

# **Business Studies**

Advanced GCE

Unit **F296**: Business Production

## **Mark Scheme for January 2013**

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## Annotations

Annotation	Meaning
	Unclear
	Benefit of the 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>Social costs are those costs experienced during a business transaction (private costs) plus any negative externalities experienced by third parties. Candidates are likely to focus on production related externalities (fine). To be in context these issues must be related to the specifics of leather production and its associated problems.</p> <p>Candidates are likely to focus on the latter: tourist congestion, smells, transportation related externalities, low wages and related social problems, use of leather as an ethical/environmental issue etc</p> <p>Exemplar: Social costs are those costs experienced by a third party (L1). This could involve noise pollution suffered by people living near a railway line who are not compensated (L2). In this case, the overpowering smell of the leather tanning would be a social cost – to be specific it is a negative externality and is suffered by people living in the area who are not part of the private transaction (L3).</p>	6	<p>There is scope for 'reasonable' speculation – a lot of possible answers, but these must be taken individually.</p> <p>Two social costs analysed = 6 marks; one analysed = 5 marks</p> <p>Two social costs explained = 4 marks; one understood = 3 marks</p> <p>Two social costs stated = 2 marks One social cost stated = 1 mark</p>	<p><b>Level 3 (6–5 marks)</b> Candidate demonstrates analytical skills when considering social costs.</p> <p><b>Level 2 (4–3 marks)</b> Candidate demonstrates understanding of social costs. <b>No context required.</b></p> <p><b>Level 1 (2–1 marks)</b> Candidate shows knowledge of social costs.</p>

Question		Answer	Marks	Guidance	
				Content	Levels of response
2	(a)	Break even formula $FC/\text{price}-VC$ (1) $£350/£7.25-£2.80$ (1) $BEP = 79 (78.65)$ (1)	3		
	(b)	MOS $325 - 79 = 246$ (1)	1	OFR allowed if 2(a) incorrect	

Question		Answer	Marks	Guidance	
				Content	Levels of response
3		<p>Flow production, will have potentially huge benefits for DSL. DSL is stuck, and has been for centuries one guesses, in a job production situation where craft workers are employed with skills passed down from generation to generation. This is certainly the implication.</p> <p>The probable advantages for DSL are:            increase in output            economies of scale (purchasing etc)            greater consistency of production (this may be a disadvantage)            reduced cost per unit            less labour intensive – consequent wage savings and MAYBE more motivated employees            ability to raise wages</p> <p>Disadvantages include:</p> <ul style="list-style-type: none"> <li>• loss of skilled workers/de-skilling</li> <li>• de-motivation of workers in a production line scenario</li> <li>• removal of handmade nature of product</li> <li>• training costs</li> <li>• initial/change over costs/capital cost.</li> </ul> <p>Exemplar:            Flow production involves a continuous system of production on an assembly line basis (L1). This involves stages of assembly where people are specifically</p>	13	<p>There are many possible answers. Reward those which clearly relate to the peculiarities of DSL – low waged labour, labour which has been doing this ‘forever’, they are not actually de-motivated, resistant to change, can this product be standardised? Should it in a marketing sense?</p>	<p><b>Level 4 (13–9 marks)</b>            Candidate demonstrates evaluative skills when looking at the move to flow production.</p> <p><b>Level 3 (8–6 marks)</b>            Candidate demonstrates analytical skills when considering flow production.</p> <p><b>Level 2 (5–3 marks)</b>            Candidate demonstrates understanding of flow production.  <b>No context required.</b></p> <p><b>Level 1 (2–1 marks)</b>            Candidate shows knowledge of job/flow production.</p>

Question			Answer	Marks	Guidance	
					Content	Levels of response
			<p>trained to do a task at that stage (L2). An advantage at DSL would be the standardisation of production of lamps – vital for the market in Barcelona (L3). This standardisation, whilst useful is not worth the sheer cost of setting it all up, including the training of workers who refuse to modernise (L4). (Weak L4)</p>			

Question		Answer	Marks	Guidance	
				Content	Levels of response
4		<p>Value analysis looks at the three aspects of cost, aesthetics and function and tries to achieve some sort of ranking in order to prioritise what the business should do with regard to the subject of the value analysis study.</p> <p>In the case of DSL specifically looking at handbags there are many advantages. Key is the need to focus on aesthetics as the product is losing sales as it is not fashionable. There is a link to cost and function but the key is aesthetics. Put simply, DSL needs to do a value analysis study which should identify this aspect as the top priority and, therefore, after product re-design, etc, they should be able to compete again.</p> <p>It is reasonable to speculate that costs/function are also important for handbags and there are reasonable arguments here.</p> <p>Exemplar: Value analysis looks at a product's aesthetics, cost and function (L1). This exercise prioritises them and gears the business' focus accordingly so that better value is achieved (L2). This exercise would be new to DSL and would have the huge benefit of re-ranking the traditional order of importance so that DSL can focus on, I suspect, the cost of production which seems to be largely ignored (L3). <b>Context for L3</b></p>	6	<p>Reward answers which clearly look at a leather handbags and dissect them as a product in this particular case. DSL is constrained by production problems, resistance to change and so on. A value analysis study would probably not go down well (with whom).</p>	<p><b>Level 3 (6–5 marks)</b> Candidate demonstrates analytical skills when considering value analysis.</p> <p><b>Level 2 (4–3 marks)</b> Candidate demonstrates understanding of value analysis. No context required.</p> <p><b>Level 1 (2–1 marks)</b> Candidate offers theoretical knowledge of value analysis.</p>

Question		Answer	Marks	Guidance	
				Content	Levels of response
5		<p>There are many possible measures which Roberto could take to improve stock control as there are not any! Candidates could look at pro-active, reactive and concurrent stock control. All are valid here They can also look at who does it, how they are trained and how it is actually monitored – ie an evaluation of the actual processes Spend more time and money training staff Recruit/appoint specific stock control staff Encourage a culture of stock control Specifically put staff in at key stages in the production process – at skinning, curing, dying, production, etc – ie at key points where something is ‘done’ to the product – that could involve errors/waste, etc.</p> <p>Other:</p> <ul style="list-style-type: none"> <li>the other obvious (probably better) area is waste management/quality control through:</li> <li>change production method</li> <li>introduce training</li> <li>introduce checking of quality reactive/proactive/concurrent</li> <li>source better materials etc</li> </ul> <p>Exemplar: Stock control is essential to meeting demand (L1). It should look at how stock is checked, when and where it is stored, how much is stored and for</p>	13	<p>Stock control is ONE way but not the only way. The best answers might dismiss stock control as not really a solution and far better to focus on:</p> <ul style="list-style-type: none"> <li>quality control</li> <li>waste management</li> </ul> <p>The suggestions will have clear advantages and disadvantages (usually disruption, cost, morale) and evaluation marks should be awarded to those who contextualise it to the specifics of DSL.</p>	<p><b>Level 4 (13–9 marks)</b> Candidate demonstrates evaluative skills when looking at stock control and other solutions in relation to DSK.</p> <p><b>Level 3 (8–6 marks)</b> Candidate demonstrates analytical skills when considering stock control and/or other solutions in relation to DSK..</p> <p><b>Level 2 (5–3 marks)</b> Candidate demonstrates understanding of stock control and other solutions. <b>No context required</b></p> <p><b>Level 1 (2–1 marks)</b> Candidate shows knowledge of stock control and/or other solutions.</p>

Question			Answer	Marks	Guidance	
					Content	Levels of response
			<p>what reason (L2). At DSL it is obvious that something pro-active needs doing with regards waste, for example, Roberto could train specific staff to cut leather more 'accurately' in order to reduce waste and cut costs (L3). This whilst initially problematic, could save huge amounts of money – justifying the expenditure – as it is clearly a colossal cost at present (L4). (Weak L4)</p>			

Question		Answer	Marks	Guidance	
				Content	Levels of response
6*		<p>Reasons for the joint venture:            New product areas to do with furniture etc – potentially very lucrative            Guaranteed outlet for some of its leather            Can learn and eventually achieve far more sales than now. Some areas are declining so why not?            DSL needs to look outwards to survive            Lots of opportunities for staff</p> <p>Against:            Capital costs of any new product developments            Can they actually change? – very traditional and resistant to change            Can DSL afford Roberto to be absent for six months?            It has no experience of other products related to new materials – totally impractical.            Why bother? What would DSL gain?            Leather sales ok but for what price? Will they be exploited?            Human Resources problems of new product lines – training, morale, recruitment etc.</p> <p>Exemplar:            A joint venture involves a lot of planning (L1). The decision will hinge on whether the logistical barriers (language, training, transportation, etc) can be overcome (L2). One of the biggest gains would be a massive increase in DSL's product</p>	18	<p><b>An answer which only includes or does not include production should only be awarded the lowest mark in the appropriate level.</b></p> <p>Answers must relate to THIS joint venture, not joint ventures generally. There are considerable advantages, but (unlike qu6 on F296 usually) the answer is not an overall and fairly obvious 'yes'. Actually the answer 'no, what do they stand to gain?' is a good one. The risks are large and what exactly would they do with cloth and wood? If it wanted to do this then they might have done already.</p> <p>In short, there are many arguments either way that bring in four functional areas.</p> <p><b>One sided argument cannot achieve a Level 4 mark</b></p>	<p><b>Level 4 (18–13marks)</b>            Candidate demonstrates evaluative skills when looking at the joint venture decision.</p> <p>Complex ideas have been expressed clearly and fluently using a style of writing appropriate to the complex subject matter, Sentences and paragraphs, consistently relevant, have been well structured, using appropriate technical terminology. There may be few, if any, errors of spelling, punctuation and grammar.</p> <p><b>Level 3 (12–7marks)</b>            Candidate demonstrates analytical skills when considering joint venture decision.</p> <p>Relative straight forward ideas have been expressed with some clarity and fluency. Arguments are generally relevant, though may stray from the point of the question. There will be some errors of spelling, punctuation and grammar, but these are unlikely to be intrusive or obscure meaning.</p>

Question			Answer	Marks	Guidance	
					Content	Levels of response
			range. Anything to do with cloth/furniture will now be possible (L3), but with this comes huge issues. DSL has no experience in this area, but given that it is linked to what it is already doing, it seems reasonable that it will work so long as outlets, production, etc are all well thought out (Weak L4).			<p><b>Level 2 (6–3marks)</b> Candidate demonstrates understanding of joint venture decision. No context required</p> <p>Some simple ideas have been expressed in an appropriate context. There are likely to be some errors of spelling, punctuation and grammar of which some may be noticeable and intrusive. <b>(No context required)</b></p> <p><b>Level 1 (2–1marks)</b> Candidate shows knowledge of joint venture decision.</p> <p>Some simple ideas have been expressed. There will be some errors of spelling, punctuation and grammar, which will be noticeable and intrusive. Writing may also lack legibility.</p>

## APPENDIX 1

	A01	A02	A03	A04	
Qu1	2	2	2		6
Qu2a	2	1			3
Qu2b		1			1
Qu3	2	3	3	5	13
Qu4	2	2	2		6
Qu5	2	3	3	5	13
Qu6	2	4	6	6	18

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