



GCE BUSINESS

Essay Planning & Essay Writing

Plan the following essay:

“The ability to manage change successfully is the most important aspect of management in today’s business world.” Discuss. [20]

(Summer 2017 Eduqas A Level Component 3: Q3(b))

1. INTRODUCTION:

Change is an ongoing process and businesses cannot avoid having to deal with its consequences. The pace of change has accelerated in recent years due to political, economic, social, technological, legal and environmental change as well as the threat of competition that faces many businesses. Change can be internal or external.

2. ARGUMENT – managing change is important:

Point	Evidence	Explain
Overcome employee resistance	Royal Mail - 2007 over 67,000 employee days were lost as a result of industrial action due to proposed changes in working practices	This led to damaged reputation and loss of contracts including Amazon, thus lowering revenues.
Improve financial performance	Kodak - failed to adapt to disruptive technology i.e. digital cameras	Failure to adapt can lead to financial problems ending in bankruptcy. Managers may be complacent due to previous market dominance.
Gain market share	Tesco - lost market share as a result of growth of discounters	Ignored threat from discounters and responded quite late (BUT still market leaders)

HOWEVER...

3. COUNTERARGUMENT – other factors are important:

Point	Evidence	Explain
Managing marketing	Coca Cola spends huge amounts on promotion – over £30m in UK in 2015	Without consumer awareness sales fall; advertising shifts demand curve to the right perhaps enabling higher price and reducing PED → higher TR.
Managing product innovation	Apple X – a premium smartphone selling for c.£1000	Good product → good reputation → increased brand loyalty. Easier to cope with change e.g. from competition.
Managing staff	Air Asia – Tony Fernandes believes that managing people is most important	People are at the heart of the organisation – if workers are motivated it will come through in terms of customer service and quality → better reputation

4. CONCLUSION:

Managing change is important. Helpful to use Lewin's 3 step process i.e. introducing innovation; explain need for change; overcome resistance and establish new agreed practice. Markets are increasingly dynamic and those businesses that do not establish a culture of change are less likely to be able to respond to external forces. Failure to manage change may lead to business failure. Many other strategies stem from the response of an organisation to change either externally or internally.

Essay Writing - 20 Marks

The 20 mark essay is a great chance for students to show their ability to effectively discuss a business issue and in doing so show reasoning and judgement.

Scoring AO1

Typically it is advisable for candidates to outline or define the key term(s) in the question. This clarifies the idea that the candidate has a clear understanding of the topic area.

Additionally, the first line of each paragraph deals with a key element of the topic. Setting out the essay in terms of elements allows the candidate to discuss each point before moving on to the next issue in a separate paragraph.

Scoring AO3 – 8 marks

Progression of a line of analysis. AO3 is generated during each paragraph discussion. Excellent analysis often considers effects and knock-on effects of a scenario. If a student is able to generate several paragraphs with clearly developed arguments this is likely to generate level 3 analysis.

Scoring AO4 – 8 marks

Judgement is a key feature of effective essay writing. Students should judge each paragraph discussion. It is common for students to leave paragraphs without making effective judgements of the importance of each issue. It can be for this reason that AO4 marks are limited on an answer.

Summative conclusions are another key element of evaluation. Weak responses simply repeat the previous for and against arguments but do not create judgement. Stronger answers weigh up the relative value of the points made and decides (perhaps in a conditional way) which argument carries the most weight before drawing judgement.

The following essay demonstrates a high scoring structure.

Mark composition:

AO1 - 4 marks | AO3 – 8 marks | AO4 – 8 marks

Evaluate the view that the ‘National Living Wage’ will only harm employers and employees. [20]

A national minimum wage is the lowest amount that employers can legally pay employees in a particular country. This is normally an hourly rate. In the UK it is set by the industry’s wage council and the current minimum wage in the UK are as follows

Year	25 and over	21 to 24	18 to 20	Under 18	Apprentice
October 2016 (current rate)	£7.20	£6.95	£5.55	£4.00	£3.40
April 2017	£7.50	£7.05	£5.60	£4.05	£3.50

For employees, the minimum wage may increase the feeling of psychological security, safe in the knowledge that wages cannot fall below £7.50 (for those over 21 years old). As Herzberg’s hygiene factors are more likely to be in place with employees paid the ‘going rate’, this may reduce labour turnover as people are not looking for better paid jobs. The effect of this is that employees do not need to be replaced and so efficiency is gained as there are few new staff being trained, slowing down experienced staff and therefore production. Therefore, due to the provision of a guaranteed reasonable wage, the minimum wage is beneficial to both the employer and the employee.

Additionally, the minimum wage encourages younger members of society to work as initial pay will be at a reasonable rate. Any person above 16 years of age is entitled to £4.05 per hour. This may mean people are encouraged to start careers early with the potential to gain experience. This could lead to promotions being achieved sooner. This will therefore benefit the employee through higher wage levels at a later date. Therefore, minimum wage can be beneficial to employees as it may lead to higher wages in the long run.

However, it can be argued that the cost of living is cheaper in the North of the UK and more expensive in the South. Therefore, it may be argued that a national standard for wages will always be more beneficial to those living in the North whilst those in the South see a reduced benefit due to the higher cost of living. As a result, it can be concluded that the level of benefit will not be the same for all workers.

Secondly, the minimum wage can actually create unemployment. It is argued that national minimum wages create an artificially high price for low skilled jobs. Therefore, charging a higher wage will reduce demand in the economy for the service. As a result, those jobs which have seen wages rise due to the introduction of the minimum wage may well see a decrease in demand leading to unemployment for some workers. Therefore, the minimum wage is not beneficial to all employees as some businesses may move from a labour intensive to a capital intensive arrangement to avoid spiralling labour costs.

On the other side are the employers, they may find the minimum wage beneficial because it reduces disputes between staff and management over pay. If the business pays the minimum wage, then it is operating within the law and paying staff a legal wage.

Employers may then decide to increase wages above minimum wage in order to boost employee's motivation to attend work as those on minimum pay are likely to be paid per hour. This reduction in absenteeism will increase productivity as workers are present. Therefore, the minimum wage is of benefit to the employer as predictable staffing levels will allow predictable lead times in the production of goods. This will lead to customers receiving orders as planned and helping to establish a good reputation and repeat purchases.

However, businesses operating a cost leadership strategy, such as Primark, need a high quantity of low skilled workers to replenish stock and provide good customer service. Because shop workers are often low skilled the businesses will be encouraged to pay the as little as possible. Therefore, employers may use the minimum wage as a means of keeping wages to their lowest possible level as their unbranded goods need to have a low selling price in order to remain competitive. It can therefore be concluded that the minimum wage can be disadvantageous to employees working in businesses whose products have no USP as the price elastic nature of such products make cost savings a priority, resulting in wages being kept to a minimum level.

Finally, it should be noted that most employees will earn more than the minimum wage in their lifetime therefore the impact of having a minimum wage on many employers is low. Currently only 8% of employees are on the minimum wage therefore, in terms of total labour costs an increase in the cost of labour by introducing a minimum wage has very little impact to both employers and employees. The level of impact is likely to be driven by the type of industry. For example, agricultural workers may well be payed a minimum wage for manual work, whereas a firm of solicitors may have no staff on a minimum wage due to the increased skill level required.

In conclusion, it is clear that there are advantages and disadvantages to both employees and employers of having a minimum wage. Overall, a minimum wage is most beneficial to the lowest skilled employees in ensuring a fair wage. This increase satisfaction with wage levels may reduce union disputes therefore creating a benefit to employers. Furthermore, there may be long-term gains from reduced labour turnover and increases efficiency, as experienced staff are generally more productive. Therefore, the increased cost of labour may pay for itself in efficiency gains.

Although the increased wage cost may produce short-term job losses as machines are brought in to replace employees, some employees will be given the opportunity to complete higher skilled jobs which can act as a motivator as well as producing productivity gains for employers. Therefore, although there may be costs of introducing the minimum wage, these can be offset by a more productive business model in the long-term.