GCSE MARKING SCHEME

SUMMER 2024

BUSINESS - COMPONENT 1
C510U10-1

About this marking scheme

The purpose of this marking scheme is to provide teachers, learners, and other interested parties, with an understanding of the assessment criteria used to assess this specific assessment.

This marking scheme reflects the criteria by which this assessment was marked in a live series and was finalised following detailed discussion at an examiners' conference. A team of qualified examiners were trained specifically in the application of this marking scheme. The aim of the conference was to ensure that the marking scheme was interpreted and applied in the same way by all examiners. It may not be possible, or appropriate, to capture every variation that a candidate may present in their responses within this marking scheme. However, during the training conference, examiners were guided in using their professional judgement to credit alternative valid responses as instructed by the document, and through reviewing exemplar responses.

Without the benefit of participation in the examiners' conference, teachers, learners and other users, may have different views on certain matters of detail or interpretation. Therefore, it is strongly recommended that this marking scheme is used alongside other guidance, such as published exemplar materials or Guidance for Teaching. This marking scheme is final and will not be changed, unless in the event that a clear error is identified, as it reflects the criteria used to assess candidate responses during the live series.

GCSE BUSINESS – COMPONENT 1

SUMMER 2024 MARK SCHEME

Question	Answer	Mark
1. (a)	**Identify which two of the following are examples of cash inflows**. AO1: 2 marks Award **1** mark for each correct answer Income from sales Money invested by owners	2
(b)	**Use the data in the cash flow forecast to calculate the following:** AO2: 2 marks Award **1** mark for each correct answer **(i) Net cash flow** £12 400 **(ii) Closing balance** £14 400	2

Question	Answer	Mark
2. (a)	**Apart from customers, suggest one stakeholder involved in business activity.** AO1: 1 mark Award **1** mark for a correct suggestion Suitable stakeholders include: Shareholder/owners Employees/workers Managers Suppliers Government Credit other valid response.	1
(b)	**Explain how Asda is influenced by its customers.** Award **1** mark for suitable context Award **1** mark for suitable development AO2:1 mark AO3:1 mark **Indicative content** Asda could be influenced by customer pressure to reduce packaging on its food products by reducing plastic packaging on it's ready meals, as more and more customers become conscious of environmental factors. Asda could be influenced by its customers' wants; customers will choose not to shop at Asda if they don't stock the food ranges they want to buy such as the newest gluten free products. Asda could be influenced by its customers to charge competitive prices for the food and clothes it sells, with so many other supermarkets customers can easily shop elsewhere. Asda could be influenced to stock a range of ethically sourced food products such as fairly traded chocolate as customers are now more conscious about where there food has come from. Credit other valid response.	2

Question	Answer	Mark
3. (a)	**State what is meant by a merger**. AO1: 1 mark Award **1** mark for the correct answer **Indicative content** A merger is when two businesses join to form a new business. Credit other valid response.	1
(b)	**With reference to Marriott and Sheraton, identify and describe the type of integration that took place when the two businesses merged.** AO1: 1 mark AO2: 1 mark Award **1** mark for the correct answer Award **1** mark for a description in the context of the scenario **Indicative content** The type of integration is horizontal integration, both Marriott and Sheraton are competitors at the same stage in the market (accept same stage of production). Credit other valid response.	2

Question	Answer	Mark
4. (a) (b) (c) (d) (e)	**Identify which of the above terms best describes each of the following:** AO1: 5 marks Award **1** mark for the correct answer identified **The income a business receives from selling its goods and services.** Revenue **The level of production where total costs and total revenue are equal.** Break-even **Organisations owned and controlled by the government, such as the NHS.** The public sector **Involves views and opinions recorded as text and words.** Qualitative data **A business that operates for the benefit of the community**. Social enterprise	5
5. (a)	**Complete the diagram by writing the missing stages in the correct boxes.** AO1: 3 marks Award **1** mark for labelling each correct position on the product life cycle Launch/introduction Maturity/saturation Decline	3
(b)	**Identify two features of the growth stage of the product life cycle.** AO1: 2 marks Award **1** mark for each correct feature identified **Indicative content** Sales increase rapidly as people start to buy the product. Revenue increases as more people buy the product. Costs start to fall as research and development costs are covered. When the product starts to become profitable. Starting to gain a loyal customer base. Credit other valid suggestion.	2

Question	Answer	Mark
6. (a)	**State what is meant by the competitive environment.** AO1: 1 mark Award **1** mark for a suitable definition **Indicative content** The competitive environment is how a business competes with others to attract customers. There are lots of similar businesses competing for the same customers Credit other valid definition.	1
(b)	**Define the term cost of sales.** AO1: 1 mark Award **1** mark for a correct definition **Indicative content** The direct cost of producing the products/buying stock Credit other valid responses.	1
(c) (i)	**Calculate the total expenses for Ellie's farm in 2021.** AO2: 1 mark Award **1** mark for the correct answer £100 700	1
(ii)	**Calculate the gross profit for Ellie's farm for 2022.** AO2: 1 mark Award **1** mark for the correct answer £103 040	1
(iii)	**State the formula for calculating net profit margin (NPM).** AO1: 1 mark Award **1** mark for the correct formula $NPM = \frac{\text{Net profit}}{\text{Sales revenue}} \times 100$	1

Question	Answer	Mark
(iv)	**Use the formula to calculate the net profit margin (NPM) for Ellie's farm in 2023.** AO2: 1 mark Award **1** mark for the correct answer $\frac{9\ 900}{180\ 000} \times 100$ 5.5(%)	1
(d)	**State what is meant by primary market research.** AO1: 1 mark Award **1** mark for a suitable definition **Indicative content** Primary market research is data gathered for the first time. Credit other valid response.	1
(e) (i)	**State the formula for calculating the average rate of return (ARR).** AO1: 1 mark Award **1** mark for the correct answer $\frac{\text{The average annual return (or average profit)}}{\text{The initial outlay (or initial investment)}} \times 100$	1
(ii)	**Using the formula, calculate the ARR for the vending machine. Show your workings.** AO2: 2 marks Award **1** mark for stage 1 Award **1** mark for stage 2 Stage 1 = $\frac{\text{Total net profit}}{\text{Number of years}}$ $\frac{9\ 000}{3}$ = 3 000 Stage 2 = $\frac{\text{Average annual of return (net profit)}}{\text{Initial outlay}} \times 100$ $\frac{3\ 000}{7\ 500} \times 100$ = 40(%) Apply OFR only in stage 2 if incorrect ARR is calculated Award **2** marks if the candidate simply writes 40 (%)	2

6. (f)	**Using both the qualitative and quantitative data, evaluate Ellie's plan to invest in the new vending machine. You must consider the following factors in your answer: • Impact on the business' financial performance • The use of market research data**		**[10]**
Band	**AO1**	**AO2**	**AO3**
	2 marks	**4 marks**	**4 marks**
3	There are no band 3 marks for this assessment objective 2 marks are awarded for band 2	**4 marks** Excellent application of the data Excellent use of Ellie's farm's qualitative and quantitative data to make informed business decisions The learner will use the context of Ellie's farm to support their answer	**4 marks** An excellent analysis and evaluation of the impact of investing in the vending machine Writing is very well structured, using accurate grammar, punctuation and spelling Clear judgements are made with supporting statements
2	**2 marks** Good knowledge and understanding of financial performance Good knowledge and understanding of market research data Good attempt to use specialist vocabulary	**2-3 marks** Good application of the data Good use of Ellie's farm's qualitative and/or quantitative data to make informed business decisions The learner will use the context of Ellie's farm to support their answer	**2-3 marks** A good analysis and evaluation of the impact of investing in the vending machine Writing is generally well structured using reasonably accurate grammar, punctuation and spelling Judgements are made with some supporting statements
1	**1 mark** Limited knowledge and/or understanding of financial performance And/or Limited knowledge and/or understanding of market research data Limited attempt to use specialist vocabulary	**1 mark** Limited application of the data Limited use of Ellie's farm's qualitative or quantitative data to make informed business decisions The response is mostly generic with brief mention of Ellie's farm	**1 mark** A limited analysis and/or evaluation of the impact of investing in the vending machine Writing shows limited evidence of structure, with errors in grammar, punctuation and spelling Judgements may be brief and unsupported
0	**0 marks** No knowledge or understanding of financial performance or market research data	**0 marks** No reference to Ellie's Farm	**0 marks** No analysis or evaluation of the impact of investing in the vending machine.

Indicative content

Ellie's farm is operating in a competitive environment, supermarkets are trying to pay lower prices for the milk they purchase from Ellie's farm. There are 13 000 other dairy farms in the UK, this means shops and supermarkets can easily switch to a different supplier. This precarious situation has resulted in Ellie considering diversifying and investing in a vending machine. Ellie's farm's profit and loss account shows that between 2021 and 2023 sales revenue, which is the money received by the business for the sale of its milk, has decreased by 5.3% and the gross profit margin has fallen by 6%, this suggests the business needs to get another way of generating revenue or they may not survive. The net profit margin (NPM), which is considered a very good indicator of a business' financial performance, has also fallen by 1.5%. This may not be seen as a large decrease, but when you consider the fact that net profit is only £9 900 in 2023, things are not looking good. At the moment, thousands of litres of surplus milk are being wasted every year. Selling this milk will increase profits and reduce the cost of producing it, surely this has got to be better than simply throwing it away?

Ellie is being very cautious, she is doing her research, she conducted a small survey and found of 100 local people, she found that 78% said they would use the machine and 32% would be willing to pay more for the vending machine milk. This sounds very positive, but the survey was only based on 100 people and it may be naive to base her decision on such a small survey. Only 32% said that they would be willing to pay a higher price, so Ellie needs to think carefully about the price she charges, she will need to make a profit but if she prices the milk to high then this could result in low demand. As 67% of the respondents said they would like to see other products, this could help Ellie in offering a wider product range and possibly adding more value to the milk. However, Ellie could have also carried out some secondary market research, for example, how many people live in the surrounding area and also look at other surveys that were carried out that asked more people, though this may not be specific to her needs.

Ellie has calculated the Average Rate of Return (ARR), this is a method of deciding if an investment with an initial outlay is likely to be worthwhile. The cost of the vending machine is £7 500, she has found out that the ARR is 40%. This is very positive. We do need to consider that ARR is not always accurate, we are not completely sure that there will be demand for the fresh milk or if people will simply prefer to buy their milk from the supermarket. They may find that there will be initial demand for the milk from the vending machine, but after the novelty has worn off, people will return to the convenience of the supermarket. Ellie is considering selling in the town centre, she could consider having these vending machines dotted around the town and even on the farm, so it is more convenient for customers to buy milk from a range of places.

Despite the risks, this is a relatively low investment and will take little time to run as it is self-service machine, so costs will be relatively low. And if Ellie is throwing away the surplus milk, this makes sense to develop another distribution channel for the milk. As well as the fresh milk, Ellie found through her market research that people were interested in a range of flavours, Ellie could introduce a range of flavours to the product range, this could be a unique selling point that children could enjoy, and parents may be willing to pay more. She could even use advertising in the local paper to make people aware of the machines.

I think she should invest in the machine. The investment is low, and it makes sense to put the surplus milk to good use.

Credit other valid response.

Question	Answer	Mark
7. (a)	**Identify which one the following best describes the provision offered by WOTSUP.** AO2: 1 mark Award **1** mark for the correct answer Personal service	1
(b)	**Explain one motive James may have had when deciding to start his own business.** AO2: 1 mark AO3: 1 mark Award **1** mark for suggesting a suitable motive for James starting his own business in the context of the scenario Award **1** mark for a suitable development/generic reason for starting a business **Indicative content** James may have started the business to turn his hobby of stand-up paddle boarding into a business, because he was really stressed in his job and found his hobby relaxing. James may have decided to start a business to make a profit in a fast growing market, leading to an increased chance of success. Credit other valid response.	2
(c) (i)	**Explain two external influences that may impact on the number of customers hiring SUPs from WOTSUP.** AO2: 2 marks AO3: 2 marks Award **1** mark for each explanation (max 2 marks) Award **1** mark for application to the context of the scenario (max 2 marks) **Indicative content** Weather could contribute to James' lower than expected sales people may not want to do it when it's cold. In the warmest months James' sales were significantly lower than he projected, bad weather could lead to fluctuations in sales for an outdoor water sport. There may be cheaper SUP hire businesses nearby people may not want to pay a higher price. Other businesses may be able to offer a better customer experience, they may offer SUP hire all year round unlike James who only operates April to October, these businesses may build up customer loyalty while James is closed. Credit other valid response.	4

Question	Answer	Mark
(ii)	**Using the data in Figure 2, calculate the percentage change in the number of actual sales of SUPs between April and July. Show your workings.** AO2: 2 marks Award **1** mark for calculating the change 567 – 189 = 378 Award **1** mark for the correct answer $\frac{378}{189} \times 100$ = 200 (%) Apply OFR if incorrect data is selected and calculating the percentage change.	2
(d)	**Explain one suitable method of sales promotion James could use to encourage people to hire a SUP.** AO1: 1 mark AO2: 1 mark AO3: 1 mark Award **1** mark for identifying a suitable method of sales promotion Award **1** mark for suitable application Award **1** mark for suitable development **Indicative content** James could use discounts, such as 25% off when people hire a SUP, this could encourage people to book the sessions if they are more affordable. James could offer a loyalty card, customers could get a card stamped every time they book a session, the 10th session could be free, encouraging repeat custom. Credit other valid response.	3

<table>
<tr><td colspan="4">7. (e) Advise James whether he should employ a new member of staff or introduce a new online booking system. [8]</td></tr>
<tr><th rowspan="2">Band</th><th>AO1</th><th>AO2</th><th>AO3</th></tr>
<tr><th>2 marks</th><th>4 marks</th><th>2 marks</th></tr>
<tr><td>3</td><td>There are no band 3 marks for this assessment objective

2 marks are awarded for band 2</td><td>4 marks
Excellent application of the two options available to James

There is clear and direct reference to James and WOTSUP throughout the answer</td><td>There are no band 3 marks for this assessment objective

2 marks are awarded for band 2</td></tr>
<tr><td>2</td><td>2 marks
Good knowledge and understanding of using an online booking system and hiring a member of staff.

Good attempt to use specialist vocabulary</td><td>2-3 marks
Good application of the two options available to James

There is reference to James and WOTSUP throughout the answer</td><td>2 marks
A good discussion of the advantage(s) and disadvantage(s) of an online booking system and hiring a member of staff

Writing is well structured using reasonably accurate grammar, punctuation and spelling

Advice is given with some supporting statements</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge and understanding of using an online booking system and/or hiring a member of staff.

Limited attempt to use specialist vocabulary</td><td>1 mark
Limited application of at least one option available to James

The response is mostly generic with brief mention of James and WOTSUP</td><td>1 mark
A limited discussion of the advantage(s) and/or disadvantage(s) of an online booking system and/or hiring a member of staff

The discussion may be one sided

Advice is limited or omitted</td></tr>
<tr><td>0</td><td>0 marks
No knowledge or understanding of using an online booking system or hiring a member of staff.</td><td>0 marks
No reference to WOTSUP and James</td><td>0 marks
No discussion of the online booking system or hiring a member of staff</td></tr>
</table>

Indicative content

James should consider setting up an online booking system that will allow customers to book and change bookings. This will make WOTSUP more efficient, as he will not have to pay all the ongoing costs of a member of staff. Once the software and hardware has been purchased it will basically run itself, after the initial costs of this, the ongoing costs are relatively low. This could lead to increased sales as people can book at a convenient time that suits them. It is likely that the people booking SUPs are a younger demographic and may be more tech-savvy and prefer to work in this way, so he would be pleasing his customers and potentially meeting their needs. As the business is very seasonal these low running costs would help James to come to this decision.

James could find that hiring a member of staff could provide better customer service, the customer may want to ask specific things such as are SUPs suitable for disabled people, the member of staff would be able to convey their product knowledge about safety to the customer. Having a person would allow WOTSUP to build rapport with customers and develop loyalty. However, staff cannot work 24 hours, 7 days a week, they are entitled to breaks and holidays. Hiring a member of staff does not mean customers will all be left satisfied; a member of staff can only deal with one person at a time and this may still prevent customers booking or amending their SUP session when they want to. There is also the ongoing cost of an employee, the wages, the sick and holiday pay they will be entitled to, it all mounts up.

I am sure James would like to create jobs in his community, but, he is experiencing lower than expected sales, can he afford it? Also, the data suggests James doesn’t operate during the winter months, perhaps because of the weather, would he have to continue paying the member of staff or risk losing them? I think that the online booking system will make much more sense for James and WOTSUP. James must remember that by keeping his website up-to-date, providing FAQs and providing product knowledge in the form of safety information is a way of providing customer service online.

Credit other valid response.

Question	Answer	Mark
8. (a)	**State what is meant by a partnership.** AO1: 1 mark Award **1** mark for a correct definition **Indicative content** When two or more people own a business A business owned by 2 – 20 people with unlimited liability. Credit other valid response.	1
(b)	**Explain two reasons why e-commerce is popular with customers.** AO1: 2 marks AO3: 2 marks Award **1** mark for stating each reason (max 2 marks) Award **1** mark for explaining each reason (max 2 marks) **Indicative content** E-commerce is convenient, customers can shop at a time that suits them, this is important to people who cannot get to the shops if they have other commitments/disabilities. E-commerce allows customers to buy from any location, they are not restricted to products from their local area, they can potentially shop anywhere in the world. Customers who shop online may get a better deal, there is so much choice that businesses have to compete, often on price, leading to savings for customers. Customers who shop online are able to get a wide range of goods that they may not be able to buy locally, giving them more choice. Credit other valid response.	4

8. (c) Explain the importance of quality to Not On The High Street. [6]			
Band	**AO1**	**AO2**	**AO3**
	2 marks	**2 marks**	**2 marks**
2	**2 marks** Good knowledge and understanding of the importance of quality to a business. Good attempt to use specialist vocabulary	**2 marks** Good application of the importance of quality to Not On The High Street There is reference to the scenario throughout	**2 marks** A good explanation of the importance of quality to Not On The High Street
1	**1 mark** Limited knowledge and/or understanding of the importance of quality to a business. Limited attempt to use specialist vocabulary	**1 mark** Limited application of the importance of quality to Not On The High Street The response is mostly generic	**1 mark** A limited explanation of the importance of quality to Not On The High Street
0	**0 marks** No knowledge or understanding of the importance of quality to a business	**0 marks** No reference to Not On The High Street	**0 marks** No suitable explanation

Indicative content

Good quality is important in business because it satisfies customer expectations, Not On The High Street has a strict set of quality standards that the small businesses must adhere to, for example, items have to be wrapped and delivered in a certain way and within a specific time frame. Customers may be more likely to use a business that deliver on time with secure packaging, customers will feel they can trust the business and this can lead to loyalty. These factors are particularly important to customers when buying online when customers cannot see or touch the items they buy.

Quality is important to Not On The High Street so they can avoid mistakes. Goods sold by Not On The High Street are often personalised, therefore avoiding mistakes becomes even more important because personalised goods cannot be resold to another customer. Not On The High Street may be able to charge more than its competitors because of the quality of its products, this can also lead to a good reputation and increased profit margins.

Credit other valid suggestion.

Question	Answer	Mark
(d)	**When buying online, customers are protected by legislation. Select which of the following laws refers to this:** AO1: 1 mark Award **1** mark for the correct answer Consumer law	1

8. (e) Analyse the advantages and disadvantages to small businesses of using the Not On The High Street online platform to sell its products. [8]			
Band	**AO1**	**AO2**	**AO3**
	2 marks	**3 marks**	**3 marks**
3	There are no band 3 marks for this assessment objective 2 marks are awarded for band 2	**3 marks** Excellent application to small businesses using Not On The High Street to sell its products There is clear and direct reference to small businesses and Not On The High Street throughout the answer	**3 marks** An excellent analysis of the potential advantages and disadvantages to small businesses of using Not On The High Street to sell its products Writing is very well structured, using accurate grammar, punctuation and spelling
2	**2 marks** Good knowledge and understanding of a small business using an online platform Good attempt to use specialist vocabulary	**2 marks** Good application to small businesses using Not On The High Street to sell its products There is some reference to small business and Not On The High Street throughout the answer	**2 marks** A good analysis of the potential advantage(s) and disadvantage(s) to small businesses of using Not On The High Street to sell its products Writing is well structured, using some accurate grammar, punctuation and spelling
1	**1 mark** Limited knowledge and/or understanding of a small business using an online platform Limited attempt to use specialist vocabulary	**1 mark** Limited application to small businesses using Not On The High Street to sell its products There is limited reference to small businesses and/or Not On The High Street throughout the answer	**1 mark** A limited analysis of the potential advantages and/or disadvantages to small businesses of using Not On The High Street to sell its products Writing shows limited evidence of structure, with errors in grammar, punctuation and spelling
0	**0 marks** No knowledge or understanding of a small business using an online platform	**0 marks** No reference to small business and/or Not On The High Street	**0 marks** No analysis of the advantages and/or disadvantages to small businesses of using Not On The High Street to sell its products

Indicative content

Small businesses that sell on Not On The High Street have access to 39 million visitors who browse the e-commerce website every year, this is a huge opportunity for the small businesses who meet the strict criteria and adhere to the quality standards. The businesses who qualify to sell on Not On The High Street will surely be able to sell more products than if they simply sold in a physical shop or their own website, leading to greater sales revenue and potential profit. Alternatively, small businesses could set up their own websites to sell goods online, however, it is unlikely they would get noticed by customers when searching online because of the vast amount of other websites. Also, there is the additional cost of setting up and maintaining a professional looking website.

The small business owners who meet the strict quality standards and are able to sell on Not On The High Street, have to pay £240 and a percentage of its profits to Not On The High Street. As well as these costs the small businesses are likely to have increased expenditure through following the quality standards such as high-quality images and rapid delivery. Even though the small businesses have access to all the millions of customers through the Not On The High Street's website, the small businesses may find that there is too much competition. The small businesses will not only be competing with the other 5 000 small businesses, who may be selling similar types of products, but also other e-commerce businesses like Not On The High Street. Small businesses may be forced to reduce their prices to compete, leading to reduced profits, this coupled with all the costs associated with meeting the quality standards may be hard for small businesses. Despite this, potential access to 39 million customers per year and benefiting from the brand that Not On The High Street has built up is much more beneficial to the small businesses than going it alone.

Credit other valid analysis.

Question	Answer	Mark
9. (a)	**Suggest computer packages that Drake's Estate Agents could use to complete the following tasks:** AO1: 2 marks Award **1** mark for each a correct answer	2
(i)	**Store customer details** Database software Spreadsheet software	
(ii)	**Write letters to customers** Word-processing software Allow email Accept other valid suggestions, accept brand names	
(b)	**Calculate how much commission sales staff will earn on a property sold for £200 000.** AO2: 2 marks Award **1** mark for step 1: calculate Drake's fee 200 000 / 100 * 1 = £2 000 Award **1** mark for step 2: calculate the estate agent's commission 2 000/100 * 5 = £100 Apply OFR only on stage 2, if incorrect fee is calculated from 1% of £200 000 Award **2** marks if the candidate simply writes £100	2

Question	Answer	Mark
(c)	**Explain two economic factors that could impact on the housing market.** AO1: 2 marks AO2: 2 marks AO3: 2 marks For each factor identified: Award **1** mark for identifying each economic factor (max 2 marks) Award **1** mark for each application to the housing market (max 2 marks) Award **1** mark for each valid explanation (max 2 marks) **Indicative content** One economic factor that could affect the housing market is a fall in interest rates. Even though house prices have risen, if interest rates fall, it becomes cheaper to borrow money for a mortgage, leading to more and more people wanting to benefit from lower rates. People may decide to buy a home for the first time or move, this can lead to extra demand in the housing market. If there is more demand for houses, there will be a reduction in supply, in turn, this could lead to house prices rising further. Another economic factor that could influence the housing market is a rise in unemployment. A rise in unemployment means that more people are out of work. If people become unemployed it means they will not be able to buy a home. A rise in unemployment could affect consumer confidence and those people in jobs could become increasingly worried about job security and decide not to move. This could result in less people buying homes and lead to house prices falling, because there is less demand. Credit other valid explanation.	6

<table>
<tr><td colspan="4">9. (d) Consider the financial and non-financial methods of motivation Drake’s Estate Agents could use. [10]</td></tr>
<tr><td rowspan="2">Band</td><td>AO1</td><td>AO2</td><td>AO3</td></tr>
<tr><td>3 marks</td><td>3 marks</td><td>4 marks</td></tr>
<tr><td>3</td><td>3 marks
Excellent knowledge and understanding of financial methods and non-financial methods of motivation

Excellent use of specialist vocabulary</td><td>3 marks
Excellent application of financial and non-financial methods of motivation to Drake’s and its staff

There is clear and direct reference to Drake’s throughout the answer</td><td>4 marks
An excellent consideration of the potential impact of financial methods and non-financial methods of motivation

Writing is very well structured, using accurate grammar, punctuation and spelling</td></tr>
<tr><td>2</td><td>2 marks
Good knowledge and understanding of financial method(s) and non-financial method(s) of motivation

Good attempt to use specialist vocabulary</td><td>2 marks
Good application of financial method(s) and non-financial method(s) of motivation to Drake’s and its staff

There is some reference to Drake’s throughout the answer</td><td>2-3 marks
A good consideration of the potential impact of financial method(s) and non-financial method(s) of motivation

Writing is well structured, using mostly accurate grammar, punctuation and spelling</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge and/or understanding of financial or non-financial methods of motivation

Limited attempt to use specialist vocabulary</td><td>1 mark
Limited application of financial or non-financial methods of motivation to Drakes and its staff

There’s limited reference to Drake’s throughout the answer</td><td>1 mark
A limited consideration of the potential impact of financial or non-financial methods of motivation

Writing lacks structure, with grammar, punctuation and spelling errors</td></tr>
<tr><td>0</td><td>0 marks
No knowledge or understanding of financial or non-financial methods of motivation</td><td>0 marks
No reference to Drake’s</td><td>0 marks
No consideration of the impact of financial methods or non-financial methods of motivation</td></tr>
</table>

Indicative content

Staff who work for Drake's receive National Minimum Wage and commission on sales of properties they sell. We know there is high staff turnover and problems finding qualified, experienced staff. Drake's needs to review its financial and non-financial methods of motivation to try and encourage staff not to leave. Rather than wages and commission, staff could be paid a competitive salary, this would give workers more stability as they will receive the same amount of money every month and will be able to plan their finances better, this could motivate staff to stay. If house prices have recently risen, this could mean less people are buying houses, staff may find that they are not getting as much commission and simply can't afford to cover their own bills, leading to uncertainty. When you consider the average house price in the UK is £270 000, commission on an average house sale would be £135, this is not a great deal of money and we don't know how often houses are sold. However, paying salaries without commission could mean staff are not as motivated to sell houses and staff performance could suffer, commission is really effective in sales jobs for both the business and the member of staff.

Motivated estate agents will work hard to make sure they sell as many houses as possible, if they lose their commission sales may suffer. The business could consider giving workers a salary with fringe benefits when they sell a house, fringe benefits are extras that employees receive e.g. a company car or gym membership. The problem with this is it is difficult to link sales of properties to fringe benefits, you simply can't give a car one month when an estate agent is selling lots of properties and take it away the next month when the estate agent sells less. The business could consider a profit-sharing scheme that is linked to sales alongside a salary. Profit sharing means estate agents will receive a share of profits, so everyone will be working hard to make the most sales possible so they can get a share of the businesses' profits. This will mean all estate agents are motivated, offering good customer experiences so they can maximise sales which could result in staff not leaving as they are invested in the business.

Another way the business could improve motivation is through non-financial methods of motivation. Workers are not simply motivated by money; people want to feel happy in work. Empowerment is one way staff feel happy in work. This involves staff having greater control over their working lives, for example, the business could allow staff to run meetings or control their own diary. The business could also allow staff more training opportunities, this can make people feel secure in their job, they may feel valued in turn, leading to increased sales of properties for Drake's.

The business employs 58 full-time staff, giving all sales staff salaries could be a huge expense for the business and they are at risk of staff not being so motivated to make sales if they do not use a commission-based system. Because of this, I think Drake's should use a mixture of financial and non-financial methods to retain staff. They could stick with the National Minimum Wage, increase the rate of commission and really invest in their staff through training and empowerment. Staff will earn more, feel more valued and in turn generate more sales for the business.

Credit other valid answer.