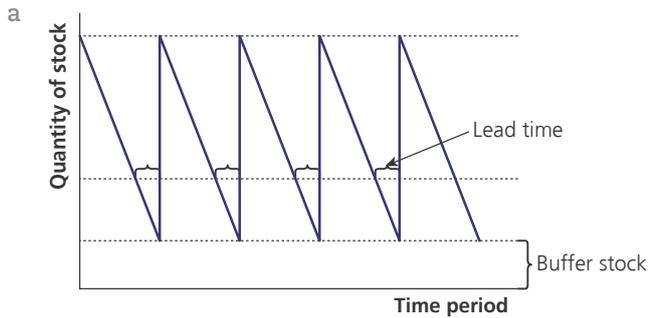


4 Decision making to improve operational performance

Alpha and Beta

REVISED



(4 marks)

b labour productivity = $\frac{\text{output}}{\text{number of employees}}$
 labour costs as % of turnover = $\frac{\text{labour costs}}{\text{turnover}} \times 100$

	Alpha	Beta
Labour productivity	$\frac{500,000}{750} = 666.66$	$\frac{450,000}{150} = 3,000$
Labour cost as % of turnover	$\frac{2}{7} \times 100 = 28.57\%$	$\frac{3.75}{7.5} \times 100 = 50\%$

(6 marks)

- c Factors that Beta is likely to have considered include cost of labour, the competitive nature of the market and cost of investment. Answers should develop a line of argument in the context of the case.

Level	Descriptor	Marks
3	Such answers will demonstrate knowledge and understanding of the key issues. Lines of argument (analysis) will be developed in depth, focusing on the question set and applied to the context in detail.	9–7 marks
2	Such answers will demonstrate knowledge and understanding in attempting to answer the question set. Lines of argument are likely to be in context but lack development.	6–4 marks
1	Such answers will demonstrate a limited knowledge and understanding of the issues. Any analysis/explanation is descriptive and lacking in relevant application.	3–1 marks

- d This answer requires a balanced approach, looking at both sides of the argument and drawing a fully justified conclusion. The context of this question, however, is all businesses so the answer must look beyond Beta in developing the analysis.

Reasons for introducing JIT might relate to the competitive advantages gained, cost savings and flexibility, which would be essential in highly competitive markets such as car manufacturing or that which Beta operates in. It may not be suitable for all businesses, however. For instance, it may not suit those businesses operating in seasonal markets or where demand can be variable (e.g. ice cream), or those operating in less competitive markets (e.g. bread production). Businesses have to weigh up any potential cost savings against reliability and dependability.

Overall, it would appear that JIT would not be suitable for all businesses. For some, such as Beta, it might be essential, but this depends on the situation of the business as well as the nature of the market and demand.

Level	Descriptor	Marks
4	Such answers will demonstrate excellent knowledge and understanding of the key issues. Lines of argument (analysis) will be well developed, in depth, focused on the question set and applied to the context in detail. Any judgements will clearly and effectively answer the question set and be fully supported by the evidence presented.	16–13 marks
3	Such answers will demonstrate knowledge and understanding of the key issues. Lines of argument (analysis) will be developed, focusing on the question set and applied to the context in question. Any judgements made will address the question set, have some balance and be supported by evidence.	12–9 marks
2	Such answers will demonstrate some knowledge and understanding in attempting to answer the question set. Lines of argument are likely to be in context but lack development. Any judgements made will have some supporting evidence but may not be fully focused on the question set and may be lacking in balance.	8–5 marks
1	Such answers demonstrate a limited knowledge and understanding of the issues. Any analysis/explanation is descriptive and lacking in relevant application. Any judgements made are likely to be assertions with little or no supporting evidence.	4–1 marks