



GCE AS MARKING SCHEME

SUMMER 2018

**AS
BUSINESS - COMPONENT 2
B510U20-1**

INTRODUCTION

This marking scheme was used by WJEC for the 2018 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.

GENERAL MARKING GUIDANCE

Positive Marking

It should be remembered that learners are writing under examination conditions and credit should be given for what the learner writes, rather than adopting the approach of penalising him/her for any omissions. It should be possible for a very good response to achieve full marks and a very poor one to achieve zero marks. Marks should not be deducted for a less than perfect answer if it satisfies the criteria of the mark scheme, nor should marks be added as a consolation where they are not merited.

For each question there is a list of indicative content which suggest the range of business concepts, theory, issues and arguments which might be included in learners' answers. This is not intended to be exhaustive and learners do not have to include all the indicative content to reach the highest level of the mark scheme.

The level based mark schemes sub-divide the total mark to allocate to individual assessment objectives. These are shown in bands in the mark scheme. For each assessment objective a descriptor will indicate the different skills and qualities at the appropriate level. Learner's responses to questions are assessed against the relevant individual assessment objectives and they may achieve different bands within a single question. A mark will be awarded for each assessment objective targeted in the question and then totalled to give an overall mark for the question.

EDUQAS AS BUSINESS - COMPONENT 2

SUMMER 2018 MARK SCHEME

| Q | | Total |
|--------------|---|--------------|
| 1 (a) | <p>What is meant by the term ‘chain of command’?</p> <p>Award 1 mark for a limited understanding of the term ‘ chain of command’ Award 2 marks for a good understanding of the term ‘ chain of command’ AO1:2 marks</p> <p>Indicative content:</p> <p>The chain of command describes the lines of authority (reporting system) in the business/communication path. (1) Orders / instructions are passed down / feedback is passed up. (1)</p> | 2 |

| Q | | Total |
|-------------------|--|--------------|
| 1 (b) (i) | <p>What do you understand by the term ‘span of control’?</p> <p>Award 1 mark for an understanding of the term ‘ span of control’ AO1:1 mark</p> <p>Indicative content:</p> <p>The number of workers a manager is responsible for.</p> | 1 |
| 1 (b) (ii) | <p>Taking into account the business adviser’s proposed changes, what will be the new span of control of the riding school managers?</p> <p>Award 1 mark for application to Power Ridings AO2:1 mark</p> <p>Indicative content:</p> <p>From 1 to 13 employees, so the new span of control is 13 employees.</p> <p>Accept 13.</p> <p>Accept 10 horse riding instructors and 3 stable grooms</p> | 1 |

| Q | | Total |
|-------|---|-------|
| 1 (c) | <p>Based upon her 40% cost-plus pricing strategy, calculate the average selling price of each riding lesson after delayering has taken place. AO1: 1 mark</p> <p>Award 1 mark for a correct formula that demonstrates the candidate's ability to work out percentages OR a correct definition of cost-plus pricing</p> <p style="text-align: center;"> $\text{To work out 40\%} = \frac{40}{100} \times 25 \qquad \text{OR} \qquad \frac{25}{100} \times 40$ </p> <p>Cost-plus pricing is where a profit percentage is added to the average cost of producing the good / service. Also known as adding a mark-up on to the average cost. AO2: 1 mark</p> <p> $\frac{40}{100} \times \text{£}25 = \text{£}10 + \text{£}25 = \underline{\underline{\text{£}35}}$ </p> <p>An answer of £10 gains 1 mark in total only as the learner failed to add this on top of the cost.</p> <p>An answer of £35 gains the full 2 marks</p> <p>An answer of 35 with no £ sign gains 1 mark in total.</p> | 2 |

| 1 (d) | Advise Sara whether to go ahead with the business adviser's suggestions. [10] | | | |
|-------|--|---|--|---|
| Band | AO1 | AO2 | AO3 | AO4 |
| | 2 marks | 2 marks | 3 marks | 3 marks |
| 3 | | | <p>3 marks</p> <p>Excellent analysis of the positive and negative impact of the proposed organisational change.</p> <p>Analysis shows a clear line of argument and includes an excellent understanding of the impact of the change.</p> | <p>3 marks</p> <p>An excellent and well balanced evaluation of the decision to change (or not change) organisational structure.</p> <p>Relevant judgements are made with supporting statements to build on arguments.</p> <p>Includes an overall conclusion.</p> |
| 2 | <p>2 marks</p> <p>Demonstrates good understanding of the key issues surrounding the change of organisational structure.</p> | <p>2 marks</p> <p>Good application of how the change in organisation structure will affect Power Ridings in a positive and in a negative way.</p> <p>Clear reference to Power Ridings.</p> | <p>2 marks</p> <p>Good analysis of the positive and negative impact of the proposed organisational change.</p> <p>Analysis shows an understanding of the impact on the business of the change.</p> | <p>2 marks</p> <p>Good and balanced evaluation of the decision to change (or not change) the organisational structure.</p> <p>Valid judgements are made to support arguments with some development on both sides.</p> <p>May contain a brief conclusion.</p> |
| 1 | <p>1 mark</p> <p>Demonstrates limited knowledge of the key issues surrounding the change of organisational structure.</p> | <p>1 mark</p> <p>Limited application of how the change in organisation structure will affect Power Ridings in a positive or negative way.</p> | <p>1 mark</p> <p>Limited analysis of the positive and / or negative impact of the proposed organisational change.</p> <p>Demonstrates a superficial understanding of the impact.</p> | <p>1 mark</p> <p>Limited evaluation of the decision to change (or not change) the organisational structure.</p> <p>Partial, unsupported judgements made.</p> <p>One-sided evaluation.</p> |
| 0 | <p>0 marks</p> <p>No correct knowledge</p> | <p>0 marks</p> <p>No application to Power Ridings.</p> | <p>0 marks</p> <p>No analysis given.</p> | <p>0 marks</p> <p>No evaluation given.</p> |

Indicative content:

Possible reasons why Power Ridings should go ahead with the change:

- Lower costs for wages – After redundancy payments are made long term costs will be lower enabling the business to make more profits in the long run.
- Can charge lower prices – The change will allow them to become more competitive in the long run as prices will become lower than the industry average (OFR applies to calculation answer from part C).
- Higher profits – If prices are kept the same due to the ‘high quality reputation’
- Motivation of shop floor workers - Due to empowerment, workers may feel their self-esteem needs could be met (Maslow), and links to Herzberg’s motivators. Too much supervision links to Herzberg’s hygiene factors. Learners may analyse the impact of increased motivation on the business i.e. increase in productivity, reduction in labour turnover.
- Communication may become quicker with fewer layers of hierarchy.

Possible reasons why Power Ridings should not go ahead with the change:

- Short term costs – Redundancy payments to the 3 managers per riding school and training costs to employees being empowered may adversely affect finances. E.g. Stable grooms may need training on purchasing and animal welfare.
- Loss of skilled staff– Managers being made redundant may be better at doing the management roles compared to less experienced employees (stable grooms and riding instructors).
- Loss of control - Sara clearly likes to keep a close control of how each riding school is run. With fewer managers she may have trouble ensuring all riding schools operate in the same way potentially affecting their high quality consistency reputation.
- Work load on Riding Instructors and Stable Grooms– Will they be able to offer a quality services with the increased workload of managerial tasks such as purchasing, welfare, timetabling etc.
- Work load of Riding School Managers – Will the manager be able to do his / her current role as well as marketing and being responsible for 12 more employees. It may be difficult to ensure high consistency in the quality of the service especially during busy times.

Possible themes for evaluation:

- Depends on whether lower prices outweigh the workload increases and potential damage to the high quality consistency reputation of the business.
- Short term costs versus long term competitive gains.
- If Sara can still effectively control the business.
- Net effect on motivational levels.
- Whether employees at the bottom of the hierarchy can carry out management tasks effectively. It may not be wise to cut all middle managers at once.
- Any other relevant suggestion
- Markers note: one sided answer gains 5 marks; band 2 AO1, band 1 all other AOs

| Q | Apart from increased sales explain one other benefit to Domino's of using m-commerce. | Total |
|-------|--|-------|
| 2 (a) | <p>AO1:1 mark – Knowledge of a benefit AO2:1 mark – Applied to Domino's AO3:1 mark – Positive impact of the benefit explained</p> <p>Indicative content:</p> <ul style="list-style-type: none"> • <u>Ease of purchase (multi-channels)</u> – Over 10 million downloads has resulted in increased profits, suggesting that m-commerce has allowed Domino's customers to place orders more conveniently on the go rather than having to go in-store (or online), resulting in better customer service. • <u>Brand Loyalty</u> – Customers can access Domino's on the go using their smart phones. 10 million downloads and over 50% of online sales made via the app have demonstrated increased brand loyalty as customers can place orders using multi-channel methods suitable for them at that time. • <u>USP over competition</u> – 10 million customers will have Domino's logo on their phones (app logo as a shortcut) and so the brand will be seen more often by their customers encouraging brand loyalty and a USP over competition, making it less likely that customers will go elsewhere for their pizza orders. • <u>Successful promotions</u> – can be sent to individual users of the app resulting in more effective direct marketing. Profits have increased due to the 10 million downloads as customers think they are getting individual offers meeting their needs. • <u>Reduced employee workload</u> – The mobile app will reduce orders needing to be taken over the phone, reducing workload pressure given that Dominos sales (and therefore orders) have been increasing since 2014. • <u>Accept any other relevant suggestion.</u> | 3 |

| | | | | |
|--------------|---|---|--|------------|
| 2 (b) | Explain why Domino's might adapt elements of its marketing mix for different countries. | | | [6] |
| Band | AO1 | AO2 | AO3 | |
| | 2 marks | 2 marks | 2 marks | |
| 2 | <p>2 marks</p> <p>Demonstrates a good understanding of the marketing mix.</p> | <p>2 marks</p> <p>Good application of how Domino's marketing mix will differ in different global markets.</p> <p>At least two elements of the marketing mix are applied.</p> | <p>2 marks</p> <p>Good analysis of the impact of at least two components of the marketing mix in different global markets.</p> | |
| 1 | <p>1 mark</p> <p>Demonstrates a limited understanding of the marketing mix.</p> <p>May consider only one component of the marketing mix.</p> | <p>1 mark</p> <p>Limited application of how Domino's marketing mix will differ in different global markets.</p> <p>At least one component of the marketing mix is applied.</p> | <p>1 mark</p> <p>Limited analysis of the impact of at least one component of the marketing mix in different global markets.</p> <p>Superficial understanding.</p> | |
| 0 | <p>0 marks</p> <p>No understanding of the components of the marketing mix.</p> | <p>0 marks</p> <p>No application to Domino's.</p> | <p>0 marks</p> <p>No analysis given.</p> | |

Indicative content:

- Product – Different tastes of different global populations will mean that Domino's will have to sell different toppings on its Pizzas depending on local tastes. E.g. Dominos may have to introduce more sea food pizzas in countries where diet consists of mainly sea food. Domino's may have to adapt a restaurant style business rather than takeaways to match the needs of different cultures. This will result in more sales due to catering for local needs.
- Price – Depends on the level of incomes of populations in different countries, e.g. Japan versus India. Domino's may have to set different prices to be competitive given that they are likely to have elastic price elasticity of demand.
- If Domino's are too expensive then they may have to change its brand image to a more exclusive brand or they may not be successful.
- Domino's may have to charge penetration prices due to strong domestic competition.
- Promotion – Must suit local languages, cultures, and beliefs to identify a global brand. Different countries may have different levels of competition and so promotional methods must consider other pizza stores in the same market. The amount of promotion will depend on Domino's brand reputation in different global markets.
- Dominos may use local ingredients within their pizzas (product) and so promote this within their campaigns to be seen as a local rather than global business.
- Different countries may have different regulations on the sale and advertising of products to which domino's must consider to meet different laws and cultures.
- Place - Due to the costs of international expansion Domino's may have to use intermediaries to sell its pizzas. Domino's may sell in-store only or online only depending on the ways different populations use the internet and mobile phones to order pizzas. M-commerce is growing rapidly in the UK which is not true for all countries.
- Any other relevant suggestion.

| Q | Using an example relevant to Domino's, define the term ' <i>cost of sales</i> '. | Total |
|-------|---|----------|
| 2 (c) | <p data-bbox="288 253 1007 286">Award 1 mark for knowledge of the term 'cost of sales'</p> <p data-bbox="1126 286 1289 320" style="text-align: right;">AO1:1 mark</p> <p data-bbox="288 353 555 387">Indicative content:</p> <p data-bbox="288 421 1262 488">Cost of sales are the direct costs (variable costs) related to the supply of a product / service.</p> <p data-bbox="288 521 959 555">Award 1 mark for an example relevant to Domino's</p> <p data-bbox="1126 555 1289 589" style="text-align: right;">AO2:1 mark</p> <p data-bbox="288 622 555 656">Indicative content:</p> <ul data-bbox="341 689 1201 790" style="list-style-type: none"> • Stock/ingredients such as cheese, pizza bread, tomatoes, and olives. • Direct labour costs / other costs – e.g. delivery drivers, fuel. <p data-bbox="288 824 1283 925">Accept any relevant variable cost example that is related directly to Domino's. Do not accept; ingredients stock; or 'wages' unless linked directly to Domino's.</p> | 2 |

| Q | | Total |
|------------|---|-------|
| 2 (d) (i) | <p>Using Figure 2, calculate Domino's gross profit margin for 2014 and 2015. Present your answer to two decimal places.</p> <p style="text-align: right;">AO1: 1 mark</p> <p>Award 1 mark for a correct formula of Gross Profit Margin</p> $\frac{\text{Gross Profit}}{\text{Sales}} \times 100$ <p style="text-align: right;">AO2: 1 mark</p> <p>Award 1 mark for a correct calculation of Gross Profit for 2014 or 2015</p> <p>2014: 295m – 185m = £110m 2015: 317m – 193m = £124m</p> <p style="text-align: right;">AO2: 2 Marks</p> <p>Award 1 mark for the calculation of gross profit margin for 2014 Award 1 mark for the calculation of gross profit margin for 2015</p> <p>2014: 110 / 295 x 100 = 37.29% (Accept 37.3%) 2015: 124 / 317 x 100 = 39.12% (Accept 39.1%)</p> <p>Must be given as % for full 4 marks</p> <p><i>Markers note: If both ratios are calculated correctly but not shown as a percentage, a maximum of 3 marks out of 4 can be given. Award 2 marks if one ratio is calculated correctly with or without the percentage symbol.</i></p> <p>OFR if gross profit incorrectly calculated</p> | 4 |
| 2 (d) (ii) | <p>Using Figure 2, calculate Domino's net profit margin for 2014 and 2015. Present your answer to two decimal places.</p> <p style="text-align: right;">AO1: 1 mark</p> <p>Award 1 mark for a correct formula of Net Profit Margin</p> $\frac{\text{Net Profit}}{\text{Sales}} \times 100$ <p style="text-align: right;">AO2: 1 mark</p> <p>Award 1 mark for a correct calculation of Net Profit for 2014 or 2015</p> <p>2014: 295m – 185m – 56m = £54m 2015: 317m – 193m – 51m = £73m</p> <p style="text-align: right;">AO2: 2 Marks</p> <p>Award 1 mark for the calculation of net profit margin for 2014 Award 1 mark for the calculation of net profit margin for 2015</p> <p>2014: 54 / 295 x 100 = 18.31% (Accept 18.3%) 2015: 73 / 317 x 100 = 23.03% (Accept 23%)</p> <p>Must be given as % for full 4 marks</p> <p><i>Markers note: If both ratios are calculated correctly but not shown as a percentage, a maximum of 3 marks out of 4 can be given. Award 2 marks if one ratio is calculated correctly with or without the percentage symbol.</i></p> <p>OFR if net profit incorrectly calculated. OFR if an incorrect gross profit figure is from part i) is used to calculate net profit and net profit margin.</p> | 4 |

| | | |
|--------------------|--|---|
| 2 (d) (iii) | Assess the financial performance of Domino's Pizza Group plc over the two years. [4] | |
| Band | AO3 | AO4 |
| | 2 marks | 2 marks |
| 2 | <p style="text-align: center;">2 marks</p> <p>Demonstrates a good analysis of the impact of financial data.</p> <p>Answers analyse the impact of two out of the following three financial indicators, showing understanding of the implications of the trends:</p> <ul style="list-style-type: none"> • Figure 2 • Gross Profit Margin • Net Profit Margin <p>OFR applies to answers from part D</p> | <p style="text-align: center;">2 marks</p> <p>Good, clear judgements are made on the impact of Domino's financial performance over the two years.</p> <p>The evaluation will focus on key issues and may include an overall conclusion.</p> |
| | 1 | <p style="text-align: center;">1 mark</p> <p>Demonstrates a limited analysis of the impact of financial data.</p> <ul style="list-style-type: none"> • Answer considers figure 2 only or • Answer considers the analysis of gross profit margin or net profit margin only, showing understanding of the ratio. <p>OFR applies to answers from part D</p> |
| 0 | | 0 marks |
| | No analysis of Domino's financial data. | No judgements are made. |

Indicative content:

- Figure 2: Sales revenue is £22m higher in 2015 suggesting an improved performance due to a growth in customer numbers, leading to higher profits in 2015.
- Gross Profit Margin has increased by 1.83% suggesting that Domino's is managing their variable costs (direct costs) more efficiently in 2015 suggesting an improvement in their financial management and performance.
- Net Profit Margin has increased by 4.72% suggesting that Domino's managed both variable (direct) and fixed (in-direct) costs more efficiently in 2015 in making profit.
- AO3 only awarded for gross and net profit margin if the learner has understood the impact of the figures; i.e. a better management of variable costs (GPM) or total costs (NPM) as sales have increased. Suggesting that a higher number is better shows no understanding of the impact of the change and gains no AO3 and limited AO4.

Possible themes for evaluation:

- Overall the performance over the two years is improving in all areas of the business and Domino's will be very happy with the trend.
- The trend over two years could be misleading and a more effective analysis for Domino's would be to compare over a longer period of time.
- It might be better to compare to other similar businesses e.g. Pizza Hut, Pizza Express to work out whether these figures are a sign of the industry growing or Domino's own successes.
- OFR applies for the calculations of profit margins in the previous question.

| | | | | |
|--------------|--|--|---|---|
| 3 (a) | Discuss the appropriateness of the production methods used by Tesla Motors and the Morgan Motor Company Ltd. [8] | | | |
| Band | AO1 | AO2 | AO3 | AO4 |
| | 2 marks | 2 marks | 2 marks | 2 marks |
| 2 | <p>2 marks</p> <p>Good understanding of production methods.</p> | <p>2 marks</p> <p>Good application to the data.</p> <p>Application to both Tesla Motors and the Morgan Motor Company.</p> | <p>2 marks</p> <p>Good analysis of the benefits or drawbacks of production methods.</p> <p>Analysis shows a clear line of argument and includes a good understanding of the impact on production methods on Tesla Motors and The Morgan Motor Company.</p> | <p>2 marks</p> <p>Good and balanced evaluation of the appropriateness of production methods used by both Tesla Motors and The Morgan Motor Company.</p> <p>Valid judgements are made to support arguments with some development on both sides.</p> <p>Counter arguments are used to make a judgement on the appropriateness of production methods used.</p> <p>May contain a brief conclusion.</p> |
| 1 | <p>1 mark</p> <p>Limited understanding of production methods.</p> <p>May only consider one production method.</p> | <p>1 mark</p> <p>Limited application to the data.</p> <p>Application to Tesla Motors and/or the Morgan Motor Company.</p> | <p>1 mark</p> <p>Limited analysis of the benefits or drawbacks of the production method(s).</p> <p>Analysis shows superficial understanding of the impact of production methods on Tesla Motors or The Morgan Motor Company.</p> | <p>1 mark</p> <p>Limited evaluation of the appropriateness of production methods.</p> <p>Partial and unsupported judgements made.</p> <p>Limited use of counter arguments suggesting why productions methods used may (or may not) be appropriate.</p> |
| 0 | <p>0 marks</p> <p>No understanding of production methods.</p> | <p>0 marks</p> <p>No application to Tesla Motors or The Morgan Motor Company.</p> | <p>0 marks</p> <p>No analysis given.</p> | <p>0 marks</p> <p>No evaluation given. No counter arguments.</p> |

Indicative content:

Tesla Motors production method

- Flow (mass) production is where products are produced on production lines on a continuous process which is broken down into a number of small tasks.

Appropriate

- To meet growing demand.
- To target the mass market.
- To meet shareholders demands / profit expectations.
- To enable the company to increase productivity and lower unit costs.
- Economies of scale.
- Can charge lower prices which should increase demand by a greater amount (elastic).
- Potential for increased quality as robotics are more precise and make less mistakes than humans
- Application to the extra amount of electric cars Tesla can produce.

Not appropriate

- The high initial cost of investment in technology.
- Short-term financial problems as demonstrated by increased losses.

The Morgan Motor Company production method

- Job production is the production of one-off items suited to customers' demands, usually labour-intensive.
- Batch production is where a limited number of identical products are made in groups.

Appropriate

- Less need for the high amounts of capital (technology) investment.
- Maintain its exclusive brand identity and high quality hand-made reputation.
- To maintain the ability to charge very high prices that match consumer specifications.
- Maintain a loyal workforce – Motivational effects that this could bring and the knock-on effect of this on quality, brand image, customer service and repeat customer purchases.

Not appropriate

- The maximum number of cars that can be made per year.
- The time it takes to produce and deliver each car.
- The high costs of skilled labour.

Possible key themes for evaluation

- Depends on the businesses target markets (Mass versus Niche market).
- Depends on the level of demand.
- Depends on the brand image the companies are trying to promote.
- Depends on whether the high cost of investment in technology and therefore losses will be covered in the long run.
- Any other relevant suggestion.

| | | |
|--------------|---|--|
| 3 (b) | Consider the benefits and costs of research and development to businesses. [8] | |
| Band | AO3 | AO4 |
| | 4 marks | 4 marks |
| 3 | 4 marks Excellent detail and well-balanced analysis of the benefits and costs of research and development. The key issues are discussed. Analysis shows a clear line of argument and includes an excellent understanding of the importance of research and development. | 4 marks An excellent and well balanced evaluation of the benefits and costs of research and development. The focus is on the key issues. Both sides of the argument are evaluated. Clear judgements are made with supporting statements. |
| | 2-3 marks Good analysis of the benefits and costs of research and development. A number of key issues are discussed. Analysis is uneven, with some well-developed points and some where the development is more limited. The analysis will mainly focus on one-side of the argument. | 2-3 marks A good evaluation of the benefits and costs of research and development. The evaluation includes most of the key issues. The evaluation is reasonably well balanced with some development on both sides of the argument. Valid judgements are made with some supporting statements. |
| 1 | 1 mark Limited analysis of the benefits and costs of research and development. A limited number of issues are discussed. The analysis will focus on one-side of the argument. Undeveloped points are made. | 1 mark Limited evaluation of the benefits and costs of research and development. The evaluation is one-sided. An awareness of the key issues but little development. Judgements are superficial and unsupported. |
| | 0 marks No analysis attempted. | 0 marks No evaluation attempted. |

Indicative content:

Benefits of Research and Development:

- Launch new products successfully and create star products to gain a competitive edge.
- Businesses can meet the changing needs of the market.
- Allows price skimming so the company can earn greater profits.
- Consumers gain a greater variety of goods.
- Improves the company image.
- Companies can gain USP.
- Reduction in the long term costs of production due to developments of new technology.
- An improved working environment, making it safer and cleaner.

- Any other relevant suggestion.

Costs of research and development:

- No guarantee of success.
- Amount of money required to fund the R&D investment.
- Likelihood of negative cash flow in the short-run to fund “problem child” products.
- New ideas potentially open for competition to copy.

- Any other relevant suggestion.

Possible key themes for evaluation:

- Depends on the nature of the industry, some industries require more R&D compared to others. E.g. car industry compared to the bread industry.
- Depends on competitors reactions.
- Depends on whether firms can protect their inventions in some way (e.g. patent).
- Depends on money and time available.
- Depends on the skills of the workforce carrying out research and development.
- Short term costs with potential long term rewards.

- Any other relevant suggestion.

Markers note:

Be careful of answers focusing on market research and not research and development.

| | | |
|--------------|---|---|
| 4 (a) | Describe the different sources of finance available to a new small business in comparison to a large established company wishing to expand. [10] | |
| Band | AO1 | AO2 |
| | 6 marks | 4 marks |
| 3 | 5-6 marks Excellent understanding of at least two sources of finance. Clear understanding of the features of at least two external sources of finance. | |
| | 3-4 marks Good understanding of one or two sources of finance. The learner identifies the key features of at least one type of finance in detail. At least two sources of finance have been identified. | 3-4 marks The learner applies at least two sources of finance to its relevance to both new small businesses and large businesses wishing to expand. Good understanding of how different sources of finance might be used in context. There is direct and clear reference to both small businesses and large businesses. |
| 1 | 1-2 marks Limited understanding of one or two sources of finance. Superficial understanding of the features of the source(s) of finance. The learner identifies at least one source of finance. | 1-2 marks The learner attempts limited application of one or two sources of finance to its relevance to both new small businesses and large businesses wishing to expand. Suggestions of the use of different sources of finance are generic and may not consider the relevance to both small and large businesses. |
| | 0 marks Little or no understanding of sources of finance. | 0 marks No specific application of sources of finance to the context of new small businesses or large businesses wishing to expand. |

Indicative content:

Sources of finance available to new small businesses wishing to start up might include personal sources, venture capitalist, government grants, prince's trust, bank loan, leasing, trade credit and overdrafts.

Sources of finance to fund large business expansion might include a mortgage, bank loan, overdraft, share capital, leasing, factoring, hire purchase, retained profit and trade credit.

Internal sources: Large businesses may have retained profit which can be used if shareholders are willing to give this up. Larger businesses may also be able to raise more internal money due to prior successes. New smaller businesses may have less personal sources available or may have to sell their house to raise internal finance.

Mortgage versus leasing – Larger established firms may have more financial capital to purchase e.g. shop stores with a mortgage and be able to pay monthly payments back much easier. Smaller new businesses have less guarantees of success and may find it more difficult to obtain a mortgage on any property and as a result may consider renting or leasing instead. Larger firms do lease and it's also appropriate for them to improve cash flow through expansion (depending on their financial situation) as not all large firms have an abundance of money available.

Sale of assets – It is unlikely that new small businesses will have assets to sell and that larger businesses will have more assets which are not used in order to fund growth e.g. old machinery.

Bank Loan – This may be used to fund equipment for both small and large businesses, however it is likely that new smaller businesses will have higher interest rate charges as they are more of a risk to banks in comparisons to larger established firms.

Overdraft – Taking out more money than what is available in the bank can be used by all types of businesses just in case of emergencies. Larger businesses may be able to arrange a larger overdraft with lower rates of interest than new smaller businesses, but overdrafts may be more regularly used by smaller businesses to pay for running costs.

Share Capital – Larger companies (Ltd and plc's) can raise money through the selling of shares. New small businesses are unlikely to become plc's and raise money from the stock market as investors do not know the business. New small businesses can set up as ltd's but may find it harder to sell shares due to a lack of reputation. Most new small businesses usually operate as sole traders / partnerships.

Trade Credit – To help short term cash flow problems, both small and large businesses may try to negotiate trade credit with suppliers. Larger businesses are more important (bigger customer) to their suppliers, and so may be able to arrange better trade credit compared to smaller new businesses with no reputation of being financially sound.

Debt Factoring – Will usually apply to larger existing businesses trying to raise money from outstanding debts owed to them.

Venture Capitalist – Usually invests in small-medium high risk growing businesses in return for a high stake in the business and has a direct say in how the business is run. This type of finance is usually more appropriate for new smaller businesses with less shareholders / owners present.

Government grants such as princes trust – Can be an option for a new small start-up looking for lower cost options to fund its start up. However government grants and subsidies have been given to larger businesses wishing to expand such as Amazon and Nissan in the UK to areas of high unemployment. Larger businesses therefore may be able to obtain more finance in this way. There is government support for both types of businesses.

Accept other relevant source of finance with application to both small and large businesses.

| | | | | |
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| 4 (b) | “Budgeting is always beneficial to the stakeholders of a business”. Discuss this statement. | | | [15] |
| Band | AO1 | AO3 | AO4 | |
| | 3 marks | 6 marks | 6 marks | |
| 3 | <p>3 marks</p> <p>The learner demonstrates excellent understanding of the value and limitations of budgeting to different stakeholder groups.</p> <p>The key value and limitations of budgeting are well explained.</p> <p>There is clear understanding of the contrasting interests of different stakeholders.</p> | <p>5-6 marks</p> <p>The learner gives an excellent analysis of the value of budgeting to different stakeholder groups.</p> <p>The analysis is balanced and detailed.</p> <p>Key issues have been well-developed with a clear line of argument.</p> <p>The impact of budgeting on key stakeholder groups and their interests is explained.</p> <p>In-depth analysis required for this band.</p> | <p>5-6 marks</p> <p>The learner gives an excellent evaluation of the value of budgeting to different stakeholder groups.</p> <p>The evaluation is balanced and detailed and will focus on whether all key stakeholders benefit from budgeting.</p> <p>The evaluation provides a broad range of arguments on both sides of the debate.</p> <p>Clear judgements are made with supporting statements to build an argument.</p> <p>A holistic evaluation may be offered with an overall conclusion.</p> | |
| | 2 | <p>2 marks</p> <p>The learner demonstrates good understanding of the value and limitations of budgeting.</p> <p>The learner makes an attempt to identify some of the key effects of budgeting on different stakeholders.</p> | <p>3-4 marks</p> <p>The learner gives a good analysis of the value of budgeting to different stakeholder groups.</p> <p>The analysis is uneven with some well-developed points and others which are more limited in their development.</p> <p>The analysis will mainly focus on one side of the argument.</p> <p>The analysis will be supported by some reference to how budgeting will be beneficial or not to stakeholder groups.</p> <p>A number of key issues are developed.</p> | <p>3-4 marks</p> <p>The learner gives a good evaluation of the value of budgeting to different stakeholder groups.</p> <p>The evaluation is reasonably well-balanced with some development on both sides of the debate.</p> <p>The learner makes judgements with some attempt to support their evaluation.</p> <p>The evaluation will include some of the key issues.</p> <p>The answer may include a brief conclusion.</p> |

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| 1 | <p>1 mark</p> <p>The learner demonstrates limited understanding of the value and limitations of budgeting.</p> <p>Understanding is superficial.</p> <p>The learner identifies the value and limitations of budgeting with no explanation.</p> <p>Little or no reference is made to stakeholders in a business.</p> | <p>1-2 marks</p> <p>The learner gives a limited analysis of the value of budgeting to different stakeholder groups.</p> <p>Analysis may not include some key stakeholders.</p> <p>Superficial discussion on the impact of budgeting on key stakeholder groups and their interests.</p> <p>A limited number of key issues are developed.</p> <p>Stakeholder's effects do not link directly to budgeting.</p> <p>The analysis will focus on one side of the argument.</p> | <p>1-2 marks</p> <p>The learner gives a limited evaluation of the value of budgeting to different stakeholder groups.</p> <p>The learner shows an awareness of some of the key issues but with limited development.</p> <p>Stakeholder's effects do not link directly to budgeting.</p> <p>Judgements are superficial and unsupported.</p> <p>The evaluation is uneven and focuses on one side of the debate.</p> <p>Evaluation is not explained. There is no conclusion.</p> |
| 0 | <p>0 marks</p> <p>The learner demonstrates no understanding of the value and limitations of budgeting.</p> | <p>0 marks</p> <p>The learner gives little or no analysis of the value of budgeting to different stakeholder groups.</p> | <p>0 marks</p> <p>The learner makes no meaningful evaluation of the value of budgeting to different stakeholder groups.</p> |

Indicative content:

A Budget is a financial plan of action describing expected levels of expenditures and revenues for a business over a given time period.

A stakeholder is anyone who has a direct or indirect interest in the activities of a business.

Why budgeting can be beneficial to different stakeholder groups:

- Shareholders – Having sales targets and keeping costs down will help cash flow as well as maximising profit margins resulting in higher dividends and possibly a higher share price.
- Employees – Sales and Costs targets can act as motivational tools provided there is an outcome for meeting targets. Keeping costs and sales under control can also help job security and provide a channel for future pay increases if the business is performing financially well.
- Customers – A business that can control costs can have a knock on effect of lower prices to consumers, resulting in higher levels of customer satisfaction and repeat business. Businesses that make more profits due to effective budgeting have more profits for R&D and product innovations for customers
- Management – Budgeting is a management tool that communicates targets directly to all employees, budgeting can be a way of ensuring the business meets their aims and objectives as well as providing greater bonuses to managers. Budgeting allows a tighter control of the business and enables managers to carry out their duties effectively. Budgeting can be used a motivation tool for managers and employees.

- Suppliers – Are more likely to get paid and gain repeat business from a business that controls their finances effectively. Accurate sales budgets will help communication with suppliers in regards to anticipated timings and the amount of stock deliveries.
- Local communities – A business that controls costs and sales effectively can potentially make more profit, this could be invested back into the local community. The business will be a secure site within the community and can lead to further job creations for local populations depending on how much the budgeting helps financial success.
- Government – Taxes will be paid on time and accurately from businesses who manage their finances effectively. Higher profits from the control of revenue and expenditure can result in higher profits and thus higher corporation taxes to the government.

Limitations of budgeting to stakeholders:

- A revenue, expenditure and profit budget could be inaccurate for several reasons:
 - A new competitor entering the market may make the revenue budget unachievable.
 - Unexpected costs increases e.g. stock, rent and other bills.
 - Other external factors such as a downturn in the economy.
 - The budget may have been based on poor research or conducted by inexperienced managers causing high variances between the budget and actual. The targets set in the budget therefore could be too high or too low for employees to achieve.
 - Employees and managers may not follow the budget.
 - Budgeting doesn't guarantee effective financial planning and does not guarantee that costs will be managed efficiently and sales will be high.

Limitations of the above to Stakeholders:

- Employees may feel targets are too high and so become de-motivated and under value the importance of budgeting. May lose jobs due to tighter budgeting controls.
- Managers may feel under pressure to stick to the budget and make safer decisions for the business, losing innovation and creativity for the business.
- Shareholders may have expected higher profits and so receive less than expected dividends and a falling share price.
- Suppliers may not get paid on time and therefore not trust the businesses approach to budgeting.
- There may not be job opportunities for local communities or supporting of local events due to inaccurate budgeting.

Possible key themes for evaluation:

The value of budgeting to stakeholders depends on:

- The variance between the budget and actual.
- Whether the budget targets are realistic to stakeholders.
- Whether the future can be predicted (fast-moving market versus stable market).
- The experience of the financial manager in setting the budget / reacting to unforeseen changes that may require changes to the budget.
- Whether the business learns from its mistakes to improve future budget predictions.
- Employees and managers attitudes towards the budget.
- A poorly created budget with large variances has no value and can adversely affect stakeholders and their expectations.
- Any other relevant suggestion

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|--------------|--|---|
| 5 (a) | Describe the different types of below the line promotional strategies that a soft drinks producer such as Coca Cola or Pepsi Co could use to increase sales. [10] | |
| Band | AO1 | AO2 |
| | 6 marks | 4 marks |
| 3 | 5-6 marks Excellent understanding of at least two types of below the line promotional strategies. The difference between each strategy is clear. Clear understanding of the different features of at least two below the line promotional strategies. | |
| | 3-4 marks Good understanding of one or two types of below the line promotional strategies. The learner outlines the key features of at least one type of below the line promotional strategy in detail. At least two below-the-line promotional strategies are identified. | 3-4 marks The learner applies at least two below the line promotional strategies to the context of a soft drinks producer. Good understanding of how at least two below the line promotional strategies might be used by a soft drinks producer. There is direct and clear reference to the selling of soft drinks to support points. |
| 1 | 1-2 marks Limited understanding of only one or two below the line promotional strategies. Superficial understanding of the features of each below the line promotional strategy. At least one below the line promotional strategy is identified. | 1-2 marks The learner attempts limited application of one or two below the line promotional strategies to the context of soft drinks producers. Suggestions of the use of promotional strategies are generic and may not be suitable for the selling of soft drinks. |
| | 0 marks Little or no understanding of below the line promotional strategies. | 0 marks No specific application of below the line promotional strategies to the context of a soft drinks producer. |

Indicative content:

Below the line promotional strategies used to target consumers directly:

Personal Selling – Using sales staff within town centres, bars, leisure centres to speak to the public directly and could offer taste testing of new drinks flavours. Although this does not reach a wide coverage it can be a good way to promote new flavours especially to more health conscious people.

Packaging – When customers purchase a drink, advertisements and logo's on the plastic drinks bottles / cans etc. could entice other potential customers to purchase the drink for themselves. Not too long ago Coca Cola started producing bottles with different male and female names to encourage consumption.

Sales Promotion – Two for £2, buy one get one free offers are common with soft drinks, where producers try to entice current customers to buy more of its drinks within supermarkets. Soft drinks producers may arrange these offers with supermarkets.

Direct Mailing (junk mail) – Soft drinks producers could send offers about its products, usually in conjunction with supermarkets so customers know where they need to go to purchase the offers.

Public Relations –E.g. Media reports and sponsoring events could be a way of building brand image and trust with potential customers through third party organisations. The target customers may believe these third party organisations more as the message concerning the soft drink is coming from others and not the phone company directly. Soft drinks producers are common sponsors of sporting events. The recent introduction of the sugar tax could allow soft drinks producers to liaise with 3rd party organisations to publish media reports on strategies in response to cut down sugar content within its drinks.

Accept any other relevant below the line promotional strategy with application to a soft drinks producer.

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| 5 (b) | 'No business can succeed in the long run without an effective marketing department.' Discuss this statement. [15] | | |
| Band | AO1 | AO3 | AO4 |
| | 3 marks | 6 marks | 6 marks |
| 3 | <p style="text-align: center;">3 marks</p> <p>The learner demonstrates excellent understanding of the value of roles of the marketing department.</p> <p>The key values are well explained.</p> <p>There is clear understanding of the interaction of marketing roles compared to other roles enabling business success.</p> | <p style="text-align: center;">5-6 marks</p> <p>The learner gives an excellent analysis of the different roles of the marketing department and other functions in achieving success in the long run.</p> <p>The analysis is balanced and detailed.</p> <p>The relative importance of different factors achieving success in the long-run is discussed.</p> <p>Key issues have been well-developed with a clear line of argument.</p> <p>In-depth analysis required for this band.</p> <p>The analysis demonstrates clear reference to long-run success.</p> | <p style="text-align: center;">5-6 marks</p> <p>The learner gives an excellent evaluation of the different roles of the marketing department and other functions in achieving success in the long-run.</p> <p>The evaluation is balanced and detailed and will focus on the key issues.</p> <p>The evaluation provides a balanced argument of the relative importance of factors affecting business success in the long-run.</p> <p>Clear judgements are made with supporting statements to build an argument.</p> <p>An holistic evaluation may be offered with an overall conclusion.</p> |
| | 2 | <p style="text-align: center;">2 marks</p> <p>The learner demonstrates good understanding of the value of roles of the marketing department.</p> <p>There is a good understanding of the interaction of marketing roles compared to other roles enabling business success.</p> <p>The learner makes an attempt to identify factors enabling business success.</p> | <p style="text-align: center;">3-4 marks</p> <p>The learner gives a good analysis of the value of the different roles of the marketing department in achieving success in the long-run.</p> <p>The analysis is uneven and one-sided with some well-developed points and others which are more limited in their development.</p> <p>The relative importance of roles of different departments is identified.</p> <p>A number of key issues are developed.</p> <p>The analysis may not always consider long-run success.</p> |

| | | | |
|---|--|---|---|
| 1 | <p style="text-align: center;">1 mark</p> <p>The learner demonstrates limited understanding of the value of roles of the marketing department.</p> <p>A superficial understanding of the factors enabling business success.</p> | <p style="text-align: center;">1-2 marks</p> <p>The learner gives a limited analysis of the value of the different roles of the marketing department or other functions in achieving success in the long-run.</p> <p>Superficial discussion on the impact of the different roles of the marketing department.</p> <p>Analysis may not include some key roles of the marketing department.</p> <p>A limited number of key issues are developed.</p> <p>The analysis will focus on one side of the argument.</p> <p>The analysis does not consider long-run success.</p> | <p style="text-align: center;">1-2 marks</p> <p>The learner gives a limited evaluation of the different roles of the marketing department in achieving success.</p> <p>The learner shows an awareness of some of the key issues but with limited development. There is limited reference to long run success.</p> <p>Judgements are superficial and unsupported.</p> <p>The evaluation is uneven and focuses on one side of the debate.</p> <p>Evaluation is not explained.</p> <p>There is no conclusion.</p> |
| 0 | <p style="text-align: center;">0 marks</p> <p>The learner demonstrates no understanding of the value of roles of the marketing department.</p> | <p style="text-align: center;">0 marks</p> <p>The learner gives little or no analysis of the value of the different roles of the marketing department.</p> | <p style="text-align: center;">0 marks</p> <p>The learner makes no meaningful evaluation.</p> |

Indicative content:

Why marketing achieves business success:

- Market Research: Changing consumer needs – If a business loses touch with its customers wants, then it is likely that the marketing mix will be designed incorrectly which could limit the number of customers a business receives.
- Market Research: Competitor analysis – If a business doesn't keep up to date with competition then it could fall behind rivals in creating a marketing mix that is uncompetitive, this can lead to declining sales and a declining brand reputation.
- *Promotions*: Increase brand image / sales / profit / extend the life of a product – Promotional activities persuade potential customers to buy products they may not want / to persuade customers that they are better than competition. Providing sales outweigh promotional costs, the business will achieve higher profits and greater chances of success when promoting. If a business does not change promotions in the long run they will be seen as outdated negatively affecting the brand image.
- *Marketing and technology*: Keeping up to date with customers – So the business does not waste money on promotions that is no longer as effective. E.g. development of apps rather than other forms of non-electronic promotions (depending on the industry).

- **Products:** Product portfolio: It's important to analyse the current portfolio of products. If a business fails to realise that all products are becoming dogs, then future business success may be limited. Having the right amount of cash cows to fund the creation of problem child's and stars are vital for long-term success in changing market conditions.
- **Promotions:** Raise awareness of a new product in order to develop a USP – The target market may not be aware of new product creations without promotions. If the business does not use effective promotional strategies, customers may shop elsewhere. Promotions must also be suitable and researched to tailor exactly to the target market. A poorly designed promotion can cause more negatives for the business.
- **Price:** Selecting the right prices through the product life cycle – There is a strong link between price and demand and a marketing department may be aware of its price elasticity and so will be able to price more appropriately to maximise sales and success at different stages of the product life cycle.
- **Place** – Customers need to be able to access the product or service or the business may not be able to maximise sales and success. If the business use intermediaries then it is important to always try and gain as much shelf space as possible to increase chances of success. If there is no marketing department then there is no pressure on intermediaries to sell the business's products.

Other factors affecting business success:

- **HR:** Motivated employees with adequate training in providing effective customer service.
- **HR:** Strong leadership and positive employer / employee relations in maintain the smooth running of the business. Forward thinking leaders in changing market conditions are important over the long-term.
- **Operations:** Quality control / assurance, suitable production techniques to meet demand and good stock control management are all crucial for success.
- **Finance:** Raising finance, budgeting and cash flow management are essential for success. Spending too much on promotions could cause a business to fail due to potential cash flow problems.

Possible key theme for evaluation:

- Markets that are slow changing (e.g. baked beans) could see more business success over a longer period of time with lower marketing involvement to fast moving markets such as mobile phones.
- A poor marketing department could cause more damage so it also depends on how much resources are put into the department.
- Marketing is just one of four main departments within a business and all departments need to work together to ensure business success in the long-run.
- Providing that the other departments are running correctly, positive word-of-mouth free advertising could be enough to ensure success over a longer period of time with repeat customers returning.
- It will be difficult to grow the business in the long-run without effective marketing to attract new customers and grow into new markets.
- Any other relevant suggestion.

| | | |
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| 6 (a) | Describe the different non-financial methods of motivation a tourist attraction business such as a theme park or a zoo can use to motivate its workforce. | |
| | [10] | |
| Band | AO1 | AO2 |
| | 6 marks | 4 marks |
| 3 | 5-6 marks Excellent understanding of at least two non-financial motivators. | |
| | Clear understanding of the different features of at least two non-financial motivators and the differences between them. | |
| 2 | 3-4 marks Good understanding of one or two non-financial motivators. | 3-4 marks The learner applies at least two non-financial motivators to the context of a tourist attraction business. |
| | The learner outlines the key features of at least one type of non-financial motivator in detail. At least two non-financial methods of motivation are identified. | Good understanding of how at least two different non-financial motivators might be used by a tourist attraction business. There is direct and clear reference to tourist attractions to support points. |
| 1 | 1-2 marks Limited understanding of only one or two non-financial motivators. | 1-2 marks The learner attempts limited application of one or two non-financial motivators to the context of a tourist attraction business. |
| | Superficial understanding of the features of non-financial motivators. At least one non-financial method of motivation is identified. | Suggestions of the use of non-financial motivators are generic and may not be suitable for a tourist attraction business. |
| 0 | 0 marks Little or no understanding of non-financial motivators. | 0 marks No specific application of non-financial motivators to the context of a tourist attraction business. |

Indicative content:

- Consultation: This is when managers ask the views of employees and involves them in the decision making process. Managers can liaise with employees about possible new tourist attractions at the site and offer employees the opportunity to get involved with the new attraction.
- Quality circles / works councils: Allow for consultation of employees at theme parks and zoo's to discuss ideas for improvement within the workplace e.g. animal care, timings of events at the attraction.
- Flexible working: This is when an employee is allowed to choose their working hours in accordance to their personal needs. For example single parents can choose to work during school hours, although this is likely to be when tourist attractions are not as busy and so not all single parents may be allowed to do this. Students could work weekends and during school holidays when they are not in college. This is when zoo's and theme parks are likely to be at their busiest.
- Job rotation: This is when managers stop employees completing the same job day in day out and instead change the employee's role so they have a greater variety of work to do. E.g. In a zoo, workers could rotate between the caring of different animals and get involved in different animal shows to the public. In a theme park, workers could rotate between different rides / attractions every day. This will require more training.
- Job enlargement: This is when managers increase the scope of the job for the workers by giving them more jobs to do to prevent boredom. In a zoo, more animals could be added so workers will have to care for more and provide more animal shows to the public. In a theme park, more ride carriages could be added to each rollercoaster so workers have more customers to seat and more carriages to operate.
- Empowerment/delegation: Where manager passes authority onto employees to make employees more motivated. Zoo entertainers could decide on their own public shows. Ticket sales staff could decide on their own ticket price deals. Theme park ride operators could have the authority to alter the queuing process or be involved in the design of new ride attractions.
- Job enrichment: This is when managers give employees more work to do but the extra job has a higher responsibility level. In a zoo, animal carers could be responsible for the stock control of animal feed and responsible for budgets. In a theme park, ticket collectors could also cash-up tills and undertake some of the accountancy work.
- Team-working: This is when employees work with other employees to learn off each other, develop social skills and share ideas so that they can become multi-skilled. Workers in a theme park could be grouped into sections where each section is rated on customer services, cleanliness etc. Workers could work with one another to ensure all jobs in the section are done correctly. In a zoo, the caring for animals could be done in small teams rather than individual workers caring for individual animals.
- Training / qualifications: Zoos could offer qualifications in animal care for its employees. Theme parks could offer ride engineer / ride designer type qualifications to its employees.
- Accept any other relevant non-financial motivator with application to a tourist attraction business

| 6 (b) | ‘A business can only be successful if it has positive employer / employee relationships with minimal conflict’. Discuss this statement. [15] | | |
|----------|--|---|--|
| Band | AO1 | AO3 | AO4 |
| | 3 marks | 6 marks | 6 marks |
| 3 | <p style="text-align: center;">3 marks</p> <p>The learner demonstrates excellent understanding of the value of positive employer / employee relations on business success.</p> <p>A clear understanding of other issues that impact upon business success is included.</p> <p>The key value and limitations are well explained.</p> | <p style="text-align: center;">5-6 marks</p> <p>The learner gives an excellent analysis of the value of positive employer / employee relations on business success.</p> <p>The analysis is balanced and detailed with a clear reference to success.</p> <p>The impact of positive employer / employee relations on business success is discussed.</p> <p>Key issues have been well-developed with a clear line of argument.</p> <p>Other issues that impact on the success are discussed.</p> <p>In-depth analysis required for this band.</p> | <p style="text-align: center;">5-6 marks</p> <p>The learner gives an excellent evaluation of the value of positive employer / employee relations on business success.</p> <p>The evaluation is balanced and detailed and will focus on the key issues.</p> <p>The evaluation provides a broad range of arguments on both sides of the debate.</p> <p>Clear judgements are made with supporting statements to build an argument.</p> <p>An holistic evaluation may be offered with an overall conclusion.</p> |
| 2 | <p style="text-align: center;">2 marks</p> <p>The learner demonstrates good understanding of the value of positive employer / employee relations.</p> <p>There is understanding of other issues that impact upon business success.</p> | <p style="text-align: center;">3-4 marks</p> <p>The learner gives a good analysis of the value of positive employer / employee relations on business success.</p> <p>The analysis is uneven and one-sided with some well-developed points and others which are more limited in their development.</p> <p>The analysis may not always consider business success.</p> <p>Reference is made to other issues that impact on success.</p> <p>A number of key issues are developed.</p> <p>The analysis will mainly focus on one side of the argument.</p> | <p style="text-align: center;">3-4 marks</p> <p>The learner gives a good evaluation of the value of positive employer / employee relations on business success.</p> <p>The evaluation will include some of the key issues and the relative importance of factors affecting success.</p> <p>The evaluation is reasonably well-balanced with some development on both sides of the debate.</p> <p>The learner makes judgements with some attempt to support their evaluation.</p> <p>The answer may include a brief conclusion.</p> |

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|---|---|---|---|
| 1 | <p>1 mark</p> <p>The learner demonstrates limited understanding of the value of positive employer / employee relations.</p> <p>Understanding is superficial.</p> <p>The learner identifies the value of positive employer / employee relations with no explanation.</p> <p>Little or no reference is made to other issues that impact upon business success.</p> | <p>1-2 marks</p> <p>The learner gives a limited analysis of the value of positive employer / employee relations on business success.</p> <p>Superficial discussion on the impact of positive employer / employee relations on business success.</p> <p>A limited number of key issues are developed.</p> <p>The analysis will focus on one side of the argument.</p> | <p>1-2 marks</p> <p>The learner gives a limited evaluation of the value of positive employer / employee relations on business success.</p> <p>The learner shows an awareness of some of the key issues but with limited development.</p> <p>Judgements are superficial and unsupported.</p> <p>The evaluation is uneven and focuses on one side of the argument.</p> <p>Evaluation is not explained. Limited reference to business success.</p> <p>There is no conclusion.</p> |
| 0 | <p>0 marks</p> <p>The learner demonstrates no understanding of the value of strong and positive employer / employee relations.</p> | <p>0 marks</p> <p>The learner gives little or no analysis of the value of strong and positive employer / employee relations on business success.</p> | <p>0 marks</p> <p>The learner makes no meaningful evaluation of the value of strong and positive employer / employee relations on business success.</p> |

Indicative content:

A strong and positive employer / employee relations with minimal conflict will help success because:

- Motivation of the workforce: A happy workforce will work more productively than an unhappy workforce. Higher productivity can result in lower unit costs which could lead to lower prices and higher sales. Herzberg said that interpersonal relationships are a hygiene factor and could lead to de-motivation (dissatisfaction) if relationships have broken down. It also linked to Maslow's social and esteem needs and therefore could limit employee motivation.
- Promotes effective leadership and direction: Everyone in the workplace is more likely to work consistently to the main goals of the business and consistently implement this in the workplace. This can lead to consistent quality, customer satisfaction levels and increased chances of success.
- Customer satisfaction and brand image: Customers may resent a brand if there are frequent industrial disputes and strike action. For example, on-going Southern Rail strikes since 2015 and the effects this had on customer delays as well as their own reputation.
- The business keeps its best employees and attracts the best workers: Lower labour turnover will exist if workers are happy with employers. More experienced employees will be able to offer better customer service resulting in repeat sales.

- Business costs: Less compensation is paid to customers that have been adversely affected by industrial disputes and industrial action. There will also be lower costs for recruitment, selection and training as the business keeps hold of its best workers.
- Lower threat of future industrial action: Shareholders are more likely to invest and customers will be more loyal.

Other factors affecting success:

- Not all businesses recognise trade unions and so are able to have successes even if relationships between employers and employees are not positive. Ryan Air is an example of a company that did not recognise trade unions for a number of years and so could potentially operate successfully (with no industrial action) if there were employer / employee disputes. Other airline companies that do recognise trade unions have experienced industrial action due to past employer / employee disputes.
- Mainly capital intensive businesses with fewer numbers of employees may not see employer/employee relations as a key factor to success.
- R&D and brand image: Apple have had industrial disputes with its Fox Conn factory in China with employee riots and suicides. This has had minimal effect on Apple's global brand appeal and they are still able to meet demand with its new product innovations.
- Operations: Quality control / assurance, suitable production techniques to meet demand and good stock control management are all crucial for success.
- Finance: Raising finance, budgeting and cash flow management are essential for success.
- Marketing mix: Each of the four P's must meet customer needs for a business to be successful.
- Other HR factors: Workers that are motivated only by money (Taylor) and expectancy (Vroom) may care less for positive relations providing they get what they are working for.

Possible themes for evaluation:

- Positive employer / employee relations enable all of the functional areas to operate smoothly and successfully with motivated employees that work well with their employers (and vice versa).
- Positive employer / employee relations does not guarantee success. If relationships are strong and positive but the company's marketing mix does not meet customers' needs then the business will not be as successful.
- It depends on whether the business recognises trade unions, those that do will need stronger positive employer / employee relations.
- It depends on how many workers are employed, as capital intensive firms and those with few employees may not feel it's the most important factor for success.
- Any other relevant suggestion