



GCSE MARKING SCHEME

AUTUMN 2020

**BUSINESS - COMPONENT 1
C510U10-1**

INTRODUCTION

This marking scheme was used by WJEC for the 2020 examination. It was finalised after detailed discussion at examiners' conferences by all the examiners involved in the assessment. The conference was held shortly after the paper was taken so that reference could be made to the full range of candidates' responses, with photocopied scripts forming the basis of discussion. The aim of the conference was to ensure that the marking scheme was interpreted and applied in the same way by all examiners.

It is hoped that this information will be of assistance to centres but it is recognised at the same time that, without the benefit of participation in the examiners' conference, teachers may have different views on certain matters of detail or interpretation.

WJEC regrets that it cannot enter into any discussion or correspondence about this marking scheme.

GCSE BUSINESS - COMPONENT 1

AUTUMN 2020 MARK SCHEME

Question		Marks
1.	<p>Identify which two of the following services are provided by the private sector in the UK.</p> <p>AO1: 2 marks</p> <p>Award 1 mark for Beauticians Award 1 mark for Internet Providers</p>	2
2.	<p>Many businesses use commercial services. Identify one commercial service a business may use.</p> <p>AO1: 1 mark</p> <p>Award 1 mark for a correct answer</p> <p>Indicative content:</p> <p>Cleaning service Advertising service Transport service Accountancy Legal service Consultancy Recycling service Security services</p> <p>Credit any other valid responses.</p>	1
3.	<p>Outline two main features of an unlimited liability business.</p> <p>AO1: 2 marks</p> <p>Award 1 mark for each correct feature identified</p> <p>Indicative content:</p> <p>Personal possessions are at risk if there are financial problems The owner is liable for the debts of the business If the business fails, debts can be recovered from the business owner There is no limit to the amount of money the business owner has to pay back No separation of legal identity</p> <p>Credit any other valid response</p>	2

Question		Marks
4.	<p>Identify two main sections of a business plan.</p> <p>AO1: 2 marks</p> <p>Award 1 mark for each correct section identified</p> <p>Indicative content:</p> <p>Business description Marketing Financial – accept cash flow and other suitable financial documents Human resources Production operations Location Aims/objectives</p> <p>Award other suitable responses</p>	2

Question		Marks
5. (a)	<p>Describe what is meant by franchising.</p> <p>AO1: 2 marks</p> <p>Award 1 mark for each correct descriptive statement</p> <p>Indicative content:</p> <p>Paying a franchisor to open an established business When a business sells the right to another business to use its name and sell its products</p> <p>Credit any other valid statements</p> <p><i>Do not award any marks for examples, advantages or disadvantages.</i></p>	2
(b)	<p>Explain two advantages to a business of using franchising to grow its business.</p> <p>AO3: 4 marks</p> <p>For each advantage identified:</p> <p>Award 1 mark for limited explanation Award 1 mark for developed explanation</p> <p>Indicative content:</p> <p>The franchisor will find that the business can grow without them doing too much of the work/finding capital required, meaning they can grow the business for less work/investment.</p> <p>The franchisor will receive royalty payments for allowing the franchisee to use their business name and methods, this means that they will make a financial gain from this each year.</p> <p>The franchisor will possibly benefit from the enthusiasm of the franchisee, they will surely work harder than a manager, as they have invested their own money and will really want it to be a success.</p> <p>Credit any other valid response</p>	4

Question		Marks
6. (a)	<p>Using the data in the table calculate the percentage market share of the other chocolate manufacturing companies.</p> <p>AO2:1 mark</p> <p>Award 1 mark for the correct answer</p> $100 - (14 + 13.8 + 10.2 + 9.5 + 7.2 + 5.1)$ $= 40.2 (\%)$	1
(b)	<p>Using the information above calculate the value of Mars' sales in 2018. (Show your workings and present your answer to two decimal places)</p> <p>AO2: 2 marks</p> <p>Award 1 mark for selection of the correct data</p> <p>Total market value is £133 billion Mars' market share is 14%</p> <p>Award 1 mark for the correct answer</p> $133 \times \frac{14}{100} = \text{£}18.62 \text{ billion}$ <p>Award 2 marks for £18.62 billion</p> <p>Apply OFR for the correct answer if incorrect data selected.</p>	2
(c)	<p>Identify two types of economies of scale.</p> <p>AO1: 2 marks</p> <p>Award 1 mark for each correct economy of scale</p> <p>Purchasing economies Managerial economies Technological economies Administrative economies Marketing economies Technical economies</p>	2

Question		Marks
7.	<p>Calculate the percentage change in sales revenue between 2015 and 2019. (Show your workings and present your answer to two decimal places.)</p> <p>AO2: 2 marks</p> <p>Award 1 mark for selecting correct data</p> $\frac{4\,000 \times 100}{17\,000}$ <p>Award 1 mark for correct calculation</p> <p>23.53(%)</p>	2

Question		Marks
8. (a) (i)	<p>Calculate the gross profit for Bespoke Ltd. For 2019.</p> <p>AO2: 1 Mark</p> <p>Award 1 mark for correct answer.</p> <p>760 000</p>	1
(ii)	<p>State the formula for calculating net profit margin.</p> <p>AO1: 1 mark</p> <p>Award 1 mark for correct formula</p> <p>$\text{NPM} = \frac{\text{Net profit}}{\text{Sales revenue}} \times 100$</p>	1
(iii)	<p>Using the formula calculate the net profit margin for Bespoke Ltd for 2019. (Show your workings and present your answer to two decimal places.)</p> <p>AO2: 1 mark</p> <p>Award 1 mark for the correct answer</p> <p>$185\,000 / 1\,600\,000 \times 100$</p> <p>$= 11.56(\%)$</p>	1
(b)	<p>Identify a suitable computer package for each of the following tasks listed in the table below.</p> <p>AO1: 3 marks</p> <p>Award 1 mark for each suitable computer package identified</p> <p>Presenting market research findings in a sales meeting – presentation software</p> <p>Storing customer details – data base software (accept spreadsheet software)</p> <p>Having a meeting with suppliers in other countries – video conferencing software</p> <p>Accept suitable brands</p>	3

Question		Marks
(c) (i)	<p>Explain one advantage of a just-in-time (JIT) stock control system.</p> <p>AO1: 1 mark AO3: 1 mark</p> <p>Award 1 mark for the correct identification of an advantage (up to 1 mark) Award 1 mark for a correct explanation of the advantage (up to 1 mark)</p> <p>Indicative content:</p> <ul style="list-style-type: none"> - Stock is bought only when needed - this means that expensive warehouses are not needed - There is little waste as the business only buys what it needs - so money is not wasted on unnecessary items - Raw materials are likely to be in a better condition - this is because they are not lying around leading to damage - Reduced insurance cost - as less stock is held by the business <p>Credit other valid responses</p>	2
(ii)	<p>Explain one disadvantage of a just-in-time (JIT) stock control system.</p> <p>AO1: 1 mark AO3: 1 mark</p> <p>Award 1 mark for a correct identification of a disadvantage (up to 1 mark) Award 1 mark for a correct explanation of the disadvantage (up to 1 mark)</p> <p>Indicative content:</p> <p>May run out of materials if something is accidentally damaged - this means that production may have to stop</p> <p>There may be delays in delivery due to lack of supply/traffic - leading to orders not being met</p> <p>May end up paying more for delivery - as regular small deliveries will mean a high cost</p> <p>May not benefit from purchasing economies - meaning that they may not be able to compete on price with other companies</p> <p>May not be able to respond to current increase in demand – meaning they could potentially not meet the needs of customers</p> <p>Credit any other valid response</p>	2

(d) **Discuss the advantages and disadvantages to Bespoke Ltd and its customers of using new technology.** [10]

Band	AO1	AO2	AO3
	3 marks	4 marks	3 marks
3	<p>3 marks</p> <p>Excellent knowledge and understanding of potential advantages and disadvantages of new technology to both the business and the customers</p> <p>Specialist vocabulary is used with accuracy</p>	<p>4 marks</p> <p>Excellent application of potential advantages and disadvantages of technology to Bespoke Ltd is made</p> <p>There is a clear and direct reference to Bespoke Ltd throughout the discussion</p>	<p>3 marks</p> <p>An excellent analysis and evaluation of the disadvantages and advantages to Bespoke Ltd of using technology and the impact on the business and customers</p> <p>Writing is very well structured using accurate grammar, punctuation and spelling</p> <p>Well-reasoned and balanced discussion with clear lines of argument</p> <p>Clear judgements are made with supporting statements</p>
2	<p>2 marks</p> <p>Good knowledge and understanding of potential advantages and/or disadvantages of new technology to the business and/or customers</p> <p>Some attempt to use specialist vocabulary</p>	<p>2-3 marks</p> <p>Good application of potential advantages and/or disadvantages of technology to Bespoke Ltd is made</p> <p>There is reference to Bespoke Ltd to support the answer but there are omissions</p>	<p>2 marks</p> <p>A good analysis and evaluation of the disadvantages and/or advantages to Bespoke Ltd of using technology to the business and/or customers</p> <p>Writing is generally well structured using reasonably accurate grammar, punctuation and spelling</p> <p>The discussion may be unbalanced</p> <p>Judgements are made with some attempt to support the evaluation</p>
1	<p>1 mark</p> <p>Limited knowledge and understanding of potential advantages or disadvantages of new technology for business or customers</p> <p>Limited or no vocabulary</p>	<p>1 mark</p> <p>Limited application of potential advantages or disadvantages of technology to Bespoke Ltd is made</p> <p>The response is mostly generic with brief application to Bespoke Ltd</p>	<p>1 mark</p> <p>A limited analysis and evaluation of the advantages or disadvantages to Bespoke Ltd of using technology, little or no reference is made to the business or customers</p> <p>Writing shows limited evidence of structure but with some errors in grammar, punctuation and spelling</p> <p>The discussion lacks detail and superficial comments are made with little development</p> <p>The discussions may be one sided discussing just the disadvantages or advantages</p> <p>Judgements may be brief and unsupported</p>
0	<p>0 marks</p> <p>No knowledge or understanding of potential advantages or disadvantages of technology</p>	<p>0 marks</p> <p>No reference to Bespoke Ltd or furniture production is made</p>	<p>0 marks</p> <p>No analysis or evaluation of the advantages and/or disadvantages to Bespoke Ltd of using technology</p>

Indicative content:

Answers could include

Bespoke Ltd uses a wide range of technology. One of the technologies they use is CAD, CAD stands for Computer Aided Design and is used to design furniture and produce 3D images, this allows Bespoke Ltd to make the individual furniture pieces that meet customer specifications. Without this it is likely that the business would not be able to mass-produce furniture in this way. CAD is known to be expensive and not just anyone can use it, Bespoke Ltd have a specific design team, they would be specialists, who are expensive to hire, leading to increased costs. That aside, if customers want custom pieces they would expect to pay more.

Another technology used by Bespoke Ltd is the website. They use it to advertise its furniture pieces, communicate with customers and to allow customers to design their furniture. A disadvantage for customers is that they may need to have expensive IT equipment to use the website and good IT skills. A website as sophisticated as this probably costs a lot to produce and maintain. Despite these costs, Bespoke Ltd can keep its costs down by simply being an online business, they don't need expensive shops with staff wearing expensive uniforms, they can pass these saving onto the customer and become more popular because of their competitive prices.

Bespoke Ltd use just-in-time stock control, this is made possible through the use of computerised stock control system. This means that stock is automatically ordered, so Bespoke Ltd only have the stock they need, allowing them to keep its warehouses small and prices low. These cost savings can be passed on to the customers. Bar codes are used to track the materials, which is great for customers who can track their orders. This type of equipment is expensive and a huge investment for Bespoke Ltd. Also, Bespoke Ltd may become over reliant on technology and be unable to function, if it broke down production could stop.

Credit any other valid response

Question		Marks
9. (a)	<p>Identify one motive an entrepreneur may have for starting their own business.</p> <p>AO1: 1 mark</p> <p>Award 1 mark for the correct identification of a suitable motive for an entrepreneur.</p> <p>Indicative content:</p> <p>To earn an income after becoming retired To earn a living from a hobby To be his own boss</p> <p>Credit other valid reasons.</p>	1
(b)	<p>Explain one risk Steve Andrews may experience as an entrepreneur.</p> <p>AO2: 1 mark AO3: 1 mark</p> <p>Award 1 mark for a correct explanation of a suitable risk Award 1 mark for the correct explanation in the context of Steve Andrews</p> <p>Indicative content:</p> <p>Lower than expected sales/customers - due to another gardener offering a similar/better service</p> <p>Unexpected events - such as bad weather meaning people wouldn't want their lawn mowed</p> <p>Rising costs – such as fuel meaning it would be more expensive to get to people with his mower</p> <p>Credit other valid response</p>	2

Question		Marks
(c)	<p>Advise Steve on whether he should use his savings or a bank loan to purchase the vehicle.</p> <p>AO2: 1 mark AO3: 2 marks</p> <p>Award 1 mark for suitable application Award 1 mark for limited advice to Steve Award 2 marks for developed advice to Steve</p> <p>Indicative content:</p> <p>Steve could use his savings/retirement money in order to buy a vehicle, this would be suitable because he would not have to pay interest, it would also mean there are no issues with liability.</p> <p>Steven could get a loan to purchase the vehicle, this would mean he could spread the payments to suit him and would still continue to earn interest on his savings.</p> <p>Credit other valid responses</p>	3
(d) (i)	<p>State, with the aid of an example from Steve Andrew’s business, what is meant by fixed costs.</p> <p>AO1: 1 mark AO2: 1 mark</p> <p>Award 1 mark for correct definition of fixed costs</p> <p>Indicative content:</p> <p>Costs that must be paid Cost that do not change as output changes</p> <p>Award 1 mark for a suitable example from Steve Andrew’s business</p> <p>Indicative content:</p> <p>Insurance Vehicle payment Gardening equipment (suitable examples)</p> <p>Credit other valid responses</p>	2

Question		Marks
(ii)	<p>Suggest one example of a variable cost Steve Andrews may have to pay.</p> <p>AO2: 1 mark</p> <p>Award 1 mark for a suitable variable cost Steve may have.</p> <p>Indicative content:</p> <p>Grass seed Fuel Blades for his mower</p> <p>Credit other valid responses</p>	1
(iii)	<p>State the formula for calculating break-even through contribution.</p> <p>AO1: 1 mark</p> <p>Award 1 mark for correct formula</p> <p>Fixed costs / (selling price – variable costs)</p> <p>Credit other valid version of the formulae</p>	1
(iv)	<p>Using the formula, calculate the number of customers Steve Andrews will need to break-even every month. (Show your workings)</p> <p>AO2: 2 marks</p> <p>Award 1 mark for the correct selection of the data</p> <p><u>300</u> (15-5)</p> <p>Award 1 mark for the correct answer</p> <p>30 customers, or 30</p> <p>Apply OFR is incorrect data is selected.</p>	2

(e) **With reference to Steve Andrews' gardening business:**

Explain the advantages and the disadvantages of carrying out primary and secondary market research.

Advise Steve on whether he should use primary or secondary market research.

[8]

Band	AO1	AO2	AO3
	3 marks	3 marks	2 marks
3	<p>3 marks</p> <p>Excellent knowledge and understanding of the advantages and the disadvantages of both primary and secondary research</p> <p>Specialist vocabulary is used with accuracy</p>	<p>3 marks</p> <p>Excellent application of the advantages and disadvantages of primary and secondary market research to Steve Andrews' business</p> <p>There is a clear and direct reference to Steve Andrews' business throughout</p>	<p>There are no Band 3 marks for this assessment objective</p> <p>2 marks are awarded as for Band 2</p>
2	<p>2 marks</p> <p>Good knowledge and understanding of the advantages and/or the disadvantages of primary and/or secondary research</p> <p>Some attempt at specialist vocabulary</p>	<p>2 marks</p> <p>Good application of the advantages and/or disadvantages of primary and/or secondary market research to Steve Andrews' business</p> <p>There is reference to Steve Andrews' business to support their answer but there are omissions</p>	<p>2 marks</p> <p>Clear advice is given based on the explanation and the scenario</p> <p>Writing is generally well structured using reasonably accurate grammar, punctuation and spelling</p> <p>Judgements are made with some attempt to support the advice</p>
1	<p>1 mark</p> <p>Limited knowledge and understanding of the advantages or the disadvantages of primary or secondary research</p> <p>Limited or no specialist vocabulary</p>	<p>1 mark</p> <p>Limited application of the advantages or disadvantages of primary or secondary market research to Steve Andrews' business</p> <p>The response is mostly generic with brief application to Steve Andrews' business</p>	<p>1 mark</p> <p>Advice is given</p> <p>Writing shows limited evidence of structure but with some errors in grammar, punctuation and spelling</p> <p>The advice is superficial and lacks detail</p> <p>Judgements may be brief and unsupported</p>
0	<p>0 marks</p> <p>No knowledge or understanding</p>	<p>0 marks</p> <p>No reference to Steve Andrews or gardening is made</p>	<p>0 marks</p> <p>No advice given</p>

Indicative content:

Steve could carry out primary research as part of his market research. This involves gathering information for the first time e.g. a questionnaire. The main advantage of using primary research is that he can tailor his research to his specific requirements, he can ask potential customers in his area whether they would use the gardening services he aims to offer. Steve could also research the competition in his local area, such as other gardeners operating in the area that could directly affect his business e.g. he could do an observation. Although primary research will give Steve exact information about the market in his area, this can be an expensive form of research. Not only could Steve waste time driving around observing if there are other gardeners, the cost of administering a questionnaire and getting people to fill it in can be a challenge.

Steve could opt to do secondary research. This involves using data that already exists. This type of information can be gathered quickly, easily and cheaply. He may easily find information online about gardening statistics, but it may be less likely that it will be specific to his area and may be too general. He may also find that the data is not up to date, giving him information on market trends that could be outdated as well as irrelevant.

I think Steve should use primary research, this will give him information that is relevant to his business. This can take up a bit of time and expense, but surely he is better getting more specific information? He will be able to find out exactly the type of gardening services that his potential customers would like, this data could be invaluable to the success of his business.

Question		Marks
10. (a) (i)	<p>On the diagram above, write the missing stages of the product lifecycle in the blank boxes.</p> <p>AO1: 2 marks</p> <p>Award 1 mark for each correct answer.</p> <p>Introduction Decline/launch</p>	2
(ii)	<p>Describe the features of the growth stage of the product life cycle</p> <p>AO1: 2 marks</p> <p>Award 1 mark for each correct feature described</p> <p>Indicative content:</p> <p>Product starts to sell faster – as initial advertising starts to pay off Profits may start to be made – as they may start to break even Sales/revenue increases - as products start to sell faster Product becomes accepted by consumers</p> <p>Credit other valid responses</p>	2
(b) (i)	<p>State what is meant by an extension strategy.</p> <p>AO1: 1 mark</p> <p>Award 1 mark for a correct answer</p> <p>Indicative content:</p> <p>Extending a product life cycle so it doesn't go into decline Where a business explores new markets to prevent a product going into decline</p> <p>Where a business brings in new packaging to prevent a product going into decline</p> <p>Credit other valid responses</p>	1

Question		Marks
(ii)	<p>With reference to the data, explain how Spritz Drinks Ltd used an extension strategy for Blue-Torrent.</p> <p>AO2: 2 marks AO3: 2 marks</p> <p>Award 1 mark for each correct reference to the data, up to 2 marks.</p> <p>Award 1 mark for each explanation, up to 2 marks.</p> <p>Indicative content:</p> <p>One way Spritz Ltd. has extended the product life cycle of Blue-Torrent is by adding the new natural ingredient guava, this shows that they are trying to explore new markets i.e. the health food market.</p> <p>One way Spritz Ltd. has extended the product life cycle of Blue-Torrent is by changing the packaging from a black can to a clear bottle, this could help rebrand the product as a healthier alternative as clear is seen as more natural.</p> <p>One way Spritz Ltd. has extended the product life cycle of Blue-Torrent is by reducing sugar and additives, this shows that they are trying to appeal to new customers who may be conscious about having too much sugar and additives.</p> <p>Credit other valid responses</p>	4
(c)	<p>Suggest one suitable advertising medium for the new version of Blue-Torrent. Give reasons for your suggestion.</p> <p>AO1: 1 mark AO2: 2 marks</p> <p>Award 1 mark for a suitable advertising medium</p> <p>Award 1 mark for each valid reason, up to 2 marks.</p> <p>Indicative content:</p> <p>A suitable advertising medium for Blue-Torrent could be a magazine, such as a health magazine, because they have included more healthy ingredients, so this is a suitable audience.</p> <p>A suitable advertising medium for Blue-Torrent could be online advertising, as they could target people who look at health websites, because they have included more healthy ingredients, so this is a suitable audience.</p> <p>Credit other valid responses</p>	3

(d) **Analyse how Spritz Ltd. has adapted its marketing mix to improve sales of Blue-Torrent.** [8]

Band	AO1	AO2	AO3
	2 marks	4 marks	2 marks
3	<p>There are no Band 3 marks for this assessment objective</p> <p>2 marks are awarded as for Band 2</p>	<p>4 marks</p> <p>Excellent application to Spritz Ltd. Relevant examples from the data are used throughout</p> <p>There is a very clear and direct reference to Blue-Torrent throughout the analysis</p>	<p>There are no Band 3 marks for this assessment objective</p> <p>2 marks are awarded as for Band 2</p>
2	<p>2 marks</p> <p>Good knowledge and understanding of the marketing mix with at least 3 Ps understood</p> <p>A good attempt specialist vocabulary</p>	<p>2-3 marks</p> <p>Good application to Spritz Ltd. Some examples are used from the data</p> <p>There is a clear reference to Blue-Torrent throughout the analysis</p>	<p>2 marks</p> <p>A good analysis of how the marketing mix has been adapted to improve sales</p> <p>Writing is generally well structured using reasonably accurate grammar, punctuation and spelling</p> <p>Judgements are supported and analysed</p>
1	<p>1 mark</p> <p>Limited knowledge and understanding of the marketing mix with at least 1 'P' understood</p> <p>Limited or no vocabulary</p>	<p>1 mark</p> <p>Limited application to Spritz Ltd</p> <p>Discussions are mostly generic with brief application to data</p>	<p>1 mark</p> <p>A limited analysis of how the marketing mix has been adapted to improve sales</p> <p>Writing shows limited evidence of structure but with some errors in grammar, punctuation and spelling</p> <p>Unsupported assumptions are made</p>
0	<p>0 marks</p> <p>No knowledge or understanding of the 4 Ps</p>	<p>0 marks</p> <p>No reference to Spritz Ltd or energy drinks</p>	<p>0 marks</p> <p>No analysis</p>

Indicative content:

Spritz Ltd has adapted its product to improve sales. Sales of its most successful drink Blue-Torrent have fallen, in 2015 they started to decline and continued to fall by approximately half between 2015 and 2018. To respond to this, they adapted their product to meet changing tastes. They brought out a new healthier product to extend their product life cycle and potentially enter new markets.

Another way Spritz Ltd has adapted its marketing mix is by introducing new packaging. They brought in clear bottles, instead of their black cans, giving a more natural theme. This is likely to appeal to a new more health conscious market.

Also, they seem to be changing the place they sell. They traditionally sold the drinks in convenience stores, pubs and hotels. As they adapted their product, the 'place' people buy the drink has started to change, they are now selling in more health food shops and supermarkets, this could lead to a major increase in sales by selling in the big supermarkets. All these factors together are likely to extend Blue-Torrents product life cycle and take it out of decline.

Question		Marks
11. (a)	<p>With reference to KLB Ltd's organisational chart, describe what is meant by a flat organisational structure.</p> <p>AO1: 1 mark AO2: 1 mark</p> <p>Award 1 mark for correct understanding of a flat organisation structure Award 1 mark for relevant reference to KLB Ltd</p> <p>Indicative content:</p> <p>A flat structure has few levels of hierarchy, in KLB Ltd there are only 3 different levels Usually used in smaller to medium sized business, such as KLB Ltd, which does not have a high number of employees Few layers of management, in KLB Ltd there is only the functional managers then the workers</p> <p>Credit other valid responses</p>	2
(b) (i)	<p>With reference to KLB Ltd's organisational chart:</p> <p>State who is responsible for the production operatives.</p> <p>AO2: 1 mark</p> <p>Award 1 mark for Production Manager</p>	1
(b) (ii)	<p>With reference to KLB Ltd's organisational chart:</p> <p>State the span of control of the Human Resource Manager.</p> <p>AO2: 1 mark</p> <p>Award 1 mark for 2 (Human resource staff)</p>	1

Question		Marks
(c)	<p>Using an example from KLB Ltd’s organisational chart, describe what is meant by the term chain of command.</p> <p>AO1: 1 mark AO2: 1 mark</p> <p>Award 1 mark for a correct definition of the chain of command.</p> <p>Award 1 mark for correct example from the chart</p> <p>Indicative content</p> <p>The chain of command is the order of authority from the top of the organisation to the bottom. In KLB Ltd, Keith has authority over the 4 managers, who have authority of the teams beneath them.</p> <p>Credit other valid responses</p>	2
(d)	<p>Explain the importance of effective communication in the work place.</p> <p>AO1: 2 marks AO3: 2 marks</p> <p>Award 1 mark for each correct identified point (up to 2 marks) Award 1 mark for each explanation of the identified point (up to 2 marks)</p> <p>Indicative content:</p> <p>Increased employee involvement – staff are aware of what is taking place Improved motivation – senior staff are more likely to recognise and praise the work of junior staff Working towards the same aims and objectives – communication is improved, staff are more likely to share the aims and objectives and work towards them Aids decision making – as staff know what is going on within the organisation and are less resistant to change Enables employee feedback – which can improve employee performance as strengths and weaknesses are identified</p> <p>Credit other valid responses</p>	4

(e) **Discuss how the different functions of KLB Ltd work together to make business decisions.** [10]

Band	AO1	AO2	AO3
	2 marks	4 marks	4 marks
3	<p>There are no Band 3 marks for this assessment objective</p> <p>2 marks are awarded as for Band 2</p>	<p>3-4 marks</p> <p>Excellent application of the interdependent nature of business in the context of KLB Ltd</p> <p>There is a clear and direct reference to KLB Ltd throughout the discussion</p>	<p>4 marks</p> <p>An excellent analysis and evaluation of the importance of the different functions working together, to make business decisions</p> <p>Writing is very well structured using accurate grammar, punctuation and spelling</p> <p>Well-reasoned and balanced discussion with clear lines of argument</p> <p>Clear judgements are made with supporting statements</p>
2	<p>2 marks</p> <p>Good understanding of 2/3 functional areas of business</p> <p>Some understanding of how these functional areas work together</p> <p>Some attempt at specialist vocabulary</p>	<p>2 marks</p> <p>Good application of the interdependent nature of business in the context of KLB Ltd</p> <p>There is a clear and direct reference to KLB Ltd to support their answer but there are omissions</p>	<p>2-3 marks</p> <p>A good analysis and evaluation of the importance of the different functions working together, to make business decisions</p> <p>Writing is generally well structured using reasonably accurate grammar, punctuation and spelling. The discussion may be unbalanced</p> <p>Judgements are made with some attempt to support the evaluation</p>
1	<p>1 mark</p> <p>Limited understanding of at least 1 functional area of business</p> <p>Limited understanding of how functional areas work together</p> <p>Limited or no vocabulary</p>	<p>1 mark</p> <p>Limited application of the interdependent nature of business in the context of KLB Ltd</p> <p>The response is mostly generic with brief application to KLB Ltd</p>	<p>1 mark</p> <p>A limited analysis and evaluation of the importance of the different functions working together, to make business decisions</p> <p>Writing shows limited evidence of structure but with some errors in grammar, punctuation and spelling</p> <p>The discussion lacks detail and superficial comments are made with little development</p> <p>Judgements may be brief and unsupported</p>
0	<p>0 marks</p> <p>No understanding of functional areas of business</p>	<p>0 marks</p> <p>No reference to KLB Ltd is made</p>	<p>0 marks</p> <p>No analysis and evaluation of the importance of the different functions working together, to make business decisions</p>

Indicative content:

KLB Ltd has a range of different functions within the organisation such as finance, human resources and sales etc. It is important that all functional areas are working together.

The sales and marketing functional area will be the area selling the blinds and gaining the customers through advertising. This is a large area with over 25 sales and marketing staff. It will be up to them to run different marketing campaigns to attract customers, the sales team will then convert this customer interest into sales. The sales and marketing team will not work in isolation but will work closely with the human resource department who will hire the right staff that are able to produce the right marketing campaigns and train the staff correctly so they can sell more.

The area in charge of making the blinds is the production functional area. They will be in charge of taking the raw materials and making them into the finished blinds. An area that they will work closely with is the finance department. The finance department are in charge of the business' money. If the production department want to order materials to make the blinds they will have to do it through the finance department. It will be up to them to work together to increase production, this may be through buying more stock or new quicker machinery to make more blinds, which they will have to help them cost and source.

It would be very difficult for the business to work effectively unless the different functional areas work together. If they were working in isolation then bills wouldn't get paid, there would be no staff or raw materials ordered to make the products. Therefore, it is important that staff are all working together as a large team to achieve aims.