



GCE A LEVEL MARKING SCHEME

SUMMER 2019

**A LEVEL
BUSINESS - COMPONENT 1
A510U10-1**

INTRODUCTION

This marking scheme was used by WJEC for the 2019 examination. It was finalised after detailed discussion at examiners' conferences by all the examiners involved in the assessment. The conference was held shortly after the paper was taken so that reference could be made to the full range of candidates' responses, with photocopied scripts forming the basis of discussion. The aim of the conference was to ensure that the marking scheme was interpreted and applied in the same way by all examiners.

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

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

GENERAL MARKING GUIDANCE

Positive Marking

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

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

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

EDUQAS A LEVEL BUSINESS - COMPONENT 1

BUSINESS OPPORTUNITIES AND FUNCTIONS

SUMMER 2019 MARK SCHEME

SECTION A

Q.		Total
1 (a)	<p>Define the term <i>entrepreneur</i>.</p> <p>AO1: 2 marks</p> <p>Award 1 mark for each valid point</p> <p>Indicative content:</p> <p>A person who uses an idea and starts a business [1] taking on the (financial) risks [1] in the hope of making a profit (reward) [1]</p>	2

Q.		Total
1 (b)	<p>Using the information above, describe two ways in which Max demonstrates the characteristics of a typical entrepreneur.</p> <p>AO1: 2 marks</p> <p>Award 1 mark for each valid point</p> <p>Indicative content:</p> <ul style="list-style-type: none">• Risk taker• Taking the initiative and being proactive• Being organised• Spotting a gap in the market• Having creativity and being innovative• Hard working• Perseverance• Motivated• Dedicated• Passionate <p>AO2: 2 marks</p> <p>Award 1 mark for each appropriate reference to the data</p> <p>Indicative content</p> <ul style="list-style-type: none">• Financial risk – using £5 000 of his own savings• Spotting a gap in the market – more personalised service and more attention to male clients• Hard work – 20 more hours a week• Experienced in the industry	4

1 (c)	To what extent do you agree that Max’s decision to locate his shop on a busy high street was the main factor in running a successful business? [10]		
Band	AO2	AO3	AO4
	2 marks	4 marks	4 marks
3		<p>4 marks</p> <p>An excellent analysis of location and other factors leading to Max’s success.</p> <p>Clear explanations of location and other factors being important in Max’s success.</p> <p>The learner clearly explains the impact of location and other factors in Max’s success.</p>	<p>4 marks</p> <p>An excellent and well-balanced evaluation of the factors leading to Max’s success.</p> <p>Clear judgement is made with supporting statements to build the argument.</p> <p>Lines of evaluation are well developed.</p>
2	<p>2 marks</p> <p>Good application to the case of factors leading to the success of Max’s business.</p> <p>Information from the data is used well.</p> <p>Clear reference to the case study is made.</p>	<p>2-3 marks</p> <p>A good analysis of location and other factors leading to Max’s success.</p> <p>The learner considers location and other factors in Max’s success.</p> <p>Logical chains of reasoning.</p>	<p>2-3 marks</p> <p>Well-reasoned and well-balanced judgement on the factors leading to Max’s success.</p> <p>A judgement is made that is supported.</p> <p>Lines of evaluation are developed.</p>
1	<p>1 mark</p> <p>Limited application to the case is made.</p> <p>The response is mainly theoretical with only minor reference made to Max’s business in relation to factors leading to success.</p>	<p>1 mark</p> <p>Limited analysis of location and/or other factors being important in Max’s success.</p> <p>The analysis may only focus on location or other factors in Max’s success.</p> <p>Superficial arguments with limited development.</p>	<p>1 mark</p> <p>Evaluation is limited and is likely to be one-sided.</p> <p>Judgements are underdeveloped or unsupported.</p> <p>Evaluation tends to be asserted rather than explained.</p> <p>The learner recognises that location is not the only factor in Max’s success.</p>
0	<p>0 marks</p> <p>There is no application to factors affecting Max’s success.</p>	<p>0 marks</p> <p>No analysis of location or other factors that have led to Max’s success.</p>	<p>0 marks</p> <p>No evaluation is made or the evaluation is irrelevant.</p>

Indicative content:

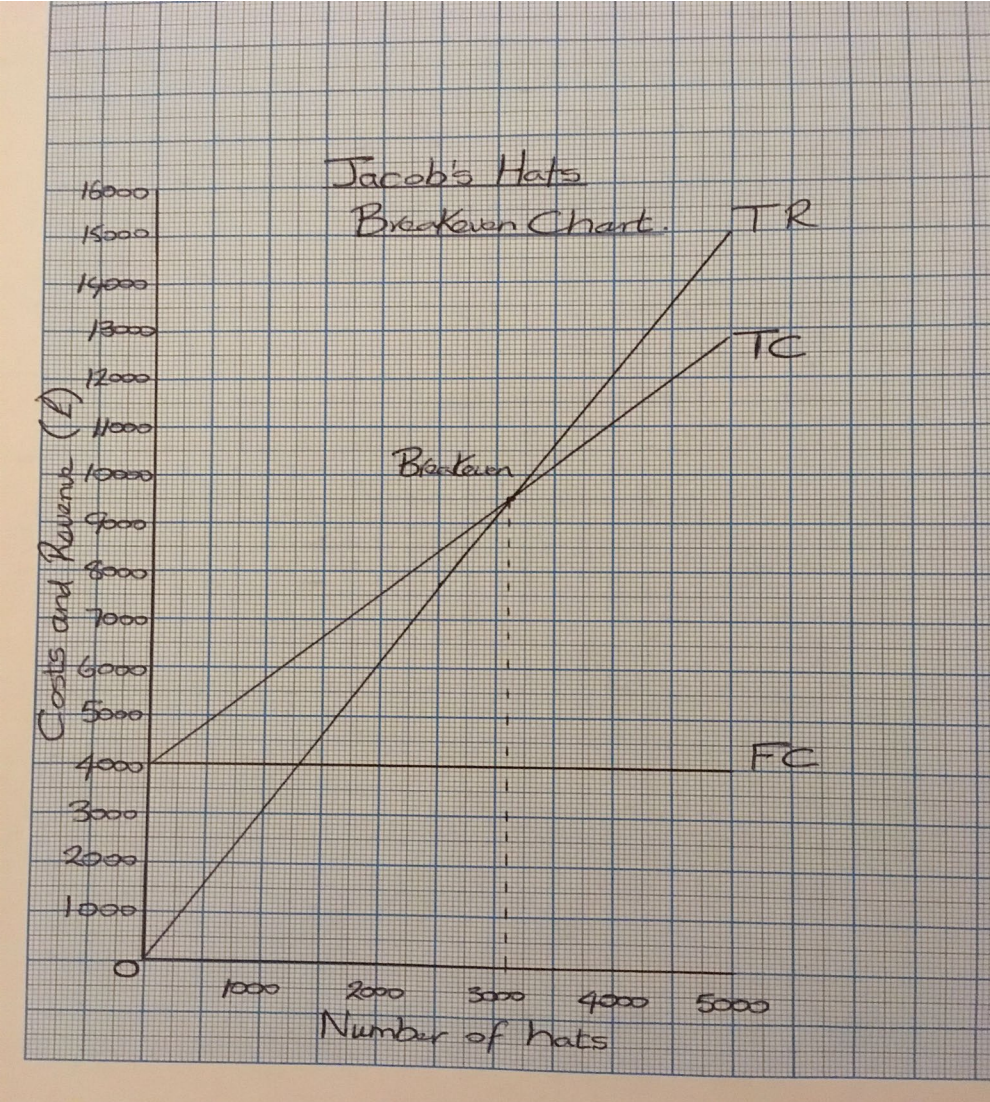
Location factors and other factors indicated in the case study include:

- Access to potential customers on a busy high street
- Free car parking to attract customers
- Small shop might have kept costs down
- Close proximity to competitors could have attracted customers
- Providing different services to competition (USP)
- Lower price in relation to competition
- Massage therapy qualification and experience
- Advertising effort
- Hard work and commitment – 20 hours more a week

Candidates might approach this answer in terms of the 4Ps

- Price – lower on average than competitors
- Place – busy high street (although this is strictly location)
- Promotion – leaflets
- Product - USP

A combination of both location factors and other factors combined could have resulted in Max's success. The choice of location alone is unlikely to be the sole contributor without some other factors having at least some effect. This industry does not necessary rely heavily on passing trade.

Q.		Total
2 (a) (i)	<p data-bbox="300 219 1329 253">Construct and fully label a break-even chart on the graph paper provided.</p> <p data-bbox="300 286 491 320">AO2: 3 marks</p> <p data-bbox="300 353 1257 387">Award 1 mark for each of the following lines correctly drawn and labelled:</p> <ul data-bbox="347 398 571 499" style="list-style-type: none"> • fixed costs • total costs • total revenue <p data-bbox="300 533 994 566">Max of 2 marks for any incomplete/incorrect labelling</p> 	3

Q.		Total
2 (a) (ii)	<p>Calculate how many hats Jacob needs to sell to break-even.</p> <p>AO2:1 mark</p> <p>Accept 3 200 or 3 200 units or hats</p> <p>No marks for answers expressed in £</p> <p>OFR for incorrect construction but correct reading of breakeven figure from the graph</p>	1

Q.		Total
2 (a) (iii)	<p>Calculate the margin of safety.</p> <p>AO2: 1 mark</p> <p>5 000 – 3 200 = 1 800 hats</p> <p>OFR applies from 2 (a) (ii)</p>	1

Q.		Total
2 (b)	<p>What is meant by the term added value?</p> <p>AO1: 2 marks</p> <p>Award 1 mark for each valid point</p> <p>Indicative content:</p> <p>Added value is the difference between the price of the finished product (selling price) [1] and the cost of inputs involved in making it [1]</p> <p>The process of increasing the worth of resources [1] by modifying them. [1]</p> <p>1 mark for correct examples of adding value e.g. convenience, quality, brand image, USP, etc.</p> <p>1 mark for formula (selling price – cost of bought in materials)</p> <p>1 mark for calculating Jacob's added value (£3 - £1.75 = £1.25 per hat)</p>	2

2 (c)	Discuss the benefits of R&D to businesses such as Jacob's Hats. [8]		
Band	AO1	AO3	AO4
	2 marks	3 marks	3 marks
3		<p style="text-align: center;">3 marks</p> <p>Excellent analysis of the benefits of R&D.</p> <p>The learner fully considers both benefits and drawbacks of R&D.</p> <p>Clear and logical chains of reasoning.</p>	<p style="text-align: center;">3 marks</p> <p>An excellent well-balanced evaluation of the benefits of R&D.</p> <p>Lines of evaluation are well-developed and convincing judgements are made.</p> <p>Relevant judgements are made and qualifying statements may be made to build the argument.</p>
2	<p style="text-align: center;">2 marks</p> <p>Good understanding shown of R&D.</p> <p>The learner shows good knowledge of research and/or development.</p> <p>Benefits of R&D are clearly stated.</p>	<p style="text-align: center;">2 marks</p> <p>Good analysis of the benefits of R&D.</p> <p>Clear explanations of the impact of R&D to businesses.</p> <p>The learner explains the benefits/drawbacks of R&D.</p>	<p style="text-align: center;">2 marks</p> <p>Good evaluation of the benefits of R&D.</p> <p>A well-reasoned and balanced judgement is provided.</p> <p>A clear judgement is made with supporting statements.</p>
1	<p style="text-align: center;">1 mark</p> <p>Limited understanding shown of R&D.</p> <p>The learner may identify a key feature or benefit of research or development.</p> <p>Superficial knowledge is demonstrated.</p>	<p style="text-align: center;">1 mark</p> <p>Limited analysis of the benefits of R&D.</p> <p>Underdeveloped points are made.</p> <p>The analysis may be one-sided.</p>	<p style="text-align: center;">1 mark</p> <p>Limited evaluation is shown.</p> <p>The evaluation is likely to be one-sided.</p> <p>Judgements are underdeveloped and lacking depth.</p> <p>Evaluation tends to be asserted rather than explained.</p>
0	<p style="text-align: center;">0 marks</p> <p>No understanding shown of R&D.</p>	<p style="text-align: center;">0 marks</p> <p>No analysis is shown of the benefits of R&D.</p>	<p style="text-align: center;">0 marks</p> <p>No evaluation is given.</p>

Indicative content:

Research is the inquiry into and discovery of new ideas. Development is the process which changes ideas that result from the research process into commercially viable products and processes. Research and development relates to work directed towards the discovery, innovation and improvement of products (product innovation) and processes (process innovation). Research and development involves the identification of new ideas and turning them into products, services and processes.

Benefits of R&D

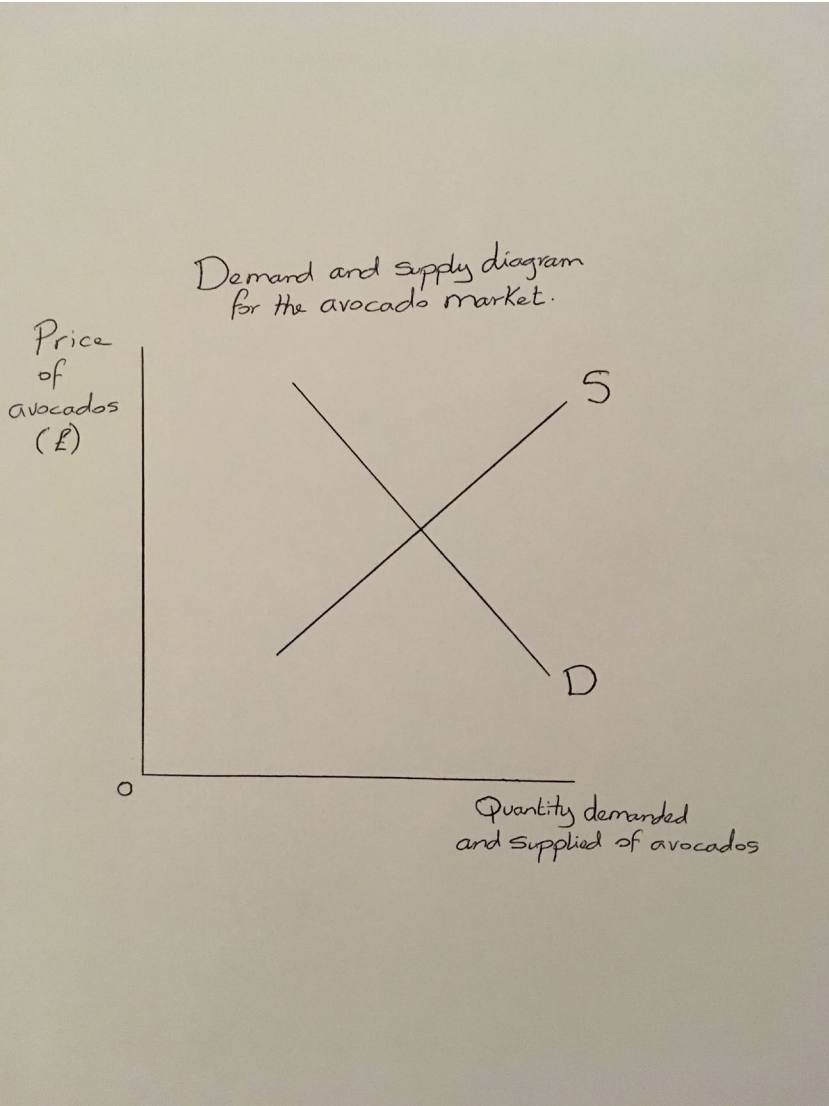
- Can lead to a USP being developed that may provide a business with a competitive advantage
- A larger range/variety of products might be able to be produced
- If businesses have the first mover advantage they may be able to develop or enhance their reputation for being innovative
- Some businesses might be able to obtain government funding (or from other sources) to help with the costs of R&D
- Improvements to products can be made, leading to increased quality – this could attract customers and lead to higher sales and profits
- Businesses might be able to lower their costs of production if new processes are found or improvements to existing processes are made
- In markets where product life cycles are short, R&D provides an opportunity for sustainability and longevity.

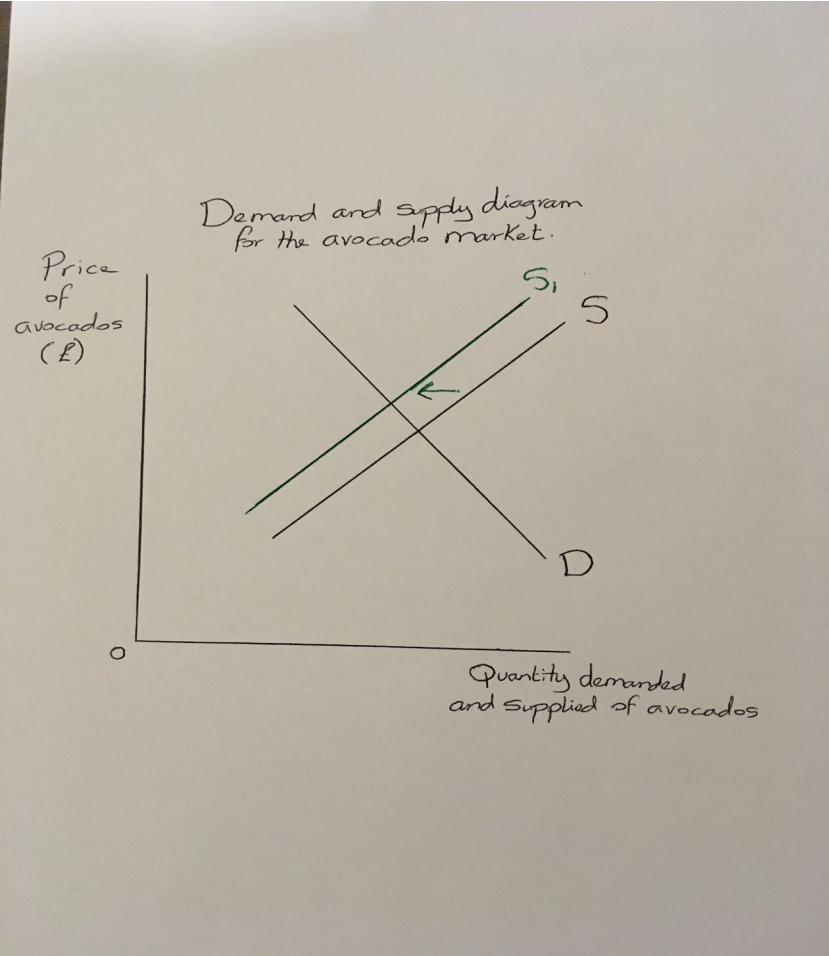
Drawbacks of R&D

- Costs involved can be expensive for businesses, and may be cost prohibitive for smaller businesses
- Opportunity cost in time and effort dedicated to R&D that could be focussed elsewhere
- Risk of not discovering or developing anything new or substantial from the process, therefore success of the R&D is not guaranteed because of the uncertain outcomes
- Competitors might be able to spend more time, money and effort on R&D, leading to more, better and quicker R&D successes, making a business's efforts redundant

Without R&D, the survival of some businesses might be threatened, especially if they operate in dynamic markets such as technology, pharmaceuticals and transportation. Although R&D might be expensive, on balance it could be a significant part of successfully competing in a market.

Note: candidates should not be awarded for confusing R&D with market research. However, market research may be the foundation to the R&D process, and candidates could develop lines of analysis and evaluation in relation to market research as part of their answer.

Q.		Total
3 (a)	<p>Complete the demand and supply diagram below by drawing and labelling:</p> <p>(i) Demand [1] (ii) Supply [1]</p> <p>AO1:2 marks</p> <p>Award 1 mark for each correctly drawn and labelled curve</p> <p>Maximum of 1 mark for unlabelled lines</p> 	2

Q.		Total
3 (b)	<p>Using the information above, adapt the demand and supply diagram in order to demonstrate the change in the avocado market.</p> <p>AO2:1 mark</p> <p>Award 1 mark for shifting the supply curve to the left.</p> <p>Labelling of P1 and Q1 not needed for the mark to be awarded.</p> 	1

Q.		Total
3 (c)	<p>With reference to the diagram, describe what has happened to the equilibrium price and equilibrium quantity demanded.</p> <p>AO1: 2 marks</p> <p>Award 1 mark for equilibrium price has increased Award 1 mark for equilibrium quantity demanded has decreased</p>	2

Q.		Total
4 (a)	<p>Calculate the following:</p> <p>AO2: 2 marks</p> <p>Award 1 mark for each correct answer</p> <p>(i) Expenses (overheads) for 2018</p> <p>74 450 – £40 575 = (£) 33 875</p> <p>(ii) Net Profit for 2017</p> <p>£72 550 – £33 300 = (£) 39 250</p>	<p>1</p> <p>1</p>

4 (b)	With reference to the data, analyse two ways in which Sandra could increase her net profit.			[6]
Band	AO1	AO2	AO3	
	2 marks	2 marks	2 marks	
2	2 marks A clear understanding of methods to increase net profit. The learner includes two correct methods to increase net profit.	2 marks Good application of methods of increasing profit to Sandra's business. Information from the data used in context.	2 marks Good analysis of methods to increase net profit. Clear explanations of methods to increase net profit. Lines of reasoning include clearly how net profit is increased by methods suggested. Learner may include the impact of the method on the business.	
	1	1 mark Limited understanding of methods to increase net profit. The learner includes one correct method to increase net profit	1 mark Limited application of methods of increasing profit to Sandra's business. Limited use of data. The response is mainly theoretical.	1 mark Limited analysis of methods to increase net profit. There is limited development of the methods used to increase profit. Underdeveloped points are made.
0	0 marks No knowledge or understanding of methods to increase net profit.	0 marks No reference is made to the case study or context. There is no application to Sandra's business.	0 marks No analysis of the methods used to increase net profit.	

Indicative content:

- Increase sales revenue by increasing advertising – though this could cost more money.
- Increase revenue by increasing prices – though this depends on elasticity and customer loyalty.
- Reduce costs of sales by obtaining discounts from suppliers through negotiation and bulk buying. Sandra could change one or more of her suppliers.
- Reduce expenses, e.g. rent, wages, administrative costs, utility bills – though these changes could take time and effect quality of service. Sandra could move one or more of her stores from the industrial estates if it would result in lower costs and/or more customers.

Q.		Total
5 (a)	<p>Describe the term <i>on-the-job training</i>.</p> <p>AO1: 2 marks</p> <p>Award 1 mark for each valid point</p> <p>Indicative content:</p> <p>Training that occurs at the employee's place of work [1] while he/she is doing the job/learning by doing [1], usually supervised by a more experienced employee or trainer [1]</p> <p>Maximum of 1 mark for methods of on-the-job training – mentoring, job rotation, apprenticeships, graduate schemes, shadowing and buddying.</p> <p>Award any other valid point</p>	2

Q.		Total
5 (b)	<p>With reference to A&F, describe two benefits of using on-the-job training methods to train employees.</p> <p>AO1: 2 marks</p> <p>Award 1 mark for each valid point</p> <p>Indicative content:</p> <ul style="list-style-type: none"> • No disruption to the workplace through worker absence. • Lower cost than off-the-job training. • Training is directly relevant to the job/systems. • Workers become productive quicker compared to off-the-job training. • Training can be motivating. • Trainees learn from experienced colleagues who work for the same organisation therefore training can be more relevant. <p>Any other valid point</p> <p>AO2: 2 marks</p> <p>Award 1 mark for each appropriate reference to the data</p> <p>Indicative content:</p> <ul style="list-style-type: none"> • Can be motivating for staff to learn in the stores they are working in. • Trainees can develop relationships with colleagues they will be working with. • Trainees can learn to use the systems (e.g. tills) specific to their role. • Feedback is given to trainees on a regular basis to help them develop. • Clear route of progression to store manager through the MIT programme. <p>Any other valid point.</p>	4

5 (c)	Evaluate the importance of an effective recruitment process to businesses such as A&F. [8]		
Band	AO1	AO3	AO4
	2 marks	3 marks	3 marks
3		<p style="text-align: center;">3 marks</p> <p>Excellent analysis of the importance of an effective recruitment process.</p> <p>The learner clearly explains reasons why the recruitment process is/is not important to businesses.</p> <p>The learner clearly explains the impact of an effective recruitment process.</p> <p>There are logical chains of reasoning.</p>	<p style="text-align: center;">3 marks</p> <p>An excellent well-balanced evaluation of an effective recruitment process.</p> <p>Lines of evaluation are well-developed and convincing judgements are made.</p> <p>Judgements are made with supporting statements.</p> <p>The learner may include qualifying statements in their response.</p>
2	<p style="text-align: center;">2 marks</p> <p>Good understanding shown of a recruitment process.</p> <p>The learner may provide a clear definition of terms associated with the recruitment process.</p> <p>Good knowledge of an effective recruitment process.</p>	<p style="text-align: center;">2 marks</p> <p>Good analysis of the importance of an effective recruitment process to businesses</p> <p>The learner explains reasons why a recruitment process is/is not important to businesses.</p> <p>The learner explains the impact of an effective recruitment process to businesses</p>	<p style="text-align: center;">2 marks</p> <p>A good evaluation of an effective recruitment process.</p> <p>The learner makes partial judgements with some attempt to support their evaluation.</p> <p>Evaluation contains some balance.</p> <p>Judgements are lacking depth.</p>
1	<p style="text-align: center;">1 mark</p> <p>Limited understanding of a recruitment process.</p> <p>The learner may provide a limited definition of a term associated with the recruitment process.</p> <p>Limited knowledge of an effective recruitment process is demonstrated.</p>	<p style="text-align: center;">1 mark</p> <p>Limited analysis of the importance of an effective recruitment process to businesses.</p> <p>Underdeveloped points are made.</p> <p>The analysis is one-sided.</p>	<p style="text-align: center;">1 mark</p> <p>Evaluation is limited.</p> <p>Evaluation is likely to be one-sided.</p> <p>Unsupported judgements are made.</p> <p>Evaluation tends to be asserted rather than explained.</p>
0	<p style="text-align: center;">0 marks</p> <p>No understanding shown of recruitment process.</p>	<p style="text-align: center;">0 marks</p> <p>No analysis of an effective recruitment process.</p>	<p style="text-align: center;">0 marks</p> <p>No evaluation is made.</p>

Indicative content:

Recruitment and selection refer to the processes of identifying the need for a job, defining the requirements of the position and the job holder, advertising the position and choosing the most appropriate person for the job.

The typical recruitment process could involve: job analysis, job description, person specification, job advert, shortlisting, interview.

Recruitment can be internal and external.

Selection methods include applications, interviews, telephone interviews, work trials, selection exercises.

Effective recruitment process is important to businesses

- It can ensure timely recruitment and selection of staff, so that there are enough people with the right skills at the right time – this can save money on agency fees.
- There is an increased chance of attracting and hiring the right candidates for a job, which could reduce further recruitment and selection costs associated with having to recruit because of early leavers.
- The right staff are more likely to be productive and fit into the organisation if they have been recruited and selected effectively.
- Businesses are less exposed to criticism from the media and other pressure groups if they have effective processes in place that tackle discrimination in recruitment and selection procedures.
- The induction programme can be key in retaining staff.
- Progression planning could be a way of motivating internal candidates.
- Money can be saved on training costs.

However:

- Effective recruitment can be time consuming and costly.
- Does not guarantee the recruitment of the best staff.
- Complex and multistage recruitment and selection procedures could pose a barrier to people applying or pursuing their application.
- There can be a lack of creativity and new ideas if the same process is used to recruit and select candidates.

The time and money invested in effective recruitment may be outweighed by the benefits of ensuring the right staff are selected and retained in the business. How businesses measure 'effectiveness' is a dependent variable that could be considered as a line of evaluation. It could also depend on the type of role being filled.

Q.		Total
6 (a)	<p>Describe, with the use of examples, what is meant by <i>internal</i> and <i>external</i> sources of finance.</p> <p>AO1: 4 marks</p> <p>Award 1 mark for valid description and 1 mark for valid example.</p> <p>Indicative content:</p> <p><u>Internal sources</u> of finance are generated from within the business [1] e.g. owner's capital, sale of assets, reinvested profit [1]</p> <p><u>External sources</u> of finance are those raised from outside of the business [1] e.g. money raised from share issue/capital, overdraft, venture capital, bank loan, hire purchase, leasing, trade credit, debt factoring [1]</p>	4

6 (b)	Consider two appropriate sources of finance for Down2Earth Ltd's expansion plans and advise which one would be most appropriate. [6]		
Band	AO2	AO3	AO4
	2 marks	2 marks	2 marks
2	<p>2 marks</p> <p>Good application of appropriate sources of finance to Down2Earth Ltd.</p> <p>Information from the case study is used in context.</p>	<p>2 marks</p> <p>Good analysis of appropriate sources of finance to Down2Earth Ltd.</p> <p>Learner fully analyses two sources of finance.</p> <p>Logical chains of reasoning are evident.</p>	<p>2 marks</p> <p>Well-reasoned and balanced judgement is made on which source of finance to choose for the expansion.</p> <p>Clear judgement is made with supporting statements.</p>
1	<p>1 mark</p> <p>Limited application of appropriate sources of finance to Down2Earth Ltd.</p> <p>Reference to the case study is limited.</p>	<p>1 mark</p> <p>Limited analysis of appropriate sources of finance to Down2Earth Ltd.</p> <p>Analysis is one-sided or not complete for two sources of finance.</p> <p>Underdeveloped points are made.</p>	<p>1 mark</p> <p>Evaluation is limited.</p> <p>The learner advises on a source of finance.</p> <p>Judgement is made but is not supported.</p> <p>Evaluation is asserted rather than explained.</p>
0	<p>0 marks</p> <p>No reference is made to the case or to Down2Earth Ltd's context.</p>	<p>0 marks</p> <p>No analysis of appropriate sources of finance.</p>	<p>0 marks</p> <p>No evaluation is made.</p>

Indicative content:

- A range of internal and external sources of finance would be appropriate, including: owners' capital, sale of assets, reinvested profit, money raised from share issue/capital, venture capital, bank loan, hire purchase, leasing.
- Inappropriate sources of finance would be: raising money on the open market, and introduction of partners' capital, since this is a Ltd, overdraft since the amount is relatively large, and a mortgage given the company does not own property or land.
- Directors could raise finance using retained profits. This would avoid any interest charges that are likely to result from bank loan. However, this could deplete reserves and could affect liquidity. This is dependent upon there being retained profits available.
- Directors could use hire purchase, since this would avoid a large capital outlay and is not likely to affect short-term liquidity. The directors would own the assets at the end of the hire purchase term, but the purchase cost could be inflated to take into account the payment term.
- Directors could raise money by taking out a bank loan. Although interest would have to be paid on the loan, it is likely to be fixed for the duration of the loan, which would help with budgeting. Banks might want security/collateral for the loan, which the directors might struggle with, so might have to provide personal guarantees. Banks might be willing to lend to the business because they have made a profit each year.
- Directors could introduce more capital into the business. They could each purchase more shares in the business or sell shares privately to raise the money needed. Depending on how the directors agree to raise money via selling shares, there could be dilution of ownership. By introducing a new shareholder, there could be disagreements and less profit distributed to the current shareholders, but there could be more ideas brought to the business.

Any other valid points

Q.		Total
7 (a)	<p data-bbox="284 219 826 253">What is meant by the term <i>delaying</i>?</p> <p data-bbox="284 286 475 320">AO1: 2 marks</p> <p data-bbox="284 353 722 387">Award 1 mark for each valid point</p> <p data-bbox="284 421 547 454">Indicative content:</p> <p data-bbox="284 488 1273 566">Delaying is the process of removing one or more layers [1] in a hierarchy/ organisational structure [1].</p> <p data-bbox="284 589 1297 667">Delaying can result in a flatter organisational structure [1] and a wider span of control [1].</p> <p data-bbox="284 689 579 723">Any other valid points.</p>	2

7 (b)	Moving to a flatter organisational structure will benefit all stakeholders. Discuss. [10]		
Band	AO1	AO3	AO4
	2 marks	4 marks	4 marks
3		<p style="text-align: center;">4 marks</p> <p>Excellent analysis of the benefits and drawbacks of a flatter organisational structure to stakeholders</p> <p>The impacts of a flatter organisational structure are clearly discussed with reference to stakeholders.</p> <p>Logical chains of reasoning are evident.</p> <p>A balanced analysis is evident.</p>	<p style="text-align: center;">4 marks</p> <p>A well-balanced and well-detailed evaluation of the benefits of a flatter organisational structure on stakeholders.</p> <p>Lines of evaluation are clear and well-developed.</p> <p>Judgements are convincing and well-supported.</p> <p>Qualifying statements may be used.</p>
2	<p style="text-align: center;">2 marks</p> <p>Good understanding of a flatter organisational structure is demonstrated.</p> <p>Clear references to specific stakeholders are made.</p> <p>Benefits of a flatter organisational structure to stakeholders are stated.</p>	<p style="text-align: center;">2-3 marks</p> <p>Good analysis of the benefits and/or drawbacks of a flatter organisational structure to stakeholders.</p> <p>Clear explanations of the impact of flatter organisational structures on stakeholders are considered.</p>	<p style="text-align: center;">2-3 marks</p> <p>Good evaluation of the benefits of a flatter organisational structure to stakeholders.</p> <p>Well-balanced judgement.</p> <p>Lines of evaluation are developed.</p> <p>Judgement is supported with reasoning.</p>
1	<p style="text-align: center;">1 mark</p> <p>Limited understanding of a flatter organisational structure.</p> <p>Limited references to stakeholders are made.</p> <p>A benefit of flatter organisational structure to a stakeholder is stated.</p>	<p style="text-align: center;">1 mark</p> <p>Limited analysis of the benefits or drawbacks of a flatter organisational structure to stakeholders.</p> <p>Underdeveloped points are made.</p> <p>The analysis is likely to be one-sided.</p> <p>Superficial points with limited development.</p>	<p style="text-align: center;">1 mark</p> <p>Evaluation is limited and is likely to be one-sided.</p> <p>Judgements are underdeveloped or unsupported.</p>
0	<p style="text-align: center;">0 marks</p> <p>No understanding of a flatter organisational structure.</p> <p>No understanding or reference to stakeholders.</p>	<p style="text-align: center;">0 marks</p> <p>No analysis of the effect of a flatter organisational structure.</p>	<p style="text-align: center;">0 marks</p> <p>Irrelevant or no evaluation is made.</p>

Indicative content:

- A flatter organisational structure has a hierarchy with relatively few (or no) management layers. It can be achieved through a process of delayering.
- Managers – a flatter organisational structure can lead to managers having a wider span of control and increased responsibility for people and an increase in workload. However, managers could feel more challenged and motivated by the extra responsibility and can gain experience. Opportunities for further progression could be limited.
- Owners – a flatter organisational structure could result in considerable cost savings in terms of salaries. This means that profit could increase, which could be distributed to owners/shareholders or be retained/invested in the business. However, the owners of the company might suffer from a bad reputation and customers might go elsewhere. Initially, this process can be costly to implement if high redundancy payments have to be met and existing staff have to be trained to cope with extra responsibilities.
- Employees and Managers - communication may improve because of the flatter organisational structure, but workload can increase as managers delegate more responsibility to subordinates. Could lead to some managers and employees being overburdened as they have to take on more subordinates, leading to demotivation and a loss in productivity. Labour turnover could increase.
- Employees – could lose jobs depending on how the flatter organisational structure is achieved. Job security and motivation for remaining employees might be affected. Some employees will be eligible for a new job in the business if new roles are created as a result of the restructure.
- Employees - some staff may now be empowered to make their own decisions and this could be motivating for them, however, employees who remain may become demoralised and fearful that their job may be the next to go.
- Competition – a flatter organisational structure could make a business more efficient because of its lower cost base and improved communication and control functions, therefore resulting in a competitive advantage, especially if a business passes the cost savings on to customers in the form of lower prices. Competitors could recruit the staff that lose their jobs as a result of a restructure/delayering.
- Suppliers – flatter organisational structure could affect communication and efficiency with less staff in the business to deal with suppliers. However, suppliers might benefit from streamlined processes with businesses and more orders if they are able to attract more customers because of lower prices.
- Customers – could benefit from savings if efficiencies are passed on to customers in the form of lower prices. Depending on the way the organisation becomes flatter, customers may experience increased waiting times and a decrease in service/product quality if employees are not supervised effectively.
- Government – if employees cannot find employment after being made redundant, then the government loses out on tax and increased benefit payments will need to be made. This depends on the number of staff that lose their jobs and whether they are able to find another job.

Internal stakeholders might be affected more than external stakeholders. Those who are affected the most would be dependent on their current job role and their position in the company. A flatter organisational structure might be necessary for a business's long-term survival and success.

Any other valid point.