

GCE AS

WJEC Eduqas GCE AS in
BUSINESS

ACCREDITED BY OFQUAL

**SPECIMEN ASSESSMENT
MATERIALS**

Teaching from 2015

Contents

	Page
Question Papers	
COMPONENT 1: Business Opportunities	5
COMPONENT 2: Business Functions	13
Mark Schemes	
COMPONENT 1: Business Opportunities	29
COMPONENT 2: Business Functions	39
Mapping grid of assessment objectives	64
Mapping grid of content coverage	65

Candidate Name	Centre Number				Candidate Number			



AS BUSINESS
COMPONENT 1
Business Opportunities
SPECIMEN PAPER
1 hour



ADDITIONAL MATERIALS

In addition to this examination paper, you will need a calculator.

INSTRUCTIONS TO CANDIDATES

Answer all the questions in the spaces provided.

Use black ink or black ball-point pen.
Do not use pencil or gel pen.
Do not use correction fluid.

Write your name, centre number and candidate number in the spaces at the top of this page.

INFORMATION FOR CANDIDATES

The number of marks is given in brackets at the end of each question or part-question.

No certificate will be awarded to a candidate detected in any unfair practice during the examination.

Answer **all** the questions in the spaces provided.

1. Dragon Den: Bobo Buddies businessman James Roupell on why he rejected his offer

Being backed by every entrepreneur in the Dragon’s Den is an achievement that inventors and business owners dream of. James Roupell found himself in the Den after he started a business making a backpack for children that can be used as a toy, pillow, and blanket. He thought of the idea when he was on an airplane in June 2012. “I was surrounded by kids and there were soft toys and blankets everywhere. I suddenly thought, why don’t I start making these all-in-one toys?” Within six months, his business idea was a reality and he had sold his first batch of 4 000 units at Christmas fairs and trade shows, before securing a deal with Debenhams.

But ‘Bobo Buddies’ founder James Roupell, who appeared on an episode of the *BBC* programme initially accepted a joint offer of £50 000 in exchange for a 40 per cent stake in his business from Deborah Meaden and Peter Jones, only to give it up when he left the studio. “They were very persuasive”, he said. “I hadn’t planned to give away nearly that much of my company, but I felt under pressure at the time”.

Source: *The Independent* March 4, 2014

(a) Why might James Roupell be regarded as an entrepreneur? [4]

.....

.....

.....

.....

.....

.....

.....

.....

- (b) With reference to the Dragon's offer of £50 000 in exchange for a 40 per cent stake in the business, calculate their estimated value of the 'Bobo Buddies' business. [2]

.....

.....

.....

.....

- (c) James Roupell decided to reject the Dragon's offer of £50 000. Suggest two other sources of finance that James might use to raise the money and explain the possible benefits and drawbacks of each chosen source of finance. [6]

(i)

.....

.....

.....

.....

.....

.....

(ii)

.....

.....

.....

.....

.....

3. Ski-Joy Ltd. manufactures top quality jackets which they currently sell at £300 each.

The information in the table below shows data for the year ending December 2014.

Sales	<i>50 000 jackets</i>
Total Fixed Costs	<i>£1 000 000</i>
Variable Costs:	
Labour	<i>£80 per jacket</i>
Materials	<i>£120 per jacket</i>

(a) Calculate Ski-Joy's:

(i) Contribution per jacket [2]

.....

.....

.....

.....

(ii) Break-even output [2]

.....

.....

.....

.....

(b) Calculate the profit that Ski-Joy made in 2014. (show your workings) [4]

.....

.....

.....

.....

.....

.....

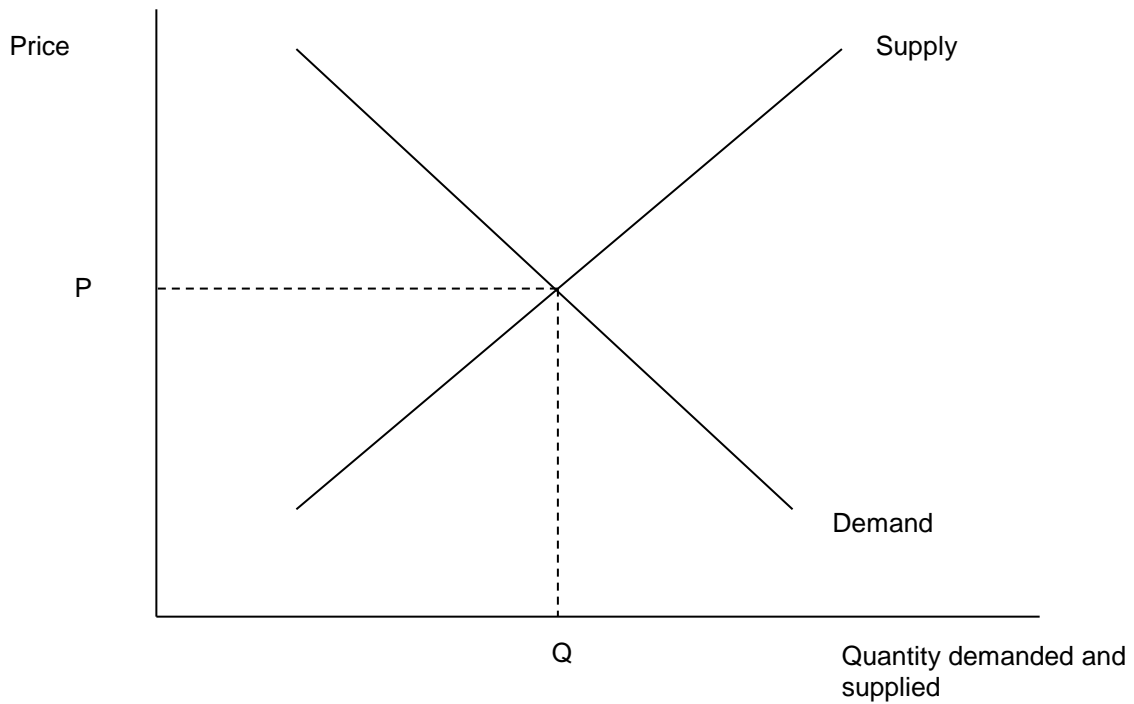
.....

.....

4. Marlow and Sons Ltd. are a well-established, medium sized business, supplying top quality sports clothing to consumers through six retail outlets located on high streets across the south west of England.

There was optimism at the recent meeting of the six branch managers, as five of them had reported an increase in sales in the last six months. Giles Marlow, the Managing Director, remarked, "Unemployment is falling and incomes are rising and it looks as if we are, at last, coming out of the economic recession. In my opinion a rise in the general level of income is the only significant factor that affects demand in our market".

- (a) Adapt the diagram below and explain what will happen to the price of sports clothing as the general level of income rises in the UK. [4]



.....

.....

.....

.....

Candidate Name	Centre Number				Candidate Number			



AS BUSINESS
COMPONENT 2
Business Functions
SPECIMEN PAPER
2 hours



ADDITIONAL MATERIALS

In addition to this examination paper, you will need a calculator.

INSTRUCTIONS TO CANDIDATES

Answer all the questions in the spaces provided.

Use black ink or black ball-point pen.
 Do not use pencil or gel pen.
 Do not use correction fluid.

You are advised to spend no more than 80 minutes on Section A.

Write your name, centre number and candidate number in the spaces at the top of this page.

INFORMATION FOR CANDIDATES

The number of marks is given in brackets at the end of each question or part-question.

No certificate will be awarded to a candidate detected in any unfair practice during the examination.

SECTION A

Answer **all** the questions from this section in the spaces provided.

1. Industrial action set to continue

Fire Brigades Union members in England and Wales are to strike on Christmas Eve, New Year's Eve and 3 January in an ongoing row over pensions. Ministers plan to raise firefighters' retirement age from 55 to 60 and increase their pension contributions.

Fire Minister Brandon Lewis condemned the move, saying that firefighters were already being offered "one of the most generous pension schemes in the public sector".

The many thousands of people who work in the public sector in the UK are closely watching the negotiations between government ministers and the firefighters as many of their jobs and conditions of service are under threat as cut backs in public services continue.

- (a) Apart from strikes, outline two other forms of industrial action that employees, like the members of the Fire Brigades Union, might undertake. [4]

(i)

.....

.....

.....

(ii)

.....

.....

.....

2. Cash-flow issues at Darnton's

Darnton's Shoes is a medium-sized manufacturer of quality footwear. The Managing Director, Cathy Darnton, has just received the cash-flow forecast for the next six months from the finance department and the situation is not looking good.

Table 1: Cash-flow forecast for Darnton's Shoes Ltd.

	£000s	£000s	£000s	£000s	£000s	£000s
	July	Aug	Sept	Oct	Nov	Dec
Total Sales Receipts	1400	1300	1150	1150	1200	1220
Raw materials	700	760	755	755	762	768
Wages	200	200	200	200	200	200
Fuel	20	22	24	27	30	33
VAT			674			625
Loan repayments	30	30	30	30		
Electricity	26			32		
Administration	16	16	16	16	16	16
Insurance						40
Advertising	20	20	20	20	20	20
Total Payments	1012	1048	1719	1080	1028	1702
Net Cash-Flow	388	252	(569)	70	172	(482)
Opening Balance	25	413	665	96	166	338
Closing Balance	413	665	96	166	338	(144)

(a) Assume that in December the following occurs:

Wages are increased by 6%;
the insurance premium that the company has to pay rises by 10%.

Recalculate the closing balance in December for Darnton's Shoes cash-flow forecast. (show all your workings) [4]

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(b) Explain two benefits of drawing up a cash-flow forecast to a business such as Darnton's Shoes. [6]

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

- (c) With reference to the cash-flow forecast identify the problem facing Darnton's Shoes at the end of December and comment upon the likely impact upon the business. [2]

.....

.....

.....

.....

- (d) With reference to the cash-flow forecast propose three possible solutions to solve the financial problem that faces Darnton's Shoes at the end of December. [3]

.....

.....

.....

.....

.....

.....

.....

.....

- (e) Evaluate one of the solutions that you have proposed. [2]

.....

.....

.....

.....

3. Major challenges to the big four supermarkets

The so called 'big four' supermarkets are continuing to lose sales - squeezed on one side by budget stores, Aldi and Lidl, and on the other by the quality products and service offered by up-market Waitrose. This change has occurred over the last three years and comes against the background of an increase in the cost of living.

Aldi's sales growth has accelerated and their pre-tax profits surged 124 per cent to £157.9 million between 2011 and 2012. The huge rise in shoppers and sales means Aldi's share of UK grocery sales is now running at 4.3 per cent, while the Lidl share is 3.2 per cent. These figures may appear small, but they are taking a huge chunk of sales from supermarkets like Tesco, Morrisons and Asda. Such growth will allow the likes of Aldi and Lidl to take advantage of the economies of scale which the 'big four' have found so beneficial for many years.

The 'big four' supermarkets have all responded to the pressure of competition from Aldi and Lidl. For example, Tesco and Morrisons have responded by launching a price war on milk and some other essentials. Tesco has cut the price of a four pint carton to £1 to match the budget chains, while Morrisons has cut the price of a two litre carton to 84p.

Table 1

UK Supermarkets	Percentage Market Share 2013
Tesco	28.7
Sainsbury	17
Asda	17.5
Morrisons	11.8
Others	25.4

Morrisons is having to fight very hard to maintain its position in this oligopolistic market.

It started deliveries through online grocer Ocado in January 2014. The business has also been slow to recognise the move from big out-of-town stores to local convenience stores. It opened 90 last year and plans 100 new ones this year. Tesco already has 1,700 convenience stores in the UK.

- (a) Calculate the value of Aldi's profits in 2011 in the UK. (show your workings) [2]

.....
.....
.....
.....
.....

- (b) To what extent might the market in which UK supermarkets operate be regarded as oligopolistic? [6]

.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....

SECTION B

Answer **one** question from this section.

4. **Is market research really worthwhile?**

- (a) Describe the types of primary and secondary market research that a health club business intending to launch new fitness centres for teenagers might undertake. [10]
- (b) Discuss the view that market research always guarantees success. [15]

5. **What really motivates employees?**

- (a) Describe the financial incentives that a large retail store might use to motivate its employees. [10]
- (b) “Most people only go to work to earn money. Therefore, financial incentives are more likely to be successful in motivating workers than non-financial incentives”. Evaluate this statement. [15]

6. **New technology – good for everyone?**

- (a) Describe the ways in which new technology is used by major car manufacturers to improve the operation of their businesses. [10]
- (b) “The introduction of new technology into a business will be a positive move for all stakeholders”. Discuss this statement. [15]

COMPONENT 1: Business Opportunities

MARK 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. Learners' 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.

1 (a)	Why might James Roupell be regarded as an entrepreneur?		[4]
Band	AO1 1a	AO2 1a	
	2 marks	2 marks	
2	2 marks Demonstrates good knowledge of the key characteristics of an entrepreneur.	2 marks Good application of the key characteristics of an entrepreneur. The key factors are applied in context of the data. Clear reference to the text.	
	1 mark Demonstrates a limited knowledge of the key characteristics of an entrepreneur.	1 mark Limited application of the key characteristics of an entrepreneur. The learner response is mainly theoretical with limited reference to the data.	
0	0 marks No knowledge of the characteristics of an entrepreneur.	0 marks No application to the data.	

Indicative content:

- Innovative product designer - Children's backpack idea
- Independent thinker - rejected Dragon's offer
- Determined to succeed on his own/made innovative idea into a reality - idea became reality in 6 months
- Decisive - not wanting to lose too much equity to the Dragons

Q.		Total
1 (b)	<p>With reference to the Dragon's offer of £50 000 in exchange for a 40 per cent stake in the business, calculate their estimated value of the 'Bobo Buddies' business.</p> <p>Award 1 mark for correct formula</p> <p>Award 1 mark for correct calculation</p> <p>Or</p> <p>Award 2 marks for correct answer</p> $\frac{\pounds 50,000}{40} \times 100 = \pounds 125,000$	2

1 (c)	Suggest two other sources of finance that James might use to raise the money and explain the possible benefits and drawbacks of each chosen source of finance.		[6]
Band	AO1 1c	AO3	
	2 marks	4 marks	
2	2 marks The learner identifies 2 suitable sources of finance.	3-4 marks A good analysis of the benefits and drawbacks of the identified sources of finance. A clear explanation of how the chosen sources of finance will impact upon James and the business. A logical chain of reasoning is evident.	
	1 mark The learner identifies 1 suitable source of finance.	1-2 marks Limited analysis of the benefits and drawbacks of the identified sources of finance. A limited explanation of how the chosen sources of finance will impact upon James and the business. The analysis lacks depth with some undeveloped points.	
0	0 marks No suitable source of finance identified.	0 marks No analysis attempted.	

Indicative content:

- Bank loan - widely available through many financial institutions, will involve paying interest, can be expensive, can increase costs and affect profit margins, but no loss of equity.
- Sell Shares - to family and friends or to venture capitalists - these are people who buy shares in new businesses. They may also be able to offer advice to James, but will lose some degree of control as equity is diluted.
- Grants - money given to business by local and central government, these do not have to be repaid, but not all businesses qualify for grants.
- Leasing - if money is needed to buy equipment. This is when a business rents fixed assets. Only a small amount is needed in the short-term, but over the long-term it can be expensive and James will never get to own the asset.

Credit any other suitable method.

2 (a)	Explain two advantages and two disadvantages to Danny and Richard of setting up as a partnership? [8]		
Band	AO1 1ab	AO2 1ab	AO3
	2 marks	4 marks	2 marks
2	<p>2 marks</p> <p>Demonstrates knowledge and understanding of at least 2 advantages and 2 disadvantages of setting up a partnership.</p>	<p>3-4 marks</p> <p>Applies at least 2 advantages and 2 disadvantages to Danny and Richard of setting up their partnership.</p> <p>Clear reference to the context.</p>	<p>2 marks</p> <p>A good analysis of the advantages and disadvantages of operating as a partnership.</p> <p>Analysis shows a clear understanding of the impact of operating as a partnership on Danny and Richard.</p>
1	<p>1 mark</p> <p>Demonstrates knowledge of 1 advantage and 1 disadvantage of setting up a partnership.</p>	<p>1-2 marks</p> <p>Applies at least 1 advantage or 1 disadvantage.</p> <p>Limited application to the advantages or disadvantages to Danny and Richard of setting up their partnership.</p>	<p>1 mark</p> <p>Limited analysis of the advantages or disadvantages of operating as a partnership.</p> <p>Analysis shows superficial understanding of the impact of operating as a partnership on Danny and Richard.</p>
0	<p>0 marks</p> <p>Demonstrates knowledge of only 1 advantage or disadvantage or no knowledge demonstrated.</p>	<p>0 marks</p> <p>No application to Danny and Richard.</p>	<p>0 marks</p> <p>No analysis of the impact of setting up as a partnership to Danny and Richard.</p>

Indicative content:

Possible advantages:

- As partners they can combine their specialist skills (business and catering) to form a more effective business and provide greater customer satisfaction.
- They can each make particular contributions to the business plan related to their training. Danny is a catering student and Richard a business undergraduate.
- They are good friends and are likely to be able to trust one another.
- They may be able to raise more finance as a pair as opposed to being a sole trader.
- They can cover for each other during times of sickness or holidays.
- They can share ideas and make key decisions together to enhance the business plan.
- They may motivate and support each other during difficult times.

Possible disadvantages:

- Partners still have unlimited liability and are still liable to all debts incurred.
- Any decision made by Danny or Richard is binding on their partner – even if it is a costly mistake.
- Partners do not have incorporated status, so they can be sued by customers.
- Neither has much practical experience, having recently graduated.

Q.		Total
2 (b) (i)	<p>Identify two of the main components of a business plan.</p> <p>Award 1 mark for each component identified</p> <p style="text-align: right;">AO1 2 marks 1a</p> <p>Indicative content:</p> <ul style="list-style-type: none"> • An overview of the business/ executive summary • The business' objectives • The business opportunity • The market it will operate in • Personnel breakdown • Buying and production information • Premises and equipment required • Financial forecasts. 	2

2 (b) (ii)	To what extent do you agree with the view that a business plan will guarantee the success of a business venture such as Danny and Richard's?		[8]
Band	AO3	AO4 1cd	
	4 marks	4 marks	
2	<p style="text-align: center;">3-4 marks</p> <p>Good analysis of how a business plan impacts on a new business venture.</p> <p>The analysis is balanced and detailed.</p> <p>The impacts of producing a business plan are clearly identified.</p> <p>Other factors affecting success are identified and discussed.</p> <p>Well-reasoned developments.</p> <p>The learner develops a logical chain of reasoning.</p>	<p style="text-align: center;">3-4 marks</p> <p>Well-reasoned evaluation why a business plan will enhance the chance of success.</p> <p>The evaluation is balanced and will focus on the key issues.</p> <p>Other key aspects for business success are evaluated.</p> <p>Judgements made with supporting comments.</p> <p>Attaches weight and value to points in the evaluation.</p>	
1	<p style="text-align: center;">1-2 marks</p> <p>Limited analysis of how a business plan will impact on a new business venture.</p> <p>Undeveloped points are made.</p> <p>Other factors affecting success may be identified.</p> <p>Superficial discussion on the impact of a business plan on business success.</p>	<p style="text-align: center;">1-2 marks</p> <p>Limited evaluation of why a business plan will enhance the chance of success.</p> <p>Other important issues are identified but not developed.</p> <p>The evaluation will be uneven and focus on one-side of the argument.</p> <p>Unsupported judgements are made.</p>	
0	<p style="text-align: center;">0 marks</p> <p>No analysis of the impact of a business plan on a new business venture.</p>	<p style="text-align: center;">0 marks</p> <p>No evaluation on the importance of a business plan on a new venture.</p>	

Indicative content:

Features of a business plan – objectives, the market, personnel, buying and production, location, forecasts (sales, cash-flow, P&L), break-even, finance.

Why might a business plan enhance the chance of success?

- A well-constructed business plan will force the entrepreneurs to examine all aspects of the business and not just focus upon a narrow aspect, such as the unique features of the product or service.
- Banks will expect to see a business plan to judge creditworthiness. Obtaining start-up finance is crucial.
- When trading, a business plan can be a useful monitoring tool – comparing forecasts with reality. Any problems that emerge can then be tackled.

Other elements to consider:

- Has the plan been properly researched – have all aspects for achieving success been covered?
- Is it realistic? Are the assumptions made in relation to sales and profits sensible? Are costs realistic?
- New, unanticipated competition could hit a business unexpectedly and make the business plan much less meaningful.
- Sharp economic downturns, such as the recession following 2008, make even the best business plans seem inadequate.

Conclusion:

There is likely to be a greater chance of success with a well-constructed business plan but it does not guarantee success.

Q.		Total
3 (a) (i)	<p>Calculate Ski-Joy's contribution per jacket:</p> <p>Award 1 mark for correct formula AO1 1 marks 1a Award 1 mark for correct calculation AO2 1 marks 1a</p> <p>contribution = selling price – variable costs</p> <p>Calculation of contribution £100 (£300- (£120+£80)) Do not accept 100</p>	2
3(a)(ii)	<p>Calculate Ski-Joy's break-even output:</p> <p>Award 1 mark for correct formula AO1 1 marks 1a Award 1 mark for correct calculation AO2 1 marks 1a</p> <p>Break-even = $\frac{\text{fixed cost}}{\text{contribution}}$</p> <p>Calculation of break-even $\frac{\text{£1 000 000}}{100} = 10\,000$ jackets or 10 000 Do not accept £10 000</p>	2

Q.		Total
3 (b)	<p>Calculate the profit that Ski-Joy made in 2014. (show your workings)</p> <p>Award 1 mark for correct formula AO1 1 mark 1a</p> <p>profit = total revenue(sales x sales price) – total cost</p> <p>Award 1 mark for each correct calculation AO2 3 marks 1a</p> <p>Calculation of sales revenue 50 000 x £300= £15 000 000 or £15 million Do not accept 15 000 000 or 15 million</p> <p>Calculation of total costs (£50 000*£200)+£1 000 000)= £11 000 000 or £11 million</p> <p>Calculation of profit £15 000 000 - £11 000 000= £4 000 000 or £4 million Do not accept 4 000 000 or 4 million</p> <p>Own figure rule applies for calculation of profit.</p>	4

4 (a)	Adapt the diagram below and explain what will happen to the price of sports clothing as the general level of income rises in the UK. [4]		
Band	AO1 1b	AO2 1b	AO3
	1 mark	1 mark	2 marks
2			<p>2 marks</p> <p>Explains reason for the shift in the demand curve and the impact on the new price at P1.</p> <p>Makes reference to increase in price at P1.</p> <p>Clear explanation of the impact on price as the general level of income rises.</p>
1	<p>1 mark</p> <p>The learner shows knowledge that the price will increase.</p> <p>The learner demonstrates an understanding that price will increase.</p>	<p>1 mark</p> <p>Applies knowledge by moving demand curve to the right.</p> <p>The new demand curve must be labelled correctly.</p>	<p>1 mark</p> <p>Limited explanation of reasons why demand curve shifts.</p> <p>No reference to price at P1.</p>
0	<p>0 marks</p> <p>No knowledge or understanding that the price will increase.</p>	<p>0 marks</p> <p>Incorrect change to the diagram or the demand curve is moved correctly but is not labelled or not labelled correctly.</p>	<p>0 marks</p> <p>No explanation on the impact of an increase in income.</p>

Indicative content:

- Able to identify how the changes will impact upon the demand curve.
- Moves the demand curve (shifts) to the right on the diagram.
- Increase in the general level of income explained as reason for shift.
- Price rises – new equilibrium where D1 cuts original supply curve.

4 (b)	To what extent do you agree with Giles Marlow’s view that “.....a rise in the general level of income is the most significant factor that affects demand in our market”?		
			[8]
Band	AO1 1ab	AO2 1b	AO4 1c
	2 marks	2 marks	4 marks
2	<p>2 marks</p> <p>Demonstrates good understanding of the key factors that affect demand.</p> <p>Clear understanding of the reasons why demand in the market is affected by a rise in incomes.</p> <p>Clear understanding of the other factors, other than income, that affect demand.</p>	<p>2 marks</p> <p>Good application of the key factors that affect the demand for the business’ products.</p> <p>The key factors are applied in context of the data.</p> <p>Clear reference to the context.</p>	<p>3-4 marks</p> <p>Well-reasoned and balanced evaluation that considers the significance of the key factors that affect demand.</p> <p>Lines of evaluation are well-developed and informed judgements are made.</p> <p>Attaches weight and value to points in the evaluation.</p> <p>May offer an overall judgement on the most significant factor.</p>
1	<p>1 mark</p> <p>Demonstrates limited knowledge of the key factors that affect demand.</p> <p>Superficial understanding of how the level of income affects demand.</p> <p>Other factors may be identified.</p>	<p>1 mark</p> <p>Limited application of the key factors that affect the demand for the business’ products.</p> <p>The learner response is mainly theoretical with limited reference to the data.</p>	<p>1-2 marks</p> <p>Limited evaluation of the key factors that affect demand.</p> <p>The evaluation maybe one-sided and include general comments.</p> <p>Judgements are superficial and unsupported.</p>
0	<p>0 marks</p> <p>No knowledge or understanding of what affects demand.</p>	<p>0 marks</p> <p>No application to the data.</p>	<p>0 marks</p> <p>No evaluation of the factors that affect demand.</p>

Indicative content:

- Reasonable to assume that the higher the incomes of consumers the more sports clothing will be bought – income sensitive.
- A well-established business will have experience of the effect that rising income levels have on their business.
- It is a significant factor because consumers will be more confident and will be willing to spend on 'luxury/quality' items as incomes rise. However.....may not be the only factor to affect demand for their products.
- Some customers will have large increases in their income. Others will find that their incomes do not increase at all. Thus, demand for sports clothing will only increase if the incomes of those consumers who buy them increase.
- A successful advertising campaign may also have a positive impact upon sales for the business. Reverse also true.
- A change in taste and fashion in favour of sports clothing may have a positive effect. Reverse also true.
- Change in population levels and structure can affect demand. If many of their customers are retired, for example, their incomes may be largely fixed. Therefore the impact of rising incomes will not be so significant for this type of business.

COMPONENT 2: Business Functions

MARK 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. Learners' 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.

1 (a)	Apart from strikes, outline two other forms of industrial action that employees, like the members of the Fire Brigades Union, might undertake. [4]	
Band	AO1 1a	AO2 1a
	2 marks	2 marks
2	2 marks Demonstrates knowledge and understanding of 2 forms of industrial action other than strikes. The learner demonstrates a clear understanding of the nature of the industrial action.	2 marks Good application of how employees might undertake the industrial actions identified. The key factors of the industrial action are applied in context of firefighters or other relevant employees. Relevant content and data used to develop and support the answer.
	1 mark Demonstrates knowledge of 1 form of industrial action other than a strike.	1 mark Limited application of how employees might undertake industrial action identified. The response is mainly theoretical and not in context.
0	0 marks No knowledge of industrial action demonstrated.	0 marks No application of the data in context.

Indicative content:

- Work to rule – employees do not carry out duties which are not in their employment contract. Carry out management orders to the letter but are not in breach of their contract. Firefighters may carry out rigorous H&S checks on their vehicles before taking them out.
- Go Slow – employees deliberately attempt to slow down, whilst working within the terms of their contract. Firefighters would still carry out their duties but they slow down the way they carry out their job.
- Overtime ban – limits employees hours to the agreed contract of employment for normal hours. Reduces flexibility for management and can lead to problems. Firefighters refuse to undertake any overtime and only work their basic hours.
- Sit-ins – a mass occupation of working premises by employees. No work takes place and is often used in case of factory closures to prevent assets being removed or the factory being shut down.

1 (b)	Explain why firefighters may choose to be members of a trade union. [8]		
Band	AO1 1a	AO2 1a	AO3
	3 marks	2 marks	3 marks
2	<p>2-3 marks</p> <p>Demonstrates good understanding of the key reasons why members choose to join trade unions.</p> <p>Clear understanding of the key benefits of being a member of a trade union.</p>	<p>2 marks</p> <p>Clear reference to the context in which firefighters work and how trade union membership would have relevance in this context.</p>	<p>2-3 marks</p> <p>A good analysis, demonstrating a clear understanding of the impact upon firefighters of being a member of a trade union.</p> <p>The key issues have been well-developed with a clear line of argument.</p> <p>Realistic comments made on how being a member of a trade union benefits firefighters.</p>
1	<p>1 mark</p> <p>Demonstrates limited knowledge of the key reasons why members choose to join trade unions.</p> <p>Reasons will be simply identified.</p>	<p>1 mark</p> <p>Limited reference to the context in which firefighters work and how trade union membership would have relevance in this context.</p> <p>Reasons for joining a trade union are generic and not applied to the context of firefighters.</p>	<p>1 mark</p> <p>A limited analysis, demonstrating a brief understanding of the impact upon firefighters of being a member of a trade union.</p> <p>Superficial comments with limited development.</p>
0	<p>0 marks</p> <p>No knowledge or understanding is demonstrated.</p>	<p>0 marks</p> <p>No reference to the firefighters.</p>	<p>0 marks</p> <p>No analysis of the benefits of being a member of a trade union.</p>

Indicative content:

- Acting together, through collective bargaining, the union can negotiate more effectively than if an individual firefighter was to act alone. Acting individually each firefighter would have little power – collectively they have a greater chance of reaching their objectives.
- Unions represent individual members in cases such as discrimination or dismissal. This provides expertise that the individual would not have.
- Unions may provide members with a range of benefits – cheap insurance, health plans, free legal representation, credit cards etc. The firefighters work in a dangerous environment and private insurance could be expensive.
- Unions can act as a pressure group to influence the behaviour of employers or government in order to represent their members' views such as the firefighters' pension dispute or improving their working conditions.
- The Fire Brigade Union is involved in industrial relations with the government to protect their members' pension rights from proposed changes, protect their jobs and conditions of service in an economic environment of cut backs in public services.
- The Fire Brigade Union may provide education and lifelong learning opportunities. The Fire Service is a large organisation with many promotion opportunities for firefighters.

Q.		Total
2 (a)	<p>Recalculate the closing balance in December for Darnton's Shoes cash-flow forecast. (show all your workings)</p> <p>Award 1 mark for each correct calculation AO2 4 marks 1a</p> <p>Calculation of Wages in December increase - $£200\,000 \times 1.06 = £212\,000$</p> <p>Calculation of Insurance increase by - $£40\,000 \times 1.1 = £44\,000$</p> <p>Calculation of New net cash-flow - $£1\,220\,000 - £1\,718\,000 = (£498\,000)$</p> <p>Calculation of Closing Balance - $(£498\,000) + £338\,000 = (£160\,000)$</p>	4

2 (b)	Explain two benefits of drawing up a cash-flow forecast to a business such as Darnton's Shoes.			[6]
Band	AO1 1ac	AO2 1ac	AO3	
	2 marks	2 marks	2 marks	
2	<p>2 marks</p> <p>Identifies 2 key benefits of drawing up a cash-flow forecast.</p>	<p>2 marks</p> <p>Applies 2 relevant benefits to a business such as Darnton's Shoes.</p> <p>Relevant data is used to develop and support their answer.</p>	<p>2 marks</p> <p>Fully analyses 2 benefits of drawing up a cash-flow forecast.</p> <p>A good understanding of the impact of the benefits of cash flow forecasting upon a business such as Darnton's Shoes is demonstrated.</p>	
1	<p>1 mark</p> <p>Identifies 1 key benefit of drawing up a cash-flow forecast.</p>	<p>1 mark</p> <p>Applies 1 relevant benefit to a business such as Darnton's Shoes.</p> <p>The learner response is mainly theoretical with some application to support their answer.</p>	<p>1 mark</p> <p>Analyses 1 benefit of drawing up a cash-flow forecast.</p> <p>A limited understanding of the impact of the benefits of cash flow forecasting upon a business such as Darnton's Shoes is demonstrated.</p>	
0	<p>0 marks</p> <p>No benefits identified.</p>	<p>0 marks</p> <p>No application to the data or relevant examples.</p>	<p>0 marks</p> <p>No analysis offered or understanding of the impact of cash flow forecasting.</p>	

Indicative content:

- To identify the timing of cash-flow surpluses or shortages – a forecast will identify in advance when a business may need to borrow cash and benefit the business by avoiding a crisis. The closing monthly balance for Darnton's in December is (£144,000). A bank overdraft may well be needed to keep the business running.
- Supporting applications for funding – when attempting to borrow money Darnton's may need to provide a cash-flow forecast which shows the future solvency of the business. This will improve the chances of being successful and be beneficial when applying to borrow money.
- Enhancing the planning process – careful planning will be beneficial in helping to clarify the aims and improve performance. Darnton's may be able to use the forecast to prepare themselves for those times when they anticipate Net Cash-Flow problems (September and December) and plan alternative strategies.
- Monitoring cash flow – at the end of the six months Darnton's will be able to make comparisons between their actual position and their predicted one. The benefit of constant monitoring can identify where problems have occurred and allow them to control cash-flow more effectively in future.

Q.		Total
2 (c)	<p>With reference to the cash-flow forecast identify the problem facing Darnton's Shoes at the end of December and comment upon the likely impact upon the business.</p> <p>Award 1 mark for correctly identifying the problem AO2 1 mark 1a</p> <p>Problem – The business is forecast to run out of cash – it has a negative cash flow.</p> <p>Award 1 mark for relevant comment on the impact on the business AO3 1 mark</p> <p>The business will be unable to continue trading/operating.</p>	2

Q.		Total
2 (d)	<p>With reference to the cash-flow forecast propose three possible solutions to solve the financial problem that faces Darnton's Shoes at the end of December.</p> <p>Award 1 mark for each proposed solution AO4 3 marks 1b</p> <p>Indicative content:</p> <p>The cash-flow forecast provides quantitative data. The solutions must relate to this data.</p> <ul style="list-style-type: none"> • At the end of December the business is projected to have a £144 000 negative cash-flow. One solution is to try and obtain an overdraft facility prior to this date to cover the predicted negative cash-flow by the end of the year. • Cut back on the costs during the 6 months prior to this crisis occurring. The costs in the cash-flow forecast include materials, wages, fuel, electricity, administration, insurance, and advertising. For example, the wage bill is £200 000 a month; the business could look at making some workers redundant. Fuel costs are predicted to rise even though sales have not, they could look at an alternative fuel provider. • Boost predicted sales revenue. The sales revenue is predicted to be quite stagnant over the 6 months, it is predicted to be lower in December than it is in July. The prices could be increased to existing buyers, or different buyers (shops) could be found. Another way to increase revenue is to increase the marketing budget in the 6 months prior to December in an attempt to increase sales. 	3

3 (b)	To what extent might the market in which UK supermarkets operate be regarded as oligopolistic? [6]		
Band	AO1 1a	AO3	AO4 1ac
	2 marks	2 marks	2 marks
2	<p>2 marks</p> <p>Demonstrates a good understanding of the key characteristics of an oligopolistic market.</p>	<p>2 marks</p> <p>Good analysis of how supermarkets may operate in an oligopolistic market.</p> <p>A clear understanding of how an oligopolistic market impacts on the way in which supermarkets operate.</p> <p>There is direct and clear reference to supermarkets and the market they operate in.</p>	<p>2 marks</p> <p>Good, clear judgements are made on whether supermarkets operate in an oligopolistic market.</p> <p>The evaluation will focus on the key issues.</p> <p>The learner is likely to offer an overall conclusion.</p>
1	<p>1 mark</p> <p>Demonstrates a limited understanding of the characteristics of an oligopolistic market.</p> <p>The learner may identify 1 or 2 key characteristics.</p>	<p>1 mark</p> <p>Limited analysis of how supermarkets operate in an oligopolistic market.</p> <p>A superficial understanding of how an oligopolistic market impacts on the operations of supermarkets.</p>	<p>1 mark</p> <p>Limited judgement is made on whether supermarkets operate in an oligopolistic market.</p> <p>Judgements are superficial and unsupported.</p> <p>The learner fails to come to an overall conclusion or does not really qualify their arguments.</p>
0	<p>0 marks</p> <p>No oligopolistic characteristics identified.</p>	<p>0 marks</p> <p>No analysis or understanding of the impacts of an oligopolistic market on supermarkets.</p>	<p>0 marks</p> <p>No evaluation on whether supermarkets operate in an oligopolistic market.</p>

Indicative content:

- Many firms but only a few dominate – true in the case of UK supermarkets. Firms listed in Table 1, Tesco, Sainsbury, Asda and Morrisons are dominant.
- Each firm needs to undertake differentiated products – true in the case of the leading firms and also in the case of some of the smaller players who have joined buying groups such as Nisa. Brand identity needs to be strong in terms of creating a clear identity via own brand labelling.
- It is essential to encourage brand loyalty amongst customers – true in the case of the dominant firms. Many millions are spent on advertising and promotion. Loyalty cards are used and are very prominent.

But

- Firms in such markets are said to compete in the form of non-price competition – not the case with UK supermarkets where price seems to be increasingly important in attracting customers. Waitrose, however, competes more on quality and service than on price alone.
- Barriers to entry exist – not the case in UK. Lidl and Aldi are good examples of new entrants. Setting up a small, local supermarket may be a problem if large supermarket is nearby.

3 (c)	Analyse how Aldi and Lidl can take advantage of economies of scale as their businesses continue to grow? [8]	
Band	AO1 1ac	AO3
	4 marks	4 marks
2	<p>3-4 marks</p> <p>Good understanding of the key types of economies of scale.</p> <p>Clear understanding of the features of the different types of economies of scale.</p> <p>The learner identifies how Aldi and Lidl may take advantage of economies of scale.</p>	<p>3-4 marks</p> <p>A good and detailed analysis of the key types of economies of scale and how they may impact on Aldi and Lidl.</p>
	<p>1-2 marks</p> <p>Limited or brief understanding of the key types of economies of scale.</p> <p>The learner may not identify the different types of economies of scale.</p> <p>Superficial understanding of how Aldi and Lidl may take advantage of economies of scale.</p>	<p>1-2 marks</p> <p>Limited or brief analysis of economies of scale and how they may impact on Aldi and Lidl</p> <p>Unsupported comments and superficial arguments.</p>
0	<p>0 marks</p> <p>No understanding or knowledge of economies of scale.</p>	<p>0 marks</p> <p>No analysis of how Aldi and Lidl can take advantage of economies of scale.</p>

Indicative content:

- Purchasing Economies – as Lidl and Aldi grow they are likely to get better rates when buying the products that they sell in their supermarkets. Bulk discounts may lower costs or increase profit margins.
- Marketing Economies – Advertising and promotion costs will be spread over a greater number of stores that both Aldi and Lidl are opening across the UK.
- Managerial Economies – specialist managers may be employed across the business which could result in greater efficiency and falling average costs. Those who are experts in their field may be attracted to such rapidly growing firms.
- Financial Economies – larger firms often find it easier to persuade institutions to lend them money. Aldi and Lidl may well need to borrow money to fund their growth, and may get more favourable rates of interest the more they grow.
- Risk Bearing Economies – the more stores they open the more they can spread the risk. Not all stores will be successful but those not performing well can be supported by those that are successful.

3 (d)	Evaluate the view that the most successful supermarket in the UK is always going to be the one with the cheapest prices. [10]			
Band	AO1 1abc	AO2 1abc	AO3	AO4 1ac
	2 marks	2 marks	2 marks	4 marks
2	<p>2 marks</p> <p>Good understanding of possible key factors and strategies that may lead to success.</p> <p>The learner will consider other factors and strategies than just price.</p>	<p>2 marks</p> <p>Good application of the key factors and strategies that may lead to success for supermarkets.</p> <p>Clear reference to the data and relevant content used to develop and support their argument.</p>	<p>2 marks</p> <p>Good, clear analysis of how the identified key factors and strategies impact on the success of UK supermarkets.</p> <p>Realistic comments on how the factors and strategies will affect supermarkets.</p> <p>The learner may show an understanding that these factors and strategies work together to make sure of success.</p>	<p>3-4 marks</p> <p>Detailed and well-balanced evaluation of how the key factors and different strategies used by supermarkets may help achieve success.</p> <p>Supported judgements are made with qualifying statements used to build an argument.</p> <p>May offer a well-supported recommendation of the best strategies for achieving success.</p>
1	<p>1 mark</p> <p>Limited understanding of factors and strategies that might lead to success.</p> <p>Learner will focus on price only.</p> <p>Superficial understanding of factors and strategies simply identified.</p>	<p>1 mark</p> <p>Limited application is attempted to the context of supermarkets.</p> <p>The learner response is mainly theoretical with some brief reference to the data.</p>	<p>1 mark</p> <p>Limited analysis of how the factors and strategies will impact on the success of UK supermarkets.</p> <p>The learner will focus on price only.</p> <p>Superficial arguments with little development.</p> <p>The analysis lacks a holistic understanding of how these factors and strategies can work together.</p>	<p>1-2 marks</p> <p>Limited evaluation of how the key factors and different strategies used by supermarkets may help achieve success.</p> <p>The learner focuses on evaluating the impact of price only.</p> <p>Unsupported judgements.</p> <p>Evaluation tends to be asserted rather than explained.</p>
0	<p>0 marks</p> <p>No understanding or knowledge of the key factors that affect business success.</p>	<p>0 marks</p> <p>There is no application to UK supermarkets.</p>	<p>0 marks</p> <p>There is no analysis of the impact of the key factors and strategies on the success of UK supermarkets.</p>	<p>0 marks</p> <p>No evaluation of the key factors and strategies used by UK supermarkets.</p>

Indicative content:

- Low prices certainly seem to be central to the success of Lidl and Aldi. Evidence from the data relating to growth in sales and market share. UK has been in recession since 2008.
- Low prices are being used to target 'middle Britain's shoppers' whose incomes have not kept up with inflation for the last five years. The 'Big Four' have become relatively more expensive.
- Tesco and Morrisons are launching a price war on milk and are going to cut prices on many lines in order to challenge the so-called hard discounters.
- However, Waitrose are not a hard discounter and are still proving successful by appealing to a more affluent market – placing the emphasis on quality of products, stores and service. They are squeezing the 'Big Four' from the other side.
- Morrisons relative lack of success may be down to not recognising the trend from big out of town stores to local convenience stores. Tesco already has some 1700 convenience stores.
- Online retailing and home delivery are also factors in helping to achieve success for UK supermarkets. Morrisons have recognised this and have fallen behind their competitors as a consequence.
- Maintaining quality in terms of the products on offer is also an important element of success. Cheap products will not be repeat purchase if they do not give customers satisfaction.
- Undertaking good market research remains a key element in achieving success and loyalty cards play a central role in this. Satisfying a range of customer wants and monitoring change in the market is crucial in staying ahead of the competition.
- Low prices does appear to be the key element for success currently but as the economy moves out of recession other elements of the marketing mix may well gain in importance.
- Location is becoming an increasingly important factor in achieving success for supermarkets – the move to smaller 'convenience stores' and stores attached to fuel stations is continuing to develop.
- The quality of the human resources is also a key factor in achieving success – this applies both to management and shop floor workers.
- The effective use of financial resources is also a key issue. To what extent can the balance between satisfying shareholders and retaining profit for investment be achieved?

4 (a)	Describe the types of primary and secondary market research that a health club business intending to launch new fitness centres for teenagers might undertake. [10]	
Band	AO1 1ac	AO2 1ac
	6 marks	4 marks
3	5-6 marks Excellent understanding of the key types of market research methods available to research the market. Clear understanding of the difference between primary and secondary data.	
	3-4 marks Good understanding of the key types of market research methods available to research the market. The learner identifies the difference between primary and secondary data.	3-4 marks The learner applies the methods to the context of a health club targeting teenagers. Good understanding of the suitability of the methods to a health club and teenagers. There is direct and clear reference to the health club and teenagers to support a given point.
1	1-2 marks Limited understanding of the key types of market research methods available to research the market. Superficial understanding of the types of research that can be used. The learner will simply identify the methods of research.	1-2 marks The learner attempts limited application to the context of a health club targeting teenagers. Suggestions of types of research are generic and may not be suitable for a health club and teenagers. At least 1 research method is applied to the context of a health club targeting teenagers.
	0 marks Little or no understanding of market research methods.	0 marks No specific application of market research methods is applied to a health club targeting teenagers.

Indicative content:

Primary Research Methods:

- Questionnaires – could target teenagers in public places or as they exit fitness centres that they are currently members of and get them to respond to a series of open or closed questions in order to gauge their views and opinions. Could send questionnaires to teenagers and get them to fill in and return.
- Personal interviews – could carry out face to face interviews with teenagers at schools or youth clubs. Skilled interviewers could follow up responses in more detail.
- IT based surveys – Internet ,e-mail and smart phone surveys related to teenagers.
- Telephone interviews – allowing a wide range of teenagers to be covered.
- Postal surveys – specifically sent to teenagers with an incentive encouraging them to respond.
- Focus groups – bringing together young people who may reflect the views of different segments of the teenage market.

Secondary Research Methods:

- Existing market research reports on teenage membership of their own leisure centres or other similar businesses.
- Any relevant government publications relating to teenage participation in physical activity.
- Internet website pages.
- Analysis of competitors' provision for the teenage segment of the market.

4 (b)	Discuss the view that market research always guarantees success. [15]		
Band	AO1 1a	AO3	AO4 1c
	3 marks	6 marks	6 marks
3	<p>3 marks</p> <p>The learner demonstrates excellent understanding of the value and limitations of market research.</p> <p>A clear understanding of other issues that impact on business success is included.</p> <p>The key value and limitations of market research are well explained.</p>	<p>5-6 marks</p> <p>The learner gives an excellent analysis of the role of market research in business success.</p> <p>The analysis is balanced and detailed.</p> <p>The impact of market research 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 is the key for this band.</p>	<p>5-6 marks</p> <p>The learner presents an excellent evaluation of the role of market research in 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>2 marks</p> <p>The learner demonstrates good understanding of the value and limitations of market research.</p> <p>The learner identifies other issues that impact on business success.</p>	<p>3-4 marks</p> <p>The learner gives a good analysis of the role of market research in business success.</p> <p>A number of the key issues have been developed.</p> <p>The impact of market research on business success is identified.</p> <p>The analysis will be uneven, with some well-developed ideas and others where the development is more limited.</p> <p>The analysis will mainly focus on one-side of the argument.</p> <p>Reference to other issues will be present.</p>	<p>3-4 marks</p> <p>The learner presents a good evaluation of the role of market research in business success.</p> <p>The evaluation will include some of the key issues.</p> <p>The evaluation is reasonably well- balanced with some development on both sides of the argument.</p> <p>The learner makes judgements with some attempt to support their evaluation.</p> <p>The answer may contain a brief conclusion.</p>

1	<p style="text-align: center;">1 mark</p> <p>The learner demonstrates limited understanding of the value and/or limitations of market research.</p> <p>Understanding is superficial.</p> <p>The learner simply identifies the value and or limitations of market research with no explanation.</p> <p>No or little reference is made to other factors affecting success.</p>	<p style="text-align: center;">1-2 marks</p> <p>The learner gives a limited analysis of the role of market research in business success.</p> <p>The analysis will focus on one-side of the argument.</p> <p>A limited number of issues are analysed.</p> <p>Superficial discussion on the impact of market research and business success.</p>	<p style="text-align: center;">1-2 marks</p> <p>The learner presents a limited evaluation of the role of market research in 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 will be uneven and focus on one-side of the argument.</p> <p>Evaluation tends to be asserted rather than explained.</p>
0	<p style="text-align: center;">0 marks</p> <p>The learner demonstrates no understanding of the value and limitations of market research.</p>	<p style="text-align: center;">0 marks</p> <p>Little or no meaningful analysis of the role of market research in business success.</p>	<p style="text-align: center;">0 marks</p> <p>The learner makes no meaningful evaluation on the role of market research in business success.</p>

Indicative content:

- Market research may be defined as the collection, collation and analysis of data relating to the marketing and consumption of goods and services. Data gathered may well prove useful in the decision making process. For example, whether or not consumers want a particular product, where they might wish to purchase it and how much they may be prepared to pay for it.
- Market research has a number of important uses. As markets are often in a state of change businesses need to use market research for descriptive, predictive, explanatory or exploratory reasons.
- Understanding the market in which the business operates, as well as monitoring the activities of its competitors must enhance the chances of success.
- However, poorly carried out or inadequate market research may not be at all useful and, in fact, is more likely to be detrimental to the success of a business. Has the right sample been selected? The danger of bias in data.
- There are other elements when running a business which may be equally significant when considering success, such as location, other aspects of the marketing mix, the quality of service, role of management and leadership, profit margins and research and development.
- Market research is an important aspect of business today and businesses that fail to undertake any are more vulnerable to failure. Nonetheless, to say that market research will guarantee success is misleading.

5 (a)	Describe the financial incentives that a large retail store might use to motivate its employees.		[10]
Band	AO1 1ac	AO2 1ac	
	6 marks	4 marks	
3	5-6 marks Excellent understanding of the key types of financial methods available to motivate employees. Clear understanding of the different features of the different types of financial incentives.		
	3-4 marks Good understanding of the key types of financial methods available to motivate employees. The learner identifies the different features of the different types of financial incentives.		3-4 marks The learner applies the methods to the context of a large retail store. Good understanding of the suitability of the incentives to different types of employees. There is direct and clear reference to the retail sector.
1	1-2 marks Limited understanding of the key types of financial methods available to motivate employees. Superficial understanding of how financial incentives motivate employees. The learner will simply identify financial incentives.		1-2 marks The learner attempts limited application to the context of a large retail store. Suggestions of types of incentives are generic and may not be suitable for retailing or types of employees. At least 1 financial incentive is applied to the context of a large retailer.
	0 marks Little or no understanding of financial methods.		0 marks No specific application of financial incentives is applied to a large retailer.

Indicative content:

- Wages - a good rate of pay can encourage loyalty and motivate workers to undertake a fair day's work for a fair day's pay. Overtime can be paid for anti-social hours or weekend work – something which retail stores often require since opening hours are now particularly long, some stores remain open through the night.
- Salaries tend to be higher than wages and confer status to some extent. Can be seen as an incentive to reach a management position such as departmental manager in a retail store.
- Bonuses – can be paid if targets are reached. Increased sales compared to last year's, full attendance, punctuality or even best employee in the store.
- Commission – shop floor sales people may receive extra payments for achieving extra sales.
- Fringe benefits – contributions to pensions, private health insurance, subsidised meals or luncheon vouchers in the store canteen. Often linked to achievement and promotion. May only be available to department managers.
- Performance related pay – often linked to an appraisal system. Extra pay may be given for the achievement of targets.
- Profit sharing – This is a growing trend in the business environment. Some stores such as Waitrose and John Lewis have this as part of their remuneration policy and motivate staff in their stores to work together as a team to achieve success.

5 (b)	“Most people only go to work to earn money. Therefore, financial incentives are more likely to be successful in motivating workers than non-financial incentives”. Evaluate this statement. [15]		
Band	AO1 1a	AO3	AO4 1c
	3 marks	6 marks	6 marks
3	<p>3 marks</p> <p>The learner demonstrates excellent understanding of non-financial incentives.</p> <p>A clear understanding of the features of non-financial incentives is included.</p> <p>The key differences between financial and non-financial incentives are identified.</p>	<p>5-6 marks</p> <p>The learner gives an excellent analysis of the impact of financial and non-financial incentives on employees.</p> <p>The analysis is balanced and detailed.</p> <p>Key issues have been well-developed with a clear line of argument.</p> <p>Analysis will be supported by reference to motivational theories.</p> <p>In-depth analysis is the key for this band.</p>	<p>5-6 marks</p> <p>The learner presents an excellent evaluation of financial and non-financial incentives on employees.</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>2 marks</p> <p>The learner demonstrates a good understanding of non-financial incentives.</p> <p>The learner identifies some key features of non-financial incentives.</p>	<p>3-4 marks</p> <p>The learner gives a good analysis of the impact of financial and non-financial incentives on employees.</p> <p>A number of the key issues have been developed.</p> <p>The analysis will be uneven, with some well-developed ideas and others where the development is more limited.</p> <p>The analysis will mainly focus on one-side of the argument.</p> <p>Reference to motivational theories may be present.</p>	<p>3-4 marks</p> <p>The learner presents a good evaluation of financial and non-financial incentives on employees.</p> <p>The evaluation will include some of the key issues.</p> <p>The evaluation is reasonably well- balanced with some development on both sides of the argument.</p> <p>The learner makes judgements with some attempt to support their evaluation.</p> <p>The answer may contain a brief conclusion.</p>

1	<p style="text-align: center;">1 mark</p> <p>The learner demonstrates limited understanding of non-financial incentives.</p> <p>Understanding is superficial.</p> <p>The learner may offer a list of the key non-financial incentives.</p>	<p style="text-align: center;">1-2 marks</p> <p>The learner presents a limited analysis of the usefulness of financial and non-financial incentives on employees.</p> <p>The analysis will focus on one-side of the argument.</p> <p>A limited number of issues are analysed.</p> <p>Superficial discussion on the impact of financial and non-financial methods to motivate employees.</p> <p>Identification of relevant motivational theories.</p>	<p style="text-align: center;">1-2 marks</p> <p>The learner presents a limited evaluation of financial and non-financial incentives on employees.</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 will be uneven and focus on one-side of the argument.</p> <p>Evaluation tends to be asserted rather than explained.</p>
0	<p style="text-align: center;">0 marks</p> <p>The learner demonstrates no understanding of non-financial incentives.</p>	<p style="text-align: center;">0 marks</p> <p>The learner makes little or no meaningful analysis on the impact of financial and non-financial incentives on motivating employees.</p>	<p style="text-align: center;">0 marks</p> <p>The learner makes no meaningful evaluation on the effectiveness of financial and non-financial incentives.</p>

Indicative content:

- The scientific approach to motivation argues that workers respond to financial rewards. It is argued that such rewards are necessary to motivate a reluctant workforce. Employees see work as a means to an end. As a result they are far more likely to be interested in financial rewards. Many firms are currently attempting to link pay with performance because they believe that employees care about pay. This is a growing trend and supports the view that such schemes are successful in motivating employees.
- Reference may be made to Frederick W. Taylor's theory of Scientific Management and McGregor's Theory X to support the view that money is the key motivator in the workplace. However, the need to earn money is not the only need that is satisfied by working. The work of Maslow, Herzberg and Mayo suggest that many other non-financial factors motivate individuals in the workplace. McGregor's Theory Y also supports this view. A wide range of non-financial factors are used in the workplace in what is termed as the Human Relations approach.
- Job design, job rotation, job enlargement and job enrichment are methods that may be discussed. Empowerment, team working and initiatives such as quality control circles can also be used to support the argument in favour of non-financial incentives.
- Individuals are not the same and what motivates one worker may not motivate another. There are some reasons for working that may apply to everyone, such as the need to earn money. However, some reasons have more importance for particular individuals than others when at work. One employee may feel a need to work with friendly colleagues, whereas another may be quite happy to work alone on a production line and earn as much money as possible in a piece-rate system.
- In reality, it is most likely that a combination of both financial and non-financial incentives are used in the workplace and that the balance will be decided upon by the type of work and the nature of the employees. It is worth remembering, however, that very few people, if any, would go to work for nothing.

6 (a)	Describe the ways in which new technology is used by major car manufacturers to improve the operation of their businesses. [10]	
	AO1 1ac	AO2 1ac
	6 marks	4 marks
3	<p>5-6 marks</p> <p>Excellent understanding of the key types of new technology used in business.</p> <p>Clear understanding of how the new technology improves business operations.</p>	
2	<p>3-4 marks</p> <p>Good understanding of the key types of new technology used in business.</p> <p>The learner identifies how new technology improves business operations.</p>	<p>3-4 marks</p> <p>The learner applies the new technology to the context of a large car manufacturer.</p> <p>Good understanding of the impact of the new technology on the operations of a large car manufacturer.</p> <p>There is direct and clear reference to a large car manufacturer to support a given point.</p>
1	<p>1-2 marks</p> <p>Limited understanding of the key types of new technology used in business.</p> <p>Superficial understanding of how new technology improves business performance.</p> <p>The learner will simply identify the new technology that can be used.</p>	<p>1-2 marks</p> <p>The learner attempts limited application to the context of a large car manufacturer.</p> <p>Suggestions of types of new technology are generic and may not be suitable for a large car manufacturer.</p> <p>At least 1 type of new technology is applied to the context of a large car manufacturer.</p>
0	<p>0 marks</p> <p>Little or no understanding of new technology in business.</p>	<p>0 marks</p> <p>No specific application of new technology is applied to a large car manufacturer.</p>

Indicative content:

- Robotics – increasingly used on assembly and production lines. Beneficial in a number of ways. Repetitive tasks can be carried out with greater accuracy as human error factor is removed. Can increase manufacturing flexibility as they can be reprogrammed to meet changes in customer requirements in areas such as paint shops. Do not have all the problems associated with human resource management, such as absenteeism, poor motivation, training etc.
- Computer aided design – increasingly more sophisticated programmes being designed to use in the design process. Accurate drawings can be viewed in 3D without having to build prototypes. Very beneficial in terms of cost and speed when meeting a client's changing requirements. Allows testing to take place prior to manufacturing. Designs can be shared globally between different sites and storage of paper copy is eliminated.
- Computer aided manufacture – links to CAD programmes to feed design information into the production process. The benefits of such an integrated manufacturing system are considerable in terms of lower labour costs, greater accuracy/quality and speed of manufacture. Computer integrated manufacture enables monitoring of progress of customer orders from the placing of an order right through to despatch. The benefits of customers being able to monitor the progress of their orders lead to greater customer satisfaction.
- Information and Communication Technology – the recording and use of information by electronic means has major benefits in all functional areas of car manufacturing business. Databases and spreadsheets allow for much more efficient use of information throughout an organisation and can be shared on a global basis for multinational car manufactures. The benefits related to the marketing of new or updated products is a good example of how existing or potential customers can be reached quickly and effectively, boosting potential sales revenue.
- General benefits of new technology to major car manufacturers – reducing costs, improving quality, increasing productivity, reducing waste, improving the work environment, better communications.

6 (b)	“The introduction of new technology into a business will be a positive move for all stakeholders”. Discuss this statement. [15]		
Band	AO1 1a	AO3	AO4 1c
	3 marks	6 marks	6 marks
3	<p>3 marks</p> <p>The learner demonstrates excellent understanding of stakeholders and their interests.</p> <p>A clear understanding of the contrasting objectives of key stakeholders.</p> <p>The key effects of new technology on different stakeholders are identified.</p>	<p>5-6 marks</p> <p>The learner gives an excellent analysis of the impact of the introduction of new technology on key stakeholders.</p> <p>The analysis is balanced and detailed.</p> <p>Key issues have been well-developed with a clear line of argument.</p> <p>Analysis will be supported by specific reference to how different technology will affect different business functions and how this will impact on key stakeholders.</p> <p>In-depth analysis is the key for this band.</p>	<p>5-6 marks</p> <p>The learner presents an excellent evaluation of the impact of new technology on key stakeholders.</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>2 marks</p> <p>The learner demonstrates a good understanding of stakeholders and their interests.</p> <p>The learner identifies some contrasting objectives of key stakeholders.</p> <p>The learner makes an attempt to identify some key effects of new technology on stakeholders.</p>	<p>3-4 marks</p> <p>The learner gives a good analysis of the impact of the introduction of new technology on key stakeholders.</p> <p>A number of the key issues have been developed.</p> <p>The analysis will be uneven, with some well-developed ideas and others where the development is more limited.</p> <p>The analysis will mainly focus on one-side of the argument.</p> <p>Analysis is supported by some reference to different types of new technology and how it will affect different business functions and how this will impact stakeholders.</p>	<p>3-4 marks</p> <p>The learner presents a good evaluation of the impact of the introduction of new technology on key stakeholders.</p> <p>The evaluation will include some of the key issues.</p> <p>The evaluation is reasonably well-balanced with some development on both sides of the argument.</p> <p>The learner makes judgements with some attempt to support their evaluation.</p> <p>The answer may contain a brief conclusion.</p>

1	<p>1 mark</p> <p>The learner demonstrates limited understanding of stakeholders and their interests.</p> <p>Understanding is superficial.</p> <p>The learner may offer a list of the key stakeholders of a business.</p>	<p>1-2 marks</p> <p>The learner presents a limited analysis of the impact of the introduction of new technology on key stakeholders.</p> <p>The analysis will focus on one-side of the argument.</p> <p>A limited number of issues are analysed.</p> <p>Superficial discussion on the effect of new technology on business functions and the impact on stakeholders.</p>	<p>1-2 marks</p> <p>The learner presents a limited evaluation of the impact of the introduction of new technology on key stakeholders.</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 will be uneven and focus on one-side of the argument.</p> <p>Evaluation tends to be asserted rather than explained.</p>
0	<p>0 marks</p> <p>The learner demonstrates no understanding of stakeholders.</p>	<p>0 marks</p> <p>The learner makes little or no meaningful analysis of the impact of new technology on stakeholders.</p>	<p>0 marks</p> <p>The learner makes no meaningful evaluation on the impact of new technology on stakeholders.</p>

Indicative content:

- **Stakeholders:** can be defined as anyone who has a direct or indirect interest in the activities of a business.
- **Shareholders:** given that it is likely that new technology will enhance the success of a business shareholders may benefit from increased dividends in the longer term. However, they may find dividends reduced in the short run if the investment in new technology is financed by retained profits.
- **Employees:** A more successful and competitive business might provide employees with greater job security and rewards. However, the introduction of new technology inevitably results in job losses, especially for the less skilled members of the workforce.
- **Customers:** the quality of goods and services are likely to improve and greater value will be added as a result of new technological processes being used. However, prices may rise in order to recoup the often considerable costs involved in implementing new technology.
- **Competitors:** firms who keep abreast of new technology are likely to gain a competitive advantage in the market. However, because the technology is constantly changing a firm may well find that this advantage lasts only for a relatively short period and that their competitors may soon match or overtake them.
- **Management:** keeping up with and implementing new technology may present particular challenges to managers in dynamic markets. Change can be particularly difficult to manage but, if successful, rewards can be significant.

- Suppliers: technology can greatly enhance communication between businesses and their suppliers. Just-in-time systems can bring considerable benefits to both parties. However, suppliers find themselves being required to offer 24/7 services, especially to major customers.
- Local communities: new technology can often create cleaner and quieter production processes which will have a positive impact upon those who live close to businesses. However, if new technology means reduced employment opportunities then prosperity in the locality may suffer.
- The implementation of new technology is a two edged sword; it very much depends upon the nature of the technology invested in and the type of business that undertakes this investment.

MAPPING GRID OF ASSESSMENT OBJECTIVES

	AO1 marks	Element	AO2 marks	Element	AO3 marks	AO4 marks	Element	Total marks	Quantitative skills marks
COMPONENT 1: Business Opportunities									
1 (a)	2	1a	2	1a	0	0		4	0
1 (b)	1	1a	1	1a	0	0		2	1
1 (c)	2	1c	0		4	0		6	0
2 (a)	2	1ab	4	1ab	2	0		8	0
2 (b)(i)	2	1a	0		0	0		2	0
2 (b)(ii)	0		0		4	4	1cd	8	0
3 (a)(i)	1	1a	1	1a	0	0		2	1
3 (a)(ii)	1	1a	1	1a	0	0		2	1
3 (b)	1	1a	3	1a	0	0		4	3
4 (a)	1	1b	1	1b	2	0		4	1
4 (b)	2	1ab	2	1b	0	4	1c	8	0
Total	15		15		12	8		50	7
COMPONENT 2: Business Functions									
1 (a)	2	1a	2	1a	0	0		4	0
1 (b)	3	1a	2	1a	3	0		8	0
2 (a)	0		4	1a	0	0		4	4
2 (b)	2	1ac	2	1ac	2	0		6	0
2 (c)	0		1	1a	1	0		2	2
2 (d)	0		0		0	3	1b	3	0
2 (e)	0		0		0	2	1ac	2	0
3 (a)	1	1a	1	1a	0	0		2	1
3 (b)	2	1a	0		2	2	1ac	6	0
3 (c)	4	1ac	0		4	0		8	0
3 (d)	2	1abc	2	1abc	2	4	1ac	10	0
4,5,6 (a)	6	1ac	4	1ac	0	0		10	0
4,5,6 (b)	3	1a	0		6	6	1c	15	0
Total	25		18		20	17		80	7
Total marks per series	40		33		32	25		130	14
Total marks as %	31%		25%		25%	19%		100%	11%
Range	29-31		24-26		24-26	19-21		100%	Min of 10%

MAPPING GRID OF CONTENT COVERAGE

Content	Amplification	Component 1	Component 2
Enterprise	Explain the meaning of enterprise and SMEs		
	Explain how satisfying needs and wants can give opportunities to entrepreneurs		
	Identify business opportunities		
	Explain the role of the entrepreneur in creating, setting up, running and developing a business	1 (a)	
	Explain the financial and non-financial motives of entrepreneurs		
	Explain the characteristics and skills of entrepreneurs	1 (a)	
	Explain the importance of entrepreneurs and SMEs to the primary, secondary and tertiary sectors of the UK economy		
	Evaluate the impact of entrepreneurs and SMEs on businesses and the economy		
	Identify the various stakeholders who are affected by a business		6 (b)
Business plans	Explain the purpose and main components of a business plan	2 (b) (i)	
	Evaluate the importance of a business plan	2 (b) (ii)	
	Identify the main sources of information and guidance available to entrepreneurs		
Markets	Explain what is meant by a market and competition		
	Identify different types of market, including local/global, mass/niche, trade/consumer, product/service and seasonal		
	Analyse and interpret market data, including market size, market share and market trends		
	Explain what is meant by market segmentation		
	Explain how markets are segmented		
	Evaluate the importance and impact of segmentation to a business and its customers		
	Understand that different markets have differing degrees of competition, ranging from perfect competition to monopoly		
	Explain the features of perfect competition, monopolistic competition, oligopoly and monopoly and their impact on business behaviour		3 (b)
	Understand the reasons why consumers sometimes need protection from exploitation from businesses		
	Explain what is meant by demand, supply and equilibrium		
	Understand the importance of demand and supply in the market		
	Explain the factors that lead to a change in demand and supply		
	Explain how a change in demand and supply can impact on price and quantity	4 (a)	
	Construct and interpret demand and supply diagrams	4 (a)	
	Understand the factors that cause the demand and supply curves to shift and the effect this has on equilibrium price and quantity	4 (b)	
	Analyse and evaluate factors which affect demand and supply and equilibrium	4 (b)	
	Understand the concept of price and income elasticity of demand (learners are not required to do calculations)		
	Explain the nature of inferior, normal and luxury goods		

Content	Amplification	Component 1	Component 2
Market research	Explain what is meant by market research		4 (a)
	Explain the value of carrying out market research		4 (b)
	Evaluate the use of market research to a business and its stakeholders		4 (b)
	Distinguish between primary and secondary market research		4 (a)
	Distinguish between qualitative and quantitative data		4 (a)
	Explain the different methods of primary and secondary research available to businesses		4 (a)
	Explain the issues involved in selecting the most appropriate method of market research		
	Evaluate the use of the different methods of primary and secondary research		
	Interpret and evaluate quantitative and qualitative research		
	Explain what is meant by sampling		
	Explain the difference between random and quota sampling methods		
	Understand the need to avoid bias in market research		
	Evaluate the usefulness of sampling for a business and its stakeholders		
	Business structure	Explain the difference between the private and public sector	
Explain the aims of private sector businesses including survival, growth and profit			
Explain the aims of the public sector and its role in providing goods and services			
Evaluate the roles of the public and private sectors in the provision of goods and services			
Explain the legal structure of different private sector business organisations including sole traders, partnerships, private and public limited companies		2 (a)	
Explain what is meant by unlimited and limited liability			
Explain the advantages and disadvantages of choosing different legal structures for a business			
Evaluate the factors affecting the choice of the legal structure of a business		2 (a)	
Explain the main features of not-for-profit organisations including social enterprises, charities, co-operatives and societies			
Evaluate the importance and impact of the legal structure for the various stakeholders for a business			
Business location	Explain the factors that need to be considered when locating a new business		
	Analyse these factors in relation to the needs of the business		
	Evaluate the choice of different locations for a new business		4 (b)
Business finance	Explain the sources of finance available to entrepreneurs and SMEs	1 (b)(c)	
	Analyse the advantages and disadvantages of each source of finance	1 (c)	
	Evaluate different sources of finance available to entrepreneurs and SMEs		
Business revenue & costs	Explain what is meant by costs, revenue and profit		
	Identify costs to a business, including fixed, variable, semi-variable, direct, indirect/overhead costs and total costs		
	Calculate revenue, costs and profit	3 (b)	3 (a)
	Interpret revenue, costs and profit calculations		
	Evaluate the impact of costs, revenue and profit on a business and its stakeholders		3 (d)
	Explain what is meant by contribution		
	Explain what is meant by break-even		
	Calculate contribution and understand its application to the calculation of break-even	3 (a) (i) (ii)	
	Construct and interpret break-even charts, including the margin of safety		
	Illustrate on a break-even chart the effects of changes in costs and revenue		
	Analyse how changes in costs and/or revenue can affect break-even ('what-if' analysis)		
	Evaluate the usefulness of break-even to a business and its stakeholders		

Content	Amplification	Component 1	Component 2
Functions - Marketing	Explain the purpose of marketing and its importance to different types of business organisation in different situations		
	Explain what is meant by market orientation, product orientation and asset-led marketing		
The marketing mix	Explain what is meant by the marketing mix		
Product	Explain what is meant by product, product portfolio, brand, unique selling point (USP) and differentiation		
	Evaluate the importance of having the right product(s) to a business and its stakeholders		3 (d)
	Explain what is meant by the product life cycle		
	Explain the stages in the product life cycle		
	Explain what is meant by an extension strategy		
	Construct and interpret a product life cycle diagram including extension strategies		
	Evaluate the impact of extension strategies on a business		
	Explain the relationship between the product life cycle and cash flow		
	Analyse product life cycles and extension strategies for different businesses, products and markets		
	Evaluate the use of the product life cycle to a business and its stakeholders		
	Explain how the Boston matrix can be used to manage a product portfolio		
Price	Evaluate the use of the Boston matrix to a business and its stakeholders		
	Explain the different strategies used by businesses to determine the appropriate price for a product including penetration, skimming, cost-plus, competitive, psychological and contribution		
	Understand how different types of business organisations in different situations will use different pricing strategies		3 (d)
	Evaluate the importance for a business of selecting the most appropriate pricing strategy		3 (d)
Promotion	Evaluate the impact of pricing decisions on a business and its stakeholders		
	Explain what is meant by promotion		
	Explain the different above the line and below the line strategies used by businesses to promote their products		
	Understand how different types of business organisations in different situations will use a range of different promotional strategies		
	Explain the importance for a business of selecting the most appropriate promotional strategy		
Place	Evaluate the impact of selecting the right promotional strategy on a business and its stakeholders		3 (d)
	Explain what is meant by place		
	Explain the different distribution channels used by businesses		
	Explain what is meant by multi-channel distribution		
	Explain the importance for a business of selecting the most appropriate distribution channel/s		
Decisions about the marketing mix	Evaluate the impact of selecting the right distribution channel/s on a business and its stakeholders		3 (d)
	Understand the importance of global marketing and global brands		
	Explain how the marketing mix will differ in different contexts including, local, national or global markets, goods or services markets, size of business, niche or mass markets and market structure		
New technology	Evaluate the marketing mix in different contexts		4 (b)
	Explain how new technology is used in marketing, including the role of digital media, social media, e-tailing and m-commerce		
	Explain the impacts of new technology on existing businesses such as high street retailers		
	Evaluate the impact of new technology on the marketing activities of businesses and its stakeholders		3 (d)

Content	Amplification	Component 1	Component 2
Functions - Finance	Understand the role of the finance department		
Budgeting	Explain what is meant by a budget		
	Explain the purpose of budgets		
	Evaluate the use of budgets to a business and its stakeholders		
Business finance	Explain the sources of finance available to established and large businesses and consider their appropriateness for different circumstances		
	Understand that sources of finance can be internal and/or external		
	Explain internal sources of finance including owner's capital, retained profit and sale of assets		
	Explain external sources/methods of finance including overdrafts, loans, share capital, venture capital, leasing, trade credit and debt factoring		
	Explain the advantages and disadvantages of different sources of finance to a business and the importance of choosing appropriate sources		
	Evaluate the impact of different sources of finance to a business and its stakeholders		
Cash-flow	Explain what is meant by cash flow		
	Explain what is meant by a cash flow forecast		
	Construct, calculate and interpret cash flow forecasts		2 (a) (c)
	Evaluate the impact of a cash flow forecast on a business and its stakeholders		2 (c)
	Explain the causes of cash flow problems		
	Explain strategies by which a business can improve cash flow		2 (d)
	Evaluate the strategies a business uses to improve cash flow problems		2 (e)
The income statement	Explain the main components of a trading, profit and loss account (the income statement) and the way that it is constructed		
	Calculate gross profit and net profit		
Ratio analysis	Evaluate ways in which a business could improve its profit		
	Calculate and interpret gross and net profit margins		
Functions - HR	Evaluate the calculations of profitability ratios to assess the performance of a business		
	Explain the functions of the human resource department		
Changes in working practices	Explain what is meant by the flexible workforce including flexible hours, home working, part time, temporary, job sharing, multi-skilling, zero hours contracts and hot-desking		
	Explain the impact of new technology on working practices		
	Evaluate the impact of changes in working patterns on employees and employers		
Workforce planning	Explain what is meant by workforce planning		
	Evaluate the impact and importance to a business of having the correct numbers of employees with appropriate skills and experience		
Recruitment	Explain what is meant by the recruitment process		
	Explain what is meant by internal and external recruitment		
	Explain what is meant by job analysis, job description and person specification		
	Evaluate appropriate methods of selecting different types of employee for different types of job including interviews, work trials, testing, selection exercises and telephone interviews		
	Evaluate the importance of recruitment to a business and its stakeholders		3 (d)
Training	Explain what is meant by training		
	Explain the role of training in developing appropriate skills		
	Explain the different methods of training including induction, on-the-job, off-the-job and apprenticeships		
	Evaluate the importance and impact of training for a business and its stakeholders		3 (d)

Content	Amplification	Component 1	Component 2
Appraisal	Explain what is meant by appraisal		
	Explain different methods of appraisal including superior's assessment, peer assessment, self-assessment and 360 degree feedback		
	Understand how appraisal can benefit both the business and its employees		
	Evaluate the importance and impact of appraisal for a business and its stakeholders		
Workforce performance	Explain what is meant by workforce performance		
	Explain what is meant by labour productivity, absenteeism and labour turnover		
	Calculate and interpret labour productivity and labour turnover		
	Evaluate the importance and impact of workforce performance for a business and its stakeholders		
Organisational design	Explain what is meant by organisational design		
	Understand what is meant by authority, responsibility, chain of command, span of control, delegation, hierarchy, centralisation and decentralisation, empowerment and delayering		
	Explain the characteristics of different organisational structures including hierarchical (flat and tall) and matrix structures		
	Explain the advantages and disadvantages of changing organisational structures and delayering		
	Evaluate the choice between empowerment and control of the workforce		
	Evaluate the appropriateness of different organisational structures to a business and its stakeholders		
Motivation	Explain what is meant by motivation and the benefits of a motivated workforce		
	Explain motivation theories including Taylor, Mayo, Maslow, Herzberg and expectancy theories		5 (b)
	Evaluate the relevance of motivational theories and their importance to businesses		5 (b)
	Explain financial methods of motivation including piece rate, commission, bonus, salary, profit sharing, share ownership and performance related pay		5 (a)
	Explain non-financial methods of motivation including consultation, job design, job enlargement, job rotation, job enrichment, empowerment, team working and flexible working		5 (b)
	Evaluate the appropriateness of various financial and non-financial methods of motivation for a business and its stakeholders		5 (b)
	Evaluate the impact of a motivated workforce on a business and its stakeholders		3 (d)
Management & leadership	Explain what is meant by management		
	Explain the functions and roles of management		
	Explain the advantages and disadvantages of management by objectives (MBO)		
	Explain McGregor's theory X and theory Y		
	Evaluate the importance of management to a business and its stakeholders		
	Explain what is meant by leadership		
	Explain different types of leadership styles including autocratic, democratic, paternalistic, bureaucratic and laissez-faire		
	Explain the leadership theories of Fiedler and Wright and Taylor		
	Evaluate the importance and impact of leadership for a business and its stakeholders		3 (d)
Evaluate the appropriateness of various leadership styles and theories to different business situations			

Content	Amplification	Component 1	Component 2
Employer/ employee relationships	Explain what is meant by employer/employee relationships		
	Explain the duties and rights of employers and employees including contract of employment, health and safety, minimum wage and dismissal		
	Explain what is meant by equal opportunities		
	Evaluate the impact of equal opportunities on employers and employees		
	Explain the role of trade unions including collective bargaining, their advantages and disadvantages		1 (b)
	Explain what is meant by employer and employee conflict including trade disputes and industrial action		1 (a)
	Explain the resolution of disputes including negotiation, consultation and the role of ACAS		
	Evaluate the impact of employer/employee relations, conflict and resolution on a business and its stakeholders		
Functions – Ops man	Understand the nature of operations management in different types of business organisation		
Added value	Explain what is meant by added value		
	Calculate added value		
	Explain ways of increasing value added		
	Evaluate the importance of added value to a business and its stakeholders		3 (d)
Production	Explain the different methods of production including job, batch and flow		
	Evaluate appropriate methods of production for businesses		
Productivity	Explain what is meant by productivity		
	Understand ways of measuring productivity		
	Explain ways in which productivity can be increased		
	Evaluate the importance and impact of productivity for a business and its stakeholders		
	Explain the concept of capacity utilisation		
	Calculate and interpret capacity utilisation		
	Evaluate the concept of capacity utilisation for a business and its stakeholders		
Technology	Explain how new technology can be used by businesses, including the use of information technology, CAD, CAM and robotics		6 (a)
	Evaluate the impact of new technology on the various stakeholders of a business		6 (b)
	Evaluate the importance and impact of technology in the operations of a business		6 (b)
Lean production	Explain what is meant by lean production		
	Explain the range of lean production practices that are used to reduce waste and improve productivity including kaizen (continuous improvement), just-in-time, cell production and time-based management		
	Evaluate the importance and impact of lean production for businesses and their stakeholders		
Quality	Explain what is meant by quality		
	Analyse the importance of quality to a business		
	Explain the difference between quality control and quality assurance		
	Explain the concept of total quality management (TQM) and the ways that it can be achieved including quality chains, empowerment, monitoring, teamwork, zero defects, quality circles and benchmarking		
	Evaluate the importance of quality for a business and its stakeholders		3 (d)
Purchasing	Explain the importance of purchasing and working with suppliers		
	Explain what is meant by stock control		
	Understand the importance of controlling stock		
	Explain methods of stock control including traditional stock control methods, just-in-time and computerised stock control		
	Interpret stock control diagrams and explain the main components including re-order level, lead time, buffer stock and minimum stock level		
	Evaluate the importance and impact on businesses and their stakeholders of holding too much or too little stock		

Content	Amplification	Component 1	Component 2
Research and development (R&D)	Explain what is meant by innovation, research and development		
	Explain the process of product design and development		
	Evaluate the costs and benefits of innovation, research and development for a business and its stakeholders		
Economies of scale	Explain what is meant by economies of scale		3 (c)
	Explain the different types of internal economies of scale		3 (c)
	Explain external economies of scale		3 (c)
	Explain how businesses benefit from the different types of internal and external economies of scale		3 (c)
	Explain reasons for internal diseconomies of scale		
	Explain the problems caused by internal diseconomies of scale		
	Explain the survival of small firms		
	Evaluate the impact of economies and diseconomies of scale on a business and its stakeholders		