

GCE

Business Studies

Unit **F296**: Business Production

Advanced GCE

Mark Scheme for June 2015

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This mark scheme is published as an aid to teachers and students, to indicate the requirements of the examination. It shows the basis on which marks were awarded by examiners. It does not indicate the details of the discussions which took place at an examiners' meeting before marking commenced.

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

Abbreviations, annotations and conventions that are used in this Mark Scheme vary from paper to paper. The following annotations are available for this paper.

Annotation	Meaning
✓	Correct
✗	Incorrect
?	Not sure what the candidate is trying to say or it does not make sense. It can also be used with a level descriptor when considering BOD
BOD	Benefit of doubt given
L1, L2, L3, L4	Levels of response awarded at this point
OFR	Own figure rule
TV	Too vague
NAQ	Not answered the question
NUT	Not used the context (generic)
REP	Repetition. The candidate has merely restated what has already been said and so no further credit given.
SEEN	The page has been seen. This can be used on pages where no other annotation is appropriate and MUST be placed on each blank page

Subject-specific Marking Instructions

Highlighting is also available to highlight any particular points on the script.

Please ensure that, wherever possible, annotations are placed in the margins and not over the candidate's answer. This makes it very difficult to read when the paper is printed out in black & white.

[Only the following questions should be annotated with ticks to show where marks have been awarded in the body of the text: Question 5]

IT IS VITAL THAT YOU SHOW AS MUCH ANNOTATION ON EACH PAGE AS POSSIBLE. IN PARTICULAR, WHERE LEVELS ARE REACHED.

EVERY PAGE, INCLUDING BLANK PAGES (use the BP annotation), MUST HAVE SOME ANNOTATION

Question		Answer	Marks	Guidance	
				Content	Levels of response
1		<p>Features at FB which lend themselves to batch/flow:</p> <p>Set quantities are produced at one time FB produces different types of bagel – naturally they would be produced in batches</p> <p>The process of mixing, shaping, boiling, baking lends itself to being done in set quantities but on a flow system</p> <p>Making batches enables one production line to be used for more than one bagel type, thus no need for duplication of equipment</p> <p>There is an inherent flexibility – which FB needs in terms of production</p> <p>The volume, the relatively simple nature of the tasks and the ability to utilise technology allow fewer units of labour, thus saving on wages and other possible HR issues</p> <p>ARA including:</p> <p>Economies of scale</p> <p>Variety of bagels</p> <p>Quantity – meets demand</p> <p>Less down time</p>	6	<p>The question is intended to draw out an understanding of why elements of batch and flow are appropriate to producing FB's quantity of bagels.</p> <p>To achieve Level 3 the answer must be contextual, ie CLEARLY relate to the production of bagels at FB. Good understanding of batch and flow production without the application scores Level 2.</p> <p>Two reasons must be analysed to reach the top of Level 3.</p> <p>2 issues analysed = 6 marks 1 issue analysed = 5 marks 2 issues understood = 4 marks 1 issue understood = 3 marks 2 issues stated = 2 marks 1 issue stated = 1 mark</p>	<p>Level 3: 6-5 marks Candidate demonstrates analytical skills when giving reasons.</p> <p>Level 2: 4-3 marks Candidate demonstrates understanding of batch/flow. No context required.</p> <p>Level 1: 2-1 marks Candidate demonstrates only theoretical knowledge of batch/flow. No context required.</p>

Question		Answer	Marks	Guidance	
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2		<p>The main issues to focus on are:</p> <p>Time – inefficient use of staff time – is there an HR problem here which leads to this in terms of morale and too many varieties of bagel?</p> <p>Mixing – who is in charge of this? Are they trained or is there another reason for the failure? This might be a moderate one to solve</p> <p>Suppliers – surely an easy one to solve – change suppliers or better co-ordinate</p> <p>Mis-shaping – this is an automation problem – may be expensive, may be simple. Technological overhaul</p> <p>Under-baking is again a technical problem and is occasional</p> <p>Ordering seems to be the biggest issue and surely simply solved with a website based system or similar. It seems FB has not geared up its ordering with the fourfold increase in demand</p> <p>Lean production techniques, including: TQM, JIT, QA, Kaizen</p> <p>All of the above have timescales, costs and are different in terms of priority</p>	13	<p>The focus must be on WASTE, and not confused with Qu.4 which focuses on productivity. There are clearly a whole list of problems – the emphasis is on CAN the waste problem actually be solved – the focus is, therefore, on ARE SOLUTIONS FEASIBLE? In the context of FB, it is profitable, could afford to make changes to an extent, but it depends on what exactly. There are many solutions, but some will be more practical/effective/feasible than others – hence, a balanced answer that assesses what can and cannot be solved is probably a good one.</p> <p>Fundamentally, is it actually a problem that SHOULD be solved? Good answer.</p> <p>Candidates may look at a number of concepts related to waste management such as opportunity cost, resource management, waste from an environmental point of view, costs etc.</p>	<p>Level 4: 13-9 marks Candidate demonstrates evaluative skills when considering waste solutions at FB.</p> <p>Level 3: 8-6 marks Candidate demonstrates analytical skills when considering waste solutions at FB.</p> <p>Level 2: 5-3 marks Candidate demonstrates understanding of waste solutions. No context required.</p> <p>Level 1: 2-1 marks Candidate demonstrates only theoretical knowledge of waste management. No context required.</p> <p><u>Default marks</u></p> <p>L4 – 11 L3 – 7 L2 – 4 L1 – 2</p>

Question			Answer	Marks	Guidance	
					Content	Levels of response
					<p>Only one piece of evidence of a particular skill is necessary to score the top mark in any level. The mark at the bottom of the level should only be used for a BOD answer.</p>	

Question		Answer	Marks	Guidance	
				Content	Levels of response
3		<p>Disadvantages of work study include:</p> <p>Can be de-motivating for employees who feel 'judged'</p> <p>Can take time to do</p> <p>Has costs attached to it – largely the time of the manager doing it (and this will be expensive)</p> <p>May not actually find anything out at all – there is some debate about whether work study actually achieves anything as human variables tend to mean processes are not always the same on consecutive days</p> <p>Depends entirely on exactly how and where the workstudy is done</p>	6	<p>One reason ONLY.</p> <p>The emphasis is on NOT carrying out a work study – ie a disadvantage. To access Level 3 it is essential that the answer is clearly related to this particular case, eg the workers are already de-motivated – it would only make it worse.</p> <p>Advantages can only be awarded Level 1.</p>	<p>Level 3: 6-5 marks Candidate demonstrates analytical skills when considering reason not to do a work study at FB.</p> <p>Level 2: 4-3 marks Candidate demonstrates understanding of disadvantage of work study. No context required.</p> <p>Level 1: 2-1 marks Candidate demonstrates only theoretical knowledge of work study. No context required.</p>

Question		Answer	Marks	Guidance	
				Content	Levels of response
4		<p>Possible solutions include:</p> <p>Training of key staff (costs v gains)</p> <p>Raising morale through monetary and non-monetary means (eg pay increase, change of pay system, job rotation, etc)</p> <p>Change the system of production into something more efficient</p> <p>Reduce the number of varieties to make production easier (unlikely as that has huge marketing/sales implications).</p> <p>Invest in more/better technology (huge costs but gains?) – this would alleviate the queuing for baking.</p> <p>Can increase working hours/capacity utilisation ONLY if related to input v output improving</p> <p>No inclusion of downtime</p> <p>Work study might improve productive efficiency</p> <p>Part of the solution might involve the advantages of comparing FB to another factory and carrying out a work study.</p>	13	<p>A DISCUSSION of how to increase productive efficiency is essentially looking at solutions to the drop in productivity and PRIORITISING/ASSESSING THEIR FEASIBILITY.</p> <p>In the context of FB, there is an increase in output (clearly) but at a more than proportionate increase in inputs. The question is WHY –and what can be done about it?</p> <p>Level 3 involves analysis of the solutions, but Level 4 needs evaluation of to what extent solutions would work and which would take priority.</p>	<p>Level 4: 13-9 marks Candidate demonstrates evaluative skills when considering increasing productivity at FB.</p> <p>Level 3: 8-6 marks Candidate demonstrates analytical skills when considering increasing productivity at FB.</p> <p>Level 2: 5-3 marks Candidate demonstrates understanding of how to increase productivity. No context required.</p> <p>Level 1: 2-1 marks Candidate demonstrates only theoretical knowledge of productivity. No context required.</p> <p><u>Default marks</u></p> <p>L4 – 11 L3 – 7 L2 – 4 L1 – 2</p>

Question		Answer	Marks	Guidance	
				Content	Levels of response
5		<p>Direct costs of production are $\text{£}2.30 + \text{£}0.90 = \text{£}3.20$</p> <p>Contribution = price-direct cost (1)</p> <p>Currently $\text{£}8 - \text{£}3.20 = \text{£}4.80$ (1) HH offer $\text{£}5 - \text{£}3.20 = \text{£}1.80$ (1)</p> <p>Change in contribution = $\text{£}4.80 - \text{£}1.80$ = $\text{£}3.00$ less (1)</p>	4	4 marks for $\text{£}3.00$ (ignore 'less' or 'minus')	

Question	Answer	Marks	Guidance	
			Content	Levels of response
*6	<p>The issues clearly fall into the four main categories:</p> <p>Production – FB is already near capacity – does this put it at over 100% (but then what is 100%? – can FB operate for more than 16 hours a day or 7 days a week?). Logistics of production are stretched – there is already a queue at the oven. Will FB need more technology (it seems it will with the Chicago bagel needing steam baking)? New system of production? Effect on suppliers?</p> <p>HR – there is already a morale problem – would this make it worse? Surely there would need to be a look at staffing, training, recruitment and motivating staff. This seems necessary anyway, regardless of the HH offer. Does the HR need to be re-organised?</p> <p>Finance – contribution is a good place to start the answer – it is reduced but still contributes something. There are many arguments here related to how much money this generates. Is it worth it? What of the future? Key to this is the likely fixed cost implications – are there any? (eg technology)</p> <p>Marketing – the issue is essentially a marketing one. Does FB want to move into this market? It will have huge marketing benefits if done properly, but comes with risks attached. Pricing, product and promotion need considerable thought – particularly now that there would be two distinctly different customers.</p>	18	<p>Key to this offer from HH is the contribution/cost situation. A good answer will start by using the answer to question 5 by comparing the drop in contribution of £3. Is this significant? There are arguments either way here – a reduced contribution is better than nothing or is it? £1.80 per box x 200 boxes per day = a mere £360 to contribute to fixed costs and profit. Is this pure profit? Are there any further fixed costs to cover/generated by this order? Will this order lead to more/bigger orders? Will it spark orders from other hotel chains?</p> <p>Clearly there is a lot to discuss in terms of finances, as well as the implications on the now (overstretched?) production system. Also, HR and marketing issues.</p> <p>EVALUATION marks (Level 4) are awarded to candidates who compare and contrast these issues, demonstrating prioritisation</p>	<p>Level 4: 18-13 marks Candidate demonstrates evaluative skills when considering the offer from HH.</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>Level 3: 12-7 marks Candidate demonstrates analytical skills when considering the offer from HH.</p> <p>Relatively 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> <p>Level 2: 6-3 marks Candidate demonstrates understanding of the issues involved in the offer. No context required.</p>

Question			Answer	Marks	Guidance	
					Content	Levels of response
					<p>– which issues really are critical? Which are not? How do they fit with the firms objectives?</p> <p>An answer which only includes or does not include production should only be awarded the lowest mark in the appropriate level.</p> <p>A one-sided argument cannot achieve a Level 4 mark.</p> <p>Poor QWC cannot prevent a candidate from accessing any level, but within any individual level QWC can affect, by up to two marks, the final mark given.</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.</p> <p>Level 1: 2-1 marks Candidate offers relevant knowledge only. No context required.</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> <p>Default marks</p> <p>L4 – 16 L3 – 10 L2 – 5 L1 – 2</p>

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