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# Level 3 Certificate/Extended Certificate in Applied Business

MANAGING AND LEADING PEOPLE

Mark scheme

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Unit Number: ABS4

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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 Assessment Writer.

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.

Further copies of this mark scheme are available from [aqa.org.uk](http://aqa.org.uk)

## MARKING METHODS

In fairness to candidates, all examiners **must** use the same marking methods. The following advice may seem obvious, but all examiners **must** follow it as closely as possible.

- 1 If you have any doubt about how to allocate marks to an answer, consult your Team Leader.
- 2 Refer constantly to the mark scheme and standardising scripts throughout the marking period.
- 3 Use the full range of marks. Don't hesitate to give full marks when the answer merits them.
- 4 The key to good and fair marking is **consistency**.

## INTRODUCTION

The information provided for each question is intended to be a guide to the kind of answers anticipated and is neither exhaustive nor prescriptive. **All appropriate responses should be given credit.**

Where literary or linguistic terms appear in the Mark Scheme, they do so generally for the sake of brevity. Knowledge of such terms, other than those given in the specification, is **not** required. However, when determining the level of response for a particular answer, examiners should take into account any instances where the candidate uses these terms effectively to aid the clarity and precision of the argument.

## DESCRIPTIONS OF LEVELS OF RESPONSE

The following procedure must be adopted in marking by levels of response:

- read the answer as a whole
- work up through the descriptors to find the one which best fits
- where there is more than one mark available in a level, determine the mark from the mark range judging whether the answer is nearer to the level above or to the one below.

Since answers will rarely match a descriptor in all respects, examiners must allow good performance in some aspects to compensate for shortcomings in other respects. Consequently, the level is determined by the 'best fit' rather than requiring every element of the descriptor to be matched. Examiners should aim to use the full range of levels and marks, taking into account the standard that can reasonably be expected of candidates.

**Section A****Total for this section: 40 marks**

The following list indicates the correct answers used in marking learners' responses to the multiple choice questions:

**KEY LIST**

1 A

2 B

3 B

4 D

0	5
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Explain **one** reason why planning might be an important role for a manager in a start-up business

**[3 marks]**

**1 mark** for relevant understanding of the management role of planning.

For example, it entails co-ordinating the business's future activities.

**1 mark** for explaining why planning is an important role for managers in a business.

Performing this role helps managers to contribute to the organisation achieving its objectives. Alternatively contingency planning might be used to overcome possible emergencies.

**1 mark** for a valid reason why planning might be a particularly important role for a manager in a start-up business

The company's manager may benefit from planning how it will raise the capital it needs.

**0 6**

Explain **one** reason why the use of Locke's theory of motivation might improve employee performance in a business with good communication.

**[3 marks]**

**1 mark** for relevant understanding of Edwin Locke's process theory of motivation.

For example the importance of setting clear and challenging goals and providing appropriate feedback.

**1 mark** for explaining how Locke's theory might improve the performance of employees within a business.

For example, explaining that the attainment of challenging goals can promote satisfaction amongst employees as well as the achievement of these and future targets.

**1 mark** for a valid reason why good communication might enable the use of Locke's theory proving effective.

It may be simpler to communicate clear goals to employees or to provide appropriate feedback. Thus the necessary process would be more likely to occur.

**0 7**

Explain **one** way in which organisational culture might affect the performance of a team of employees.

**[3 marks]**

**1 mark** for relevant understanding of any type of organisational culture.

This may be a definition such as "the ideas, attitudes and beliefs shared by employees in an organisation." Alternatively, this may be a brief description of one or more types of culture such as Charles Handy's power or traditional cultures.

**1 mark** for explaining how organisational culture might affect the team.

For example, a bureaucratic culture might affect the employees by stifling initiative. A task culture might encourage employees to solve their own problems.

**1 mark** for a valid reason why organisational culture might affect the performance of a team.

Organisational culture can improve team performance if it allows them, for example, to have more authority.

**0 8**

Analyse the implications of Phil's use of power on his ability to lead his team effectively.

**[9 marks]**

Level	Descriptor	Marks
3	Uses data to analyse the possible effects of Phil's use of legitimate power on his ability to lead his team effectively.	9–7
2	Uses the data when explaining aspects of Phil's use of legitimate power.	6–4
1	Demonstrates generic understanding of legitimate power and how it may be exercised.	3–1

Knowledge & Understanding (L1)	Application (L2)	Analysis (L3)
<p>Legitimate power arises from a manager's position within the organisation and the authority associated with that position. Reward power which is the use of rewards such as bonuses and praise to influence others.</p> <p>Coercive power which is the use of sanctions such as criticism or demotion.</p>		
Reward power	Phil makes very limited use of reward power in comparison to other managers in the business and this has led to criticism of his leadership as it is different and may be judged less effective.	Phil's use of his power negatively affects his ability to lead his team effectively because he is using it inappropriately given the culture of the business. It is a task culture which values team members for what they can contribute. Phil is not respecting this culture or working with it and he has been criticised by his team members for his own lack of expertise. In such circumstances to use coercive power is a poor decision, unlikely to motivate and is almost bound to result in his team performing poorly. Thus his use of legitimate power will adversely affect his ability to lead his team effectively.
Coercive power	He relies heavily on coercive power and makes use of this publicly. He has demonstrated his power by demoting a skilled employee which is unpopular and both are likely to damage the effectiveness of his team	
Position power	Phil appears to rely on his position to give him power, possibly as he is the boss's son, and his team may resent this.	

**0 9**

Analyse how Arshad Hussain’s decision to introduce a flat organisational structure might affect who makes decisions within Boleyn Ltd.

**[9 marks]**

Level	Descriptor	Marks
3	Uses data to analyse the implications of a flat organisational structure for where decisions are made.	9–7
2	Uses the data when explaining the possible effects of introducing a flat organisational structure.	6–4
1	Demonstrates generic understanding of tall and flat organisational structures and changing from tall to flat.	3–1

Knowledge & Understanding (L1)	Application (L2)	Analysis (L3)
<ul style="list-style-type: none"> <li>• A flat organisational structure has relatively few levels of hierarchy but managers operate with wider spans of control.</li> <li>• A tall organisational structure operates with narrow spans of control but more levels of hierarchy.</li> <li>• Businesses take a range of decisions. Some are ones that affect the business in the long-term, such as launching a new product. Other, more routine decisions, relate to day-to-day issues such as how to staff a production line.</li> </ul>		
Senior manager	Senior managers such as Jenny will take more decisions as they will not be able to pass work down to middle managers. They also will have more people reporting to them. The pressures on their time will increase and they may have new responsibilities.	This change is significant for decision making within Boleyn Ltd. Previously the company’s decisions were taken mainly by middle and senior managers. The middle managers would have taken more routine decisions, while senior managers would have taken more strategic and long-term decisions. The flattening of the structure will change this.

<b>Knowledge &amp; Understanding (L1)</b>	<b>Application (L2)</b>	<b>Analysis (L3)</b>
Team leaders	<p>Team leaders will be busy as they now report to senior managers and are likely to have increased authority as they have to take some of the decisions previously taken by middle managers. Senior managers will be very busy meaning that team leaders will have to operate more independently than they did as supervisors.</p>	<p>Team leaders were previously supervisors and took few decisions. Now, however, in the absence of middle managers, the routine decisions will be taken by the team leaders and possibly some of the members of their teams. They are being encouraged to use their teams as fully as possible. This is a recognition that they will have to share their work out to cope. Meanwhile senior managers are worried about their workloads. They will continue to take long-term, strategic decisions, but will delegate more routine decisions to team leaders and could consult on strategic ones. Delegation will be an important part of their management skills.</p>
Team members	<p>In the past this team members were not expected to offer any ideas or contribute to decision making much. This will change as team leaders will be expected to ask more of team member. This change is likely to be popular with team members as it will make their jobs more varied and interesting.</p>	



**1 0**

Analyse how Alison's promotion from a manager to the company's leader might change her role within the organisation.

**[9 marks]**

Level	Descriptor	Marks
3	Uses data to analyse how Alison's role will change as a result of her promotion.	9–7
2	Uses the data when explaining Alison's role as a manager <b>or</b> the leader of the company.	6–4
1	Demonstrates generic understanding of the role of managers and leaders within an organisation.	3–1

Knowledge & Understanding (L1)	Application (L2)	Analysis (L3)
<ul style="list-style-type: none"> <li>Managers have to get other people to do things on their behalf. Their roles include planning, organising, reporting and monitoring/evaluating.</li> <li>Leaders create a vision for an organisation, set objectives and standards for the organisation and may create its culture.</li> </ul>		
Transformational v transactional	As a manager Alison sought to achieve targets that were set for her by more senior colleagues having some significant successes. As a leader she will have to make sure that the company can respond to the opportunities in its markets	The change in Alison's role will be significant. She is moving from a situation where she was responsible for a part of the business and operated to objectives set by the previous leader. Although she was good at achieving the objectives of others, she needs a different approach now. She has to set out a vision for her colleagues to follow in a market that is competitive and changing rapidly due to technological developments.
Focus	Alison was very good at meeting company targets as a production manager. She managed her resources to complete targets on time. As a leader she will have to inspire all her colleagues to achieve the vision and objectives that she establishes.	Alison managed her department effectively and in what seems to be a rather autocratic way. She was focussed on managing resources effectively to achieve her objectives. As leader she will have to change her focus dramatically to inspire people with her vision. She recognises this will be needed and why. However, it will be a major change.
Attitude to risk	Alison appeared to willing to take risks as a manager in that she had successes and spectacular failures. In her new role she says that the whole company will have to take the opportunities that are available to it.	Alison seemed to be more willing to take risks as a manager as she had some major failures with new software in that role. This will be a greater requirement as a leader of a business in this industry. Although she will have to be risk seeking to succeed in her new position, she may not be as adverse to this as may have been the case.

**Section B**

1 1

Considering the information in **Item A**, evaluate how Simon's autocratic leadership style and decision not to use empowerment can help him to expand his business successfully.

[20 marks]

Level	Descriptor	Marks
5	Uses <b>Item A</b> to develop a balanced analytical response.  Analyses factors affecting the use of empowerment <b>and</b> autocratic leadership when implementing strategic change at Rapid Ltd.  Evaluation supported by analysis.	20–17
4	Uses <b>Item A</b> to develop an analytical response.  Analyses factors affecting the use of empowerment <b>or</b> participative leadership when implementing strategic change at Rapid Ltd.  Judgement supported by analysis.	16–13
3	Uses <b>Item A</b> to develop an explanatory response.  Explains possible use of empowerment <b>or</b> autocratic leadership to implement structural change at Rapid Ltd.  Judgement supported by explanation.	12–9
2	Uses <b>Item A</b> to support the response.  Describes empowerment or the use of power in context.	8–5
1	Demonstrates generic understanding of empowerment and/or autocratic leadership.	4–1

**EXEMPLAR RESPONSES**

**Understanding (L1):**

- **Autocratic leadership style.** “Autocratic leaders give little freedom to junior employees to make decisions and retain control. They set objectives or targets and communication is mainly downwards.”
- **Empowerment.** “Empowerment means giving employees greater control over their working lives. This grants employees increased authority to organise their own work and to make decisions without reference to managers.”

**Description (L2):**

- **Autocratic leadership style.** “The company is still quite small and Simon likes taking decisions. Employees do not seem to worry about decision making – most only want to earn as much money as possible.”
- **Empowerment.** “Tara says that this is a simple job and all people want to do is to work as much as they can, given their circumstances. They are not interested in empowerment, just in making as much money as they can.”

**Explanation (L3):**

- **Autocratic leadership style.** “The employees are not skilled and the company does not train its employees. This means that they are not equipped to make decisions and to help the company to operate efficiently and quickly. It makes sense for Simon to take most decisions.”
- **Empowerment.** “Empowering the employees at the delivery company is not likely to improve the workers’ performance or to make the service any quicker. People working for the company are motivated by money and not by non-monetary factors such as having authority to make decisions.”

#### Analysis (L4 & L5):

- **Autocratic leadership style.** “The style used by Simon has been successful so far as the company is profitable. The company’s employees are not skilled and therefore not suited to making decisions, especially in circumstances where speed is essential. Added to this, the use of zero hours employment contracts means that employees do not work set hours and will not always be available to take decisions and appear to prefer them to be made by others. Finally the key motivational factor for this workforce is money and not other non-monetary factors such as greater authority to make decisions.
- **Empowerment.** “Empowering the workforce would mean that the company would have to invest in training to improve workers’ skills and knowledge to allow this to occur. Its financial resources are limited as it is not very profitable. It only makes a profit by keeping costs to a minimum. The employees are also appear not to be seeking a greater degree of involvement in the business. One of the factors attracting them is the chance to work flexible hours to fit with other commitments. This does not suggest that they are seeking greater control over other aspects of their working lives.”

#### Judgment (L3 & L4):

- **Empowerment.** “Empowerment is a valuable technique to improve the performance of a workforce. However, Rapid Ltd’s employees are perhaps not the right people to empower. They are strongly motivated by money and not by non-financial factors. The employees may not have the skills needed to carry out more empowered roles within the business.
- **Autocratic leadership style.** This is a suitable approach in these circumstances as the workforce is employed on a flexible basis and will change from day-to-day, depending on who is available. Empowering workers in this situation is more difficult and the effects are likely to be more limited. Employees may leave at short notice. For example, Tara is a student who may leave when she finishes studying. Spending on training employees who may leave to empower them is not a sensible approach.

#### Evaluation (L5):

- The key point here is that the leadership style and the decision not to use empowerment go together and make sense as a combination. Using an autocratic leadership style is right in these circumstances for a number of reasons. The workforce is unskilled; it is transitory and is not seeking more demanding tasks and duties. Giving the workforce more power to make decisions in these circumstances would not be likely to be effective in improving its performance. Having a senior manager making using an autocratic leadership style helps to make quick and effective decisions.
- The choice not to empower Rapid Ltd’s workforce is correct for a number of reasons. The company cannot afford the training that would be needed as it only makes low profits. Spending heavily on training would use up these profits (and maybe more). Many employees do not want empowerment. A lot of employees work for Rapid Ltd because it fits with their lifestyles. They want to earn as much as possible and to be able to work hours that meet their needs. More hours or more reliable hours or better pay rates would be more appropriate.
- The decision is correct in the context of the new contract that Rapid Ltd has taken on. The company needs to deliver a low cost and speedy delivery service. Having a flexible workforce helps to meet changing demand for delivery services during the year as cheaply as possible. This is essential if Rapid Ltd is to make a profit from this new contract with the online retailer.

**Assessment outcomes coverage**

Assessment outcome	Marks available in Section A	Marks available in Section B	Total mark
AO1	12 marks (20%)	0 marks (0%)	12
AO2	18 marks (30%)	0 marks (0%)	18
AO3	9 marks (15%)	9 marks (15%)	18
AO4	1 mark (2%)	11 marks (18%)	12
<b>Total</b>	<b>40 marks</b>	<b>20 marks</b>	<b>60</b>

Question	Assessment outcome 1	Assessment outcome 2	Assessment outcome 3	Assessment outcome 4
1		1		
2		1		
3		1		
4				1
5	3			
6		3		
7		3		
8			9	
9		9		
10	9			
11			9	11
<b>Totals</b>	<b>12</b>	<b>18</b>	<b>18</b>	<b>12</b>

**Assessment objectives coverage**

<b>Question</b>	<b>Knowledge &amp; understanding</b>	<b>Application</b>	<b>Analysis &amp; evaluation</b>	<b>Total</b>
<b>1</b>	1			1
<b>2</b>	1			1
<b>3</b>		1		1
<b>4</b>			1	1
<b>5</b>	1	2		3
<b>6</b>	1	2		3
<b>7</b>	1	2		3
<b>8</b>	3	3	3	9
<b>9</b>	3	3	3	9
<b>10</b>	3	3	3	9
<b>11</b>	4	4	12	20
<b>Totals</b>	<b>18</b>	<b>20</b>	<b>22</b>	<b>60</b>