs further investigation – if the indirect costs are apportioned even remotely appropriately then this does represent a saving and an argument for doing it ‘in house’ (L4).			

Question		Answer	Marks	Guidance	
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4		<p>There are two principle areas of law: Vicarious liability - employer held responsible for torts of employee Health and Safety law to do with unsafe premises Possible third area of dismissal – is acceptable within the scope of this question</p> <p>Vicarious liability law – could be argued that WCL is responsible but Flattops Ltd are not employees – sub-contract relationship is clear. Also, is Flattops liable? ‘A frolic of his own’ principle. Was not acting in accordance with his employment conditions presumably. Health and safety law - was site secure and safe?</p> <p>Exemplar: Vicarious liability (L1) – where an employer held responsible for torts of employee (L2). In this case there is an issue about who exactly is the employer – WCL are surely a contractor and thus not responsible for someone else’s employee’s actions (L3).</p>	6	<p>Answer is looking for analysis of the actual legal principles themselves in relation to the case – not simply the impacts of loss of business/bad reputation</p> <p>Two areas of law analysed = 6 marks; one analysed = 5 marks</p> <p>Two areas of law understood = 4 marks; one understood = 3 marks</p>	<p><b>Level 3 (5–6 marks)</b> Candidate demonstrates analytical skills when considering the law.</p> <p><b>Level 2 (3–4 marks)</b> Candidate demonstrates understanding of the law. No context required.</p> <p><b>Level 1 (1–2 marks)</b> Candidate shows knowledge of the law.</p>

Question		Answer	Marks	Guidance	
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5		<p>Improvements to quality control:            Improve selection/vetting of sub-contractors            Dictate where materials/supplies can be bought from            Increase the amount of on-site supervision            Set a TQM standard throughout the building process – every aspect from architect’s designs, structural engineering, services, bricklaying, roofing – everything.            Could go into bonuses and HR management issues            Better scheduling that does eliminates the need for short cuts</p> <p>Exemplar:            Quality control involves measures to find defects and improve quality (L1). This might involve specific action before the construction process such as checking quality of bricks (L2). There is huge potential for cost savings by simply getting construction ‘right’ first time, eg the small toilets, which would have cost a lot to rectify (L3). This needs weighing up, however, against the cost of actually doing the checking/measures. If it is particularly labour intensive or involves the expense of apportioning responsibility then it may not be worth it. In this case it is probably well worth it (L4).</p>	13	<p>Many areas for candidates to discuss with relation to Mulchester site and construction in general. There are some very obvious areas which are given to them in the case (small toilets etc) but these are symptomatic of bigger issues and the better candidates should look at the bigger picture.            It is also a reasonable answer to ask if there really is a problem and that these issues are not temporary.            The key is to relate it to the context and for L4 challenge the suggestions made. Would they be too expensive?            Practical? Time consuming?            Demotivating?</p>	<p><b>Level 4 (9–13 marks)</b>            Candidate demonstrates evaluative skills when looking at quality control.</p> <p><b>Level 3 (6–8 marks)</b>            Candidate demonstrates analytical skills when considering quality control.</p> <p><b>Level 2 (3–5 marks)</b>            Candidate demonstrates understanding of quality control. No context required.</p> <p><b>Level 1 (1–2 marks)</b>            Candidate shows knowledge of quality control.</p>

Question		Answer	Marks	Guidance	
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6*		<p>Advantages of bidding:            Massive contract should equal £35m revenue            Huge statement about WCL – could lead to more similar sized contracts.            Huge opportunities for his staff – promotion etc – motivating            Could use it as an opportunity to clamp down on quality overall.</p> <p>Disadvantages/issues:            Logistical issues of actually organising a project on such a scale            Experience? He has a lot, but of this size?            Liability of not completing the project on time.            HR issues of recruitment etc.            Has quality problems now – how will he cope on this project?            Is 30 miles away a problem?</p> <p>Exemplar:            A new contract will mean a massive increase in organisation at WCL on many levels (L1). The implications will hit staffing (from top to bottom) in terms of skill level, training, responsibility and so on (L2). One the one hand this could be massively motivating for the WCL staff and, indeed, maybe attract new staff of a higher quality to a business that is seen as ‘going places’ (L3). However, should this not occur it is clear that WCL,</p>	18	<p>It is important to remember that the case study only says that WCL can QUOTE for the job – they will not necessarily get it. However, Michael must be prepared for that eventuality (or, as is common in construction, will he bid with no intention of getting the job, but to show he is ‘in the big league’?).            L3 analysis is straight forward – taking each issue and going into depth.            L4 requires some weighing up/prioritisation of these arguments. Some are clearly smaller issues, some fundamental.</p> <p><b>An answer which only includes or does not include production or other issues should only be awarded the lowest mark in the appropriate level.</b></p>	<p><b>Level 4 (13–18 marks)</b>            Candidate demonstrates evaluative skills when looking at the new contract.</p> <p><b>Level 3 (7–12 marks)</b>            Candidate demonstrates analytical skills when considering the new contract.</p> <p><b>Level 2 (3–6 marks)</b>            Candidate demonstrates understanding of the new contract.</p> <p><b>Level 1 (1–2 marks)</b>            Candidate shows knowledge of the new contract.</p>

Question			Answer	Marks	Guidance	
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			currently stretched, does not necessarily have the skills to cope operating on a larger scale and that this contract could be a 'bridge too far' (L4).			

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