



GCE A LEVEL MARKING SCHEME

AUTUMN 2021

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

INTRODUCTION

This marking scheme was used by WJEC for the 2021 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.

GCE A LEVEL BUSINESS
COMPONENT 1: BUSINESS OPPORTUNITIES AND FUNCTIONS
AUTUMN 2021 MARK SCHEME

Q.		Total
1. (a)	<p>Define the term <i>income elasticity of demand</i>.</p> <p>AO1: 2 marks</p> <p>Award 1 mark for each valid point</p> <p>Indicative content:</p> <p>Income elasticity of demand measures the responsiveness / sensitivity (or change to) of demand (1) to a change in income (1).</p> <p>Award a maximum of 1 mark for the PED formula if not supported by a definition.</p> <p>Credit any other valid definition.</p>	2

Q.		Total
(b)	<p>State the likely effect on demand for the following products if consumer incomes increased:</p> <p>(i) ASDA Smart Price Milk Chocolate.</p> <p>AO2: 1 mark</p> <p>Award 1 mark for</p> <p>Demand is most likely to fall / decrease.</p> <p>(ii) ASDA Extra Special Jumbo King Prawns.</p> <p>AO2: 1 mark</p> <p>Award 1 mark for</p> <p>Demand is most likely to rise / increase.</p>	2

Q.		Total
2. (a)	<p>State two features of the public sector.</p> <p>AO1: 2 marks</p> <p>Award 1 mark for each valid feature</p> <p>Indicative content:</p> <ul style="list-style-type: none"> • Organisations which are owned / controlled by the government. • Provides public goods and merit goods that private sector is unwilling / unable to provide. • Provides universal services to all UK residents (non-excludable and non-rivalrous). • Provides employment to people working in public sector organisations. • Helps to fund new businesses which contribute to the economy. • Funded through taxation. • Services are free at the point of use. • Can be local, regional and central government. <p>Credit any other valid feature.</p> <p>Do not award examples of public sector organisations.</p>	2

Q.		Total
(b)	<p>Explain one advantage and one disadvantage of using a bank loan as a source of finance.</p> <p>AO1: 2 marks</p> <p>Award 1 mark for identifying one advantage of using a bank loan Award 1 mark for identifying one disadvantage of using a bank loan</p> <p>AO3: 2 marks</p> <p>Award 1 mark for explaining the advantage of using a bank loan Award 1 mark for explaining the disadvantage of using a bank loan</p> <p>Indicative content:</p> <p>Advantage:</p> <ul style="list-style-type: none"> • Money is immediately available once agreed which means that businesses can start and grow their operations quickly. • Banks may be willing to support new / small businesses, by offering advice and guidance, in turn reducing the risk of failure and improving decisions made. • Equity is retained meaning that control is not lost by taking out a bank loan. The owner continues to make all of the decisions and does not have to pay dividends or share profits. 	4

	<p>Disadvantage:</p> <ul style="list-style-type: none">• Interest is payable on the loan which reduces profit. Interest rates might be relatively high, especially for new business owners with no track record.• Banks may have strict lending criteria and require a business plan, which could slow down the process of obtaining a bank loan.• Personal assets may be required as collateral for the loan (especially if the owner has unlimited liability), which puts the owner at risk of losing personal possessions if the loan cannot be repaid.	
--	---	--

(c)	To what extent do you agree that limited liability is the most important factor to Kim in choosing the legal structure for her business? [10]			
Band	AO1	AO2	AO3	AO4
	3 marks	3 marks	2 marks	2 marks
3	<p>3 marks</p> <p>Excellent understanding of limited liability and at least two other factors in choosing legal structure is demonstrated.</p> <p>A clear understanding of the features of relevant factors affecting the choice of legal structure is shown.</p>	<p>3 marks</p> <p>Excellent application of factors affecting the choice of legal structure of Kim's business.</p> <p>Information from the data is used well to support points.</p> <p>Reference is made to support various factors affecting Kim's choice.</p>		
2	<p>2 marks</p> <p>Good understanding of limited liability and at least one other factor in choosing legal structure is demonstrated.</p> <p>Candidate identifies a factor other than limited liability that affects the choice of legal structure.</p>	<p>2 marks</p> <p>Good application of factors affecting the choice of legal structure of Kim's business.</p> <p>Reference is made to support some points made.</p>	<p>2 marks</p> <p>Good analysis of limited liability and at least one other factor in choosing Kim's legal structure.</p> <p>The candidate explains the impact of the factors affecting the choice of legal structure.</p> <p>Logical chains of reasoning.</p>	<p>2 marks</p> <p>Well-reasoned judgements on the most important factor affecting the choice of Kim's legal structure.</p> <p>Clear judgements are made that are supported.</p> <p>Lines of evaluation are developed.</p>
1	<p>1 mark</p> <p>Limited understanding of limited liability and / or other factors shown in choosing legal structure.</p> <p>Superficial statements are made.</p>	<p>1 mark</p> <p>Limited application is made.</p> <p>The response is mainly theoretical with only minor reference made to Kim's context in relation to choosing her legal structure.</p>	<p>1 mark</p> <p>Limited analysis of limited liability and / or other factors in choosing Kim's legal structure.</p> <p>The analysis may only focus on limited liability or another factor in choosing Kim's legal structure.</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>
0	<p>0 marks</p> <p>No understanding shown of limited liability or any other factor affecting the choice of legal structure.</p>	<p>0 marks</p> <p>No reference is made.</p> <p>There is no application to Kim's context.</p>	<p>0 marks</p> <p>No analysis of limited liability or any other factor affecting the choice of legal structure.</p>	<p>0 marks</p> <p>No evaluation of limited liability or any other factor affecting the choice of legal structure.</p>

Indicative content:

Factors indicated in the case study potentially affecting Kim's choice of legal structure between starting as a sole trader and setting up as a private limited company:

- As a sole trader, Kim will have unlimited liability which has implications on her personal assets if her business goes into debt.
- Kim wants more control over her working life and the freedom to make more of her own decisions, which she values. Kim is probably more likely to achieve her aims as a sole trader rather than as a private limited company because Kevin wants to be involved in decision making.
- Kim wants the potential to earn more money. If she sets up as a sole trader then she does not have to share profits with Kevin. However, depending on how successful the private limited company is with Kevin's investment and advice, Kim could potentially earn more money even though profits are shared.
- Kevin already owns a private limited company and has offered to invest £15 000 and to provide advice and be involved in decision making. Kevin's experience might be valued by Kim and could reduce her risk of failure. Kevin might have skills that Kim lacks and take some pressure off Kim. However, Kevin owns a different (but connected) business to Kim and Kevin's success is unknown.
- If Kim accepts Kevin's offer, then their friendship may become strained through conflict and disagreement. Otherwise, there could be potential for a stronger relationship and joint opportunities in the future.
- Kim will benefit from limited liability, meaning if the business gets in to debt her personal assets will not be at risk. Of course, Kim can get this protection with or without Kevin's offer.
- Kim will need to consider whether she prefers to take out a bank loan and use her personal savings or to use Kevin's £15 000 to start the business. This choice could affect the legal structure Kim chooses.
- Kim has no experience in running a business therefore banks may be unwilling to lend or to lend on strict criteria. If she sets up as a sole trader there is exposure to her personal assets being seized if her business gets into debt. Setting up a private limited company (with or without Kevin) would protect against this risk.
- Sole trader businesses are easier to set up with few administrative burdens. It is arguable that private limited companies require more legal formalities and more administrative processes, and accounts are publicly available.

The choice of which factor is most important in Kim's choice of legal structure is immaterial as long as it is supported and justified. Limited liability can be seen as the most important factor in choosing the legal structure in Kim's case because she limits personal exposure of her assets. If she chooses to set up as a private limited company by herself – therefore not taking Kevin's offer – then she gains limited liability and control, but will not benefit from Kevin's investment, advice or involvement in decision making. It follows that there are a range of factors for Kim to consider when making her decision of legal structure for her business.

Note: the focus of this question is not whether Kim should set up as a sole trader or as a private limited company, but instead on the factors affecting the choice of legal structure.

Q.		Total
3. (a)	<p>Calculate Roshan's contribution per chair.</p> <p>AO1: 1 mark</p> <p>Award 1 mark for understanding of contribution formula</p> <p>Contribution = selling price per unit – variable costs per unit</p> <p>AO2: 1 mark</p> <p>Award 1 mark for correct calculation of contribution</p> <p>$£40 = £90 - (£35 + £15)$</p> <p>Award 2 marks for correct answer without workings.</p> <p>Award 1 mark for correct answer without £ sign.</p>	2

Q.		Total
(b) (i)	<p>Calculate Roshan's new break-even output.</p> <p>AO1: 1 mark</p> <p>Award 1 mark for understanding of break-even formula</p> <p>Break-even output = Fixed costs / (selling price per unit – variable costs per unit)</p> <p>AO2: 1 mark</p> <p>Award 1 mark for correct calculation of break-even output 2 400 chairs = £108 000 / (£95 - £35 - £15) [£108 000 / £45]</p> <p>Award 2 marks for correct answer without workings.</p> <p>OFR applies.</p>	2

(b) (ii)	Explain the effect of these changes on Roshan's business.			[4]
Band	AO1	AO2	AO3	
	1 mark	1 mark	2 marks	
2			<p>2 marks</p> <p>Good analysis of the effect of the changes on Roshan's business.</p> <p>The candidate explains the impact of both changes on Roshan's business.</p> <p>Logical chains of reasoning.</p>	
1	<p>1 mark</p> <p>Understanding of the effect of either change or both changes on Roshan's business.</p>	<p>1 mark</p> <p>Reference to the case study is made.</p> <p>The response is in context of Roshan's business.</p>	<p>1 mark</p> <p>Limited analysis of the effect of the changes on Roshan's business.</p> <p>The explanation is likely to focus on either change.</p> <p>Superficial explanation with limited development.</p>	
0	<p>0 marks</p> <p>No understanding of the effects of changes on Roshan's business.</p>	<p>0 marks</p> <p>No reference is made.</p> <p>There is no application to Roshan's data.</p>	<p>0 marks</p> <p>No analysis of the effects of changes on Roshan's business.</p>	

Indicative content:

Knowledge

- An increase in the selling price results in a lower break-even point.
- A decrease in fixed costs results in a lower break-even point.
- The combined effect of these changes lowers the break-even point.

Application

Roshan will have to produce and sell 600 fewer chairs to break-even ($3\,000 - 2\,400 = 600$). OFR applies.

- The £5 increase in selling price could lead to a decrease in demand.
- The £12 000 decrease in fixed costs could increase profit.
- The margin of safety has increased from $(4\,200 - 3\,000)$ 1 200 chairs to $(4\,200 - 2\,400)$ to 1 800 chairs.

Analysis

- As break-even assumes that all output produced is sold, the increase in selling price of £5 per chair will result in more revenue. But demand could fall, depending on the price elasticity of demand, which is unknown, which therefore could lead to a fall in revenue.
- Contribution per chair has increased, meaning fewer chairs need to be produced and sold to break-even. This means fixed costs will be covered quicker, especially since they have fallen by £12 000, leading to profit being generated quicker.
- Roshan's new factory may reduce fixed costs, but customers who buy from him may not find it so convenient. This, in part, depends on how far the new location is away from his current factory.

OFR applies from 3a.

Q.		Total
4. (a)	<p>Define the term <i>market orientation</i>.</p> <p>AO1: 2 marks</p> <p>Award 1 mark for limited definition of market orientation. Award 2 marks for a good definition of market orientation.</p> <ul style="list-style-type: none"> • Business decisions are based on understanding customer needs (outward looking approach). • Market research is conducted to find out what customers want. • Needs of customers are considered before decisions are made. • Competitors' actions and activities are monitored. • Marketing decisions will be dictated by the market. • The most important asset is the customer. • Business remains flexible in terms of tastes and fashion changes. • Products are designed to meet the needs of customers. <p>Credit any other valid point.</p> <p>Do not credit reference to decisions made on internal strengths / capabilities (product orientation) or reference to making products following R&D.</p>	2

(b)	Evaluate the impact on business success of using new technologies for marketing activities.			[10]
Band	AO1	AO3	AO4	
	4 marks	2 marks	4 marks	
3	<p>4 marks</p> <p>Excellent understanding of new technologies used in marketing activities.</p> <p>Clear knowledge of a range of technologies used in marketing activities and their features shown.</p> <p>Clear identification of key issues.</p>		<p>4 marks</p> <p>Excellent evaluation of the role of new technologies in business success.</p> <p>The evaluation is well-balanced and detailed.</p> <p>Qualifying statements may be used.</p> <p>Other factors in success may be considered.</p>	
	<p>2-3 marks</p> <p>Good understanding of new technologies used in marketing activities.</p> <p>Key technologies used in marketing activities are identified.</p> <p>Candidate will identify some relevant issues.</p>	<p>2 marks</p> <p>Good analysis of the impact of new technologies on business success.</p> <p>Clear lines of reasoning.</p>	<p>2-3 marks</p> <p>Good evaluation of the role of new technologies in business success.</p> <p>Well-reasoned judgements with supporting statements.</p> <p>Lines of evaluation are well-developed.</p>	
1	<p>1 mark</p> <p>Limited understanding of new technologies used in marketing activities shown.</p> <p>At least one technology used in marketing activities is identified.</p>	<p>1 mark</p> <p>Limited analysis of the impact of new technologies on business success.</p> <p>Underdeveloped points are made.</p> <p>Analysis is likely to be one-sided.</p>	<p>1 mark</p> <p>Limited evaluation of the role of new technologies in business success.</p> <p>Judgements are superficial and may be unsupported.</p> <p>Evaluation is likely to be one-sided.</p>	
	<p>0 marks</p> <p>No understanding of new technologies shown.</p>	<p>0 marks</p> <p>No analysis of the role of new technologies in business success.</p>	<p>0 marks</p> <p>No evaluation is made or the evaluation is irrelevant.</p>	

Indicative content:

- New technology used in marketing activities includes digital media, social media, e-tailing and m-commerce.
- More traditional methods of marketing include brochures, mailshots, junk-mail, personal selling, TV and radio.
- Digital media (content that is transmitted over the internet on webpages e.g. online newspapers, videos, graphics, blogs, payment to search engines, email campaigns, etc) could increase awareness amongst customers / potential customers. Without this exposure, businesses may not succeed. However, a lot of businesses have websites and businesses may need to commit significant resources to ensure that they stand out from their competition or to be found using popular search terms.
- Social media (Facebook, Twitter, YouTube channel) can help businesses communicate with customers and vice versa. Relatively younger people access social media and businesses may have more exposure amongst their target market by using these platforms. However, social media may not play the pivotal role in business success, especially if the target market tends not to use social media platforms or use them to inform their purchasing decisions. Social media can be used to target markets more effectively and perhaps personalise communications or offers to the audience targeted.
- E-tailing (browsing and making purchases through websites) can allow customers to buy at their convenience from potentially anywhere in the world. Purchases made online continue to grow and could act as an additional route to targeting the market. Recent changes to the high street with relatively large retail businesses failing could mean that having the facility to allow purchases online could prevent or reduce the risk of failure. However, those high street businesses that have failed have included those with online presence, so success is still not guaranteed. Costs may be saved due to physical presence not being needed if purchases can be made online.
- M-commerce (browsing and making purchases through wireless handheld devices such as tablets and mobile phones, perhaps through apps) provides more opportunity for customers to buy at their convenience at a time and place to suit them. Development costs could be high, especially for an app. Increased sales might be possible through using m-commerce, but developing an awareness amongst customers could be time consuming and costly, especially in competitive markets. Younger people are more literate in using technology and could be a captive audience for businesses targeting customers using mobile technologies.
- Common advantages of using new technologies include: increased convenience for customers, potential to cut costs if high street presence is not needed, purchases can be made 24/7, social media can target markets more effectively, and businesses could use new technologies in such a way to create a USP.
- However, businesses need to consider how they use new technologies effectively in targeting and communicating with customers in a way that achieves sales. The time and money invested in new technologies is a factor that could affect success, as if not enough resources are dedicated then success may be hindered. Businesses should also be mindful that their processes might become more complicated and consider how they will organise their operations efficiently when introducing new technologies. There could also be problems with hacking, online security and reliability of platforms.

Possible themes of evaluation:

- Introducing new technologies as part of marketing activities could facilitate more success, but it depends on what other (perhaps more traditional) marketing activities businesses are already using.
- It depends on how businesses are measuring success and what they consider to be successful outcomes and whether the nexus of cause and effect can be attributed to the new technologies.

- It is unlikely that introducing new technologies alone is the only factor to make businesses successful – the ability of the product to satisfy customer needs and the price are factors that could affect success.
- Variables including; how much money businesses commit to new technologies, competitor actions, the demographics and preferences of the market, the number and scale of new technologies and how well they are used, are all likely to affect success.
- Overall, success may not be guaranteed, as such, but business performance could be enhanced by using new technologies in marketing activities.

Credit any other valid point.

Q.		Total
5. (a)	<p>Calculate Ashley's net profit margin for 2019.</p> <p>AO1: 1 mark</p> <p>Award 1 mark for understanding of calculating net profit margin</p> <p>Net profit margin = (net profit / sales revenue) x 100</p> <p>AO2: 1 mark</p> <p>Award 1 mark for correct calculation of net profit margin</p> <p>$22 / 62 = 0.3548 \times 100 = 35.48\% (2) \text{ or } 35.5\% (2)$</p> <p>Award 2 marks for correct answer without workings.</p>	2

(b)	Assess the change in Ashley's net profit margin and evaluate ways in which he could improve his net profit. [8]		
<p>Assess the change in Ashley's net profit margin</p> <p>AO2: 1 mark</p> <p>Award 1 mark for correct change</p> <p>Ashley's NPM has decreased by 7.15% (2.d.p.) or 7.2% (1.d.p.) from 2019 to 2020 (the percentage change decrease between the two NPMs is 20.28%).</p> <p>AO4: 1 mark</p> <p>Award 1 mark for valid assessment</p> <p>The decrease in NPM shows that Ashley has become less efficient in managing his cost of sales and expenses (his cost of sales and expenses have both increased) as well as experiencing a fall in sales revenue. Reference might be made to the degree of significance of the decrease in performance.</p>			
Evaluate ways in which he could improve his net profit			
Band	AO2	AO3	AO4
	2 marks	2 marks	2 marks
2	<p>2 marks</p> <p>Good application to the case.</p> <p>Information from the case is used in context.</p> <p>Clear reference is made to Ashley's net profit margins.</p>	<p>2 marks</p> <p>Good analysis of the ways to improve net profit.</p> <p>Clear lines of reasoning.</p>	<p>2 marks</p> <p>Good evaluation of the ways to improve net profits.</p> <p>Clear judgements are made with supporting statements.</p>
	1	<p>1 mark</p> <p>Limited application is made to the case.</p> <p>The response is mainly theoretical with the inclusion of some examples from the data.</p>	<p>1 mark</p> <p>Limited analysis of the ways to improve net profit.</p> <p>Analysis is likely to be one-sided.</p>
0	<p>0 marks</p> <p>No application to Ashley's net profit margins or context.</p>	<p>0 marks</p> <p>No analysis of ways to improve net profit.</p>	<p>0 marks</p> <p>No evaluation of ways to improve net profit.</p>

Indicative content:

- Ashley could start to charge customers for delivering flowers rather than providing a free service. This could increase Ashley's revenue and could improve his net profit. However, this would increase the price that his customers pay which could deter them. However, the effect on Ashley's sales if he did charge for delivery would be dependent on how much the delivery charge was and how loyal customers are.
- Ashley could buy from one supplier (or fewer suppliers) as currently he buys from several suppliers. Perhaps he might find a supplier who could offer a discount if Ashley buys more flowers from them, rather than from multiple suppliers. This could decrease costs and improve Ashley's net profit. However, by purchasing from fewer suppliers, Ashley needs to be mindful of the effect on customer choice and the quality of the flowers. Ashley would need to plan this change carefully to reduce the risk of not making the wrong decision.
- Ashley could arrange for deliveries to be made less frequently as this perhaps could be cheaper for him, if he has to pay more for his stock / flowers to be delivered. This could improve his net profit, but he might run out of stock which could reduce his sales revenue and customer satisfaction could fall as a result if customers cannot find what they want or if the flowers are not fresh.
- Ashley could advertise his floristry using local radio or leaflets since he gets his customers through word-of-mouth. This could help to increase awareness and lead to an increase in sales and perhaps increase net profit. However, advertising can be expensive and the increase in sales revenue may not be outweighed by the costs.

Candidates could evaluate according to the strategy that could have the biggest impact on improving Ashley's net profit and / or factors that these strategies could depend upon.

OFR applies to result of calculation in 5a.

Credit any other valid way of improving net profit.

Q.		Total
6. (a)	<p>Calculate the forecast percentage increase in the capital productivity levels.</p> <p>AO2: 1 mark</p> <p>Award 1 mark for correct answer</p> <p>$(5\ 000 - 3\ 000) / 3000 \times 100 = 66.67\%$</p> <p>Accept 66.6%, 66.7% or 67%.</p>	1

(b)	With reference to the information above, evaluate the impact of increased productivity levels on SistaPrint.			[5]
Band	AO2	AO3	AO4	
	2 marks	1 mark	2 marks	
2	<p>2 marks</p> <p>Good application to the case.</p> <p>Information from the case is used in context.</p> <p>Clear reference is made to SistaPrint's data or context.</p>		<p>2 marks</p> <p>Good evaluation of the impact of increasing productivity levels.</p> <p>The evaluation is balanced.</p> <p>Clear judgements are made with supporting statements.</p>	
1	<p>1 mark</p> <p>Limited reference is made to SistaPrint's data or context.</p> <p>The response is mainly theoretical with the inclusion of limited use of the data.</p>	<p>1 mark</p> <p>Limited analysis of increased productivity levels.</p> <p>Positive and/or negative impacts of increased productivity levels.</p>	<p>1 mark</p> <p>Limited evaluation of increased productivity levels.</p> <p>Evaluation is one-sided.</p> <p>Unsupported judgements are made.</p>	
0	<p>0 marks</p> <p>No application to SistaPrint.</p>	<p>0 marks</p> <p>No analysis of the impact of increased productivity levels.</p>	<p>0 marks</p> <p>No evaluation of the impact of increased productivity levels.</p>	

Indicative content:

- Productivity levels are forecast to increase by 2 000 prints per machine per month with a combined increase of 7 000 prints per month.
- Labour productivity has increased from 4 500 to 5 000 prints per employee per month. Employees might be motivated using more up to date printing machines, but might also be put under pressure to complete orders. There could be a decrease in quality if the employees are rushing to fulfil orders.
- The number of machines forecast has decreased by one and the number of employees forecast has increased by one.
- More prints per month are forecast, which could lead to an increase in sales revenue and perhaps profit (depending on associated costs of the machines and increased labour costs). The impact on quality, lead time and customer satisfaction would need to be considered, since the forecast printing capability has increased significantly.
- There is forecast to be lower machine downtime by 1 hour, which could contribute to the increased productivity, but might mean less maintenance time.
- Information about how much the more up to date printing machines is not provided and also the cost of hiring and paying an additional member of staff. If the demand levels are not sufficient to increase revenue then SistaPrint may suffer from decreased profits, depending on the associated costs of the machinery and employees. There might also be a fall in short term productivity levels if the employees need training on how to use the printing machinery and time needed for installation and setup.
- The overall impact of the increased productivity levels on SistaPrint is likely to be positive given the increased efficiency in both labour and capital productivity levels. However, there are additional costs involved such as the purchase of five more up to date printing machines and an extra member of staff that need to be considered. There is a marginal difference in the machine downtime. SistaPrint will need to plan how they will maintain quality as their output is forecast to increase.

Q.		Total
7. (a)	<p>Outline the meaning of the term <i>workforce planning</i>.</p> <p>AO1: 2 marks</p> <p>Award 1 mark for each valid point.</p> <p>Indicative content:</p> <p>The process of ensuring that the right number of employees, with the right skills are employed at the right time (1) to meet the needs and objectives of the organisation now and in the future (1).</p> <p>The process of forecasting the future labour demand (1) and matching this with the supply of labour (1).</p> <p>The process of determining the labour needs of a business now and in the future (1), then devising a strategy to achieve those labour needs (1).</p> <p>Credit any other valid point.</p>	2

(b)	Conflict between employers and employees will only result in negative outcomes for the various stakeholders of a business. To what extent do you agree with this statement? [10]		
Band	AO1	AO3	AO4
	4 marks	4 marks	2 marks
3	<p>4 marks</p> <p>Excellent understanding of how conflict between employers and employees affects stakeholder is shown.</p> <p>Clear knowledge of how conflict affects different stakeholders is demonstrated.</p> <p>A range of internal and external stakeholders are identified.</p>	<p>4 marks</p> <p>Excellent analysis of how conflict between employers and employees affects stakeholders.</p> <p>Logical chains of reasoning.</p> <p>Analysis is balanced and includes both positive and negative impacts on internal and external stakeholders.</p>	
2	<p>2-3 marks</p> <p>Good understanding of how conflict between employers and employees affects stakeholders is shown.</p> <p>Candidate identifies a few stakeholders.</p>	<p>2-3 marks</p> <p>Good analysis of how conflict between employers and employees affects stakeholders.</p> <p>Clear lines of reasoning.</p> <p>Analysis contains positive and negative effects of conflict on internal or external stakeholders.</p>	<p>2 marks</p> <p>Good evaluation of how conflict between employers and employees affects stakeholders.</p> <p>Well-reasoned judgements with supporting statements.</p> <p>Lines of evaluation are well-developed.</p>
1	<p>1 mark</p> <p>Limited understanding of how conflict between employers and employees affects stakeholders is shown.</p> <p>Superficial understanding of how conflict relates to stakeholders.</p> <p>Limited understanding of conflict is shown.</p>	<p>1 mark</p> <p>Limited analysis of how conflict between employers and employees affects stakeholders.</p> <p>Underdeveloped points are made.</p> <p>Analysis may focus on one side of the argument.</p>	<p>1 mark</p> <p>Limited evaluation of how conflict between employers and employees affects stakeholders.</p> <p>Judgements are superficial and may be unsupported.</p> <p>Evaluation is likely to be one-sided.</p>
0	<p>0 marks</p> <p>No understanding shown of how conflict between employers and employees affects stakeholders.</p>	<p>0 marks</p> <p>No analysis of how conflict between employers and employees impacts stakeholders.</p>	<p>0 marks</p> <p>No evaluation is made or the evaluation is irrelevant.</p>

Indicative content:

- Conflict in employment (employer/employee) relations can take the form of trade disputes resulting from disagreements and could lead to industrial action. Conflict can be resolved without any industrial action taking place.
- Conflict can take many forms in the workplace (for example an employee who has a grievance with their employer over how they have been treated, wages, hours and conditions of work, the introduction of new processes or machinery, redundancies, etc.) and can range from individual issues that could be relatively simple to resolve, to organisational-wide disagreements that could involve complex issues and affect many employees.
- Conflict between employers and employees could result in a variety of beneficial and negative outcomes for stakeholders:
- Owners / shareholders – the process of resolving the conflict could highlight suggestions or recommendations to improve practice, raise standards and increase performance (perhaps even a competitive advantage). Conflict may raise ideas that otherwise would not have been considered, which could then be implemented for the ultimate benefits of owners in terms of increased financial rewards via reduced costs and/or increased revenue. However, conflict can be costly in both time and money, which could be used more productively elsewhere. Changes made, for example, increasing employees' pay, could result in higher, long term costs, which could reduce profit levels. Conflict could attract media attention that portrays a business in a negative light and lead to less demand and a bad reputation. Lost output and productivity resulting from industrial action (e.g. strikes).
- Managers – may find it difficult to coordinate their functions/areas with conflict occurring. Productivity could fall as a result, for which they might be accountable. Managers' workload may increase as a result of conflict and time is diverted away from other managerial tasks to deal with the conflict. Managers may have to deal with complaints from customers about conflicts that have affected them. However, the conflict may result in better working relationships between them and their employees, if a suitable and mutually agreed compromise can be found.
- Employees (including members of trade unions) – if a conflict cannot be resolved and industrial action (e.g. overtime ban or strike) takes place, then employees could lose out on income. However, in the longer term the employees could benefit from enhanced pay and improved working conditions and terms of employment if, by way of resolving the conflict, they are able to negotiate these benefits. But by making changes that benefit some employees (such as increasing wages) some other employees may suffer (such as through redundancies to save money).
- Trade Unions – may gain power and influence through raising trade disputes and organising industrial action, especially if they are successful. This could attract more employees to join. Powerful trade unions might be able to influence decision making in a business for the betterment of employees' terms and conditions. Trade unions could advise businesses on how best to meet the needs of their members, complying with legislation, and form a positive partnership with business owners.
- Customers – might suffer inconvenience if employees take industrial action, or otherwise demotivated employees might provide poor quality service or not take as much care over product quality. Customers might pay increased prices if businesses' costs increase as a way of dealing with conflict. Customers may benefit from better products/services if the conflict results in ideas and changes for the benefit of customers.
- Competitors – may benefit through increased demand if businesses cannot trade properly because of the conflict e.g. industrial action such as strikes. Competitors might gain new customers which may become loyal. Competitors may also benefit by making changes that other businesses make to resolve conflict, but without having the conflict

themselves. By the same token, though, competitors may also be inclined to make changes in order to keep employees satisfied and loyal, which increases costs.

- Government – ultimately if conflict results in lower sales then the government could suffer from decreased tax revenue. If the conflict occurs in the public sector then government could be blamed or held accountable for the conflict.
- Suppliers – businesses that face increased costs through managing and resolving conflicts may look to save money elsewhere, which perhaps might be in the form of negotiating lower prices with suppliers, resulting in lower profit margins. Businesses might change to cheaper suppliers or those more accommodating of meeting businesses' needs and will benefit from increased demand. Suppliers may lose trade in the short term if conflict results in industrial action which reduces businesses' demand.

Possible themes of evaluation

- It is likely that conflicts between employers and employees may not solely lead to negative consequences for all stakeholders inside and outside of the business. Clearly the employers (owners/shareholders) and employees are central to the conflict and could be most affected.
- Whether there are more positive or negative effects on stakeholders, and who those stakeholders are who are affected, might depend on factors such as the nature and type of conflict, its scale across the business and how long it lasts until (or if) the conflict is resolved. Additionally, if organisations such as ACAS are involved to help resolve conflict, then any decisions made might consider how best to meet the expectations of different stakeholder groups.
- Arguably, conflicts in the public sector might have more far-reaching consequences due to its size and the fact that it serves the nation.
- Conflict might be a necessary part of ensuring that organisations are responding to the needs of their employees and, indirectly, the needs of external stakeholders. Conflict may form part of healthy employment relationships, especially if they are resolved fairly and swiftly.

8.	Evaluate the styles of leadership which may be suitable for Gemma to use when dealing with the problems currently faced by Appy Dayz. [12]			
Band	AO1	AO2	AO3	AO4
	3 marks	3 marks	3 marks	3 marks
3	<p>3 marks</p> <p>Excellent understanding of leadership styles shown.</p> <p>Clear knowledge of characteristics / features of leadership styles.</p>	<p>3 marks</p> <p>Excellent application of leadership styles to Appy Dayz.</p> <p>Information from the case is clearly used in context of the question.</p> <p>Multiple references are made to support arguments.</p>	<p>3 marks</p> <p>Excellent analysis of the suitability of different leadership styles on Appy Dayz.</p> <p>Logical chains of reasoning.</p> <p>The suitability of different leadership styles are clearly explained.</p> <p>Analysis is balanced.</p>	<p>3 marks</p> <p>Excellent evaluation of the leadership styles for Gemma to adopt when dealing with problems faced by Appy Dayz.</p> <p>The evaluation will focus on the key issues.</p> <p>Clear reference to the case study and context to support argument.</p> <p>Relevant judgements are made with qualifying statements used to build an argument.</p>
2	<p>2 marks</p> <p>Good understanding of leadership styles shown.</p> <p>Characteristics / features of each leadership styles identified.</p>	<p>2 marks</p> <p>Good application of leadership styles to Appy Dayz.</p> <p>Clear reference is made to the case study.</p>	<p>2 marks</p> <p>Good analysis of the suitability of different leadership styles on Appy Dayz.</p> <p>The suitability of different leadership styles are explained.</p>	<p>2 marks</p> <p>Good evaluation of the leadership styles for Gemma to adopt when dealing with problems faced by Appy Dayz.</p> <p>Clear judgements are made that are supported.</p> <p>Lines of evaluation are developed.</p> <p>The evaluation will include some of the key issues.</p>
1	<p>1 mark</p> <p>Limited understanding of leadership styles shown.</p>	<p>1 mark</p> <p>Limited application of leadership styles to Appy Dayz.</p> <p>The response is mainly theoretical with the limited use of examples from the case study.</p>	<p>1 mark</p> <p>Limited analysis of the suitability of different leadership styles on Appy Dayz.</p> <p>Superficial arguments with limited development.</p>	<p>1 mark</p> <p>Limited evaluation of the leadership styles for Gemma to adopt when dealing with problems faced by Appy Dayz.</p> <p>Evaluation is limited and is likely to be one-sided.</p> <p>Judgements are underdeveloped or unsupported.</p>
0	<p>0 marks</p> <p>No understanding of leadership styles shown.</p>	<p>0 marks</p> <p>No reference is made to the case study or context.</p>	<p>0 marks</p> <p>No analysis of the suitability of different leadership styles.</p>	<p>0 marks</p> <p>No evaluation is made or the evaluation is irrelevant.</p>

Indicative content:

- Autocratic – this would involve Gemma monitoring her staff closely and making all decisions herself. Gemma seems to be an autocratic leader already. If Gemma chose this style then her staff could be (further) frustrated and demotivated, especially since the app developers are experienced and talented. More staff could leave, especially since they have voiced their preferences for wanting to be involved in decisions. An autocratic approach can be effective when time is short and decisions have to be made quickly, especially since the app market is competitive. However, Gemma needs to be aware that staff are already waiting for decisions to be made because she is busy.
- Democratic (consultative / participative) – this leadership style encourages employees' participation in decision-making. Gemma could invite her staff to contribute their ideas, which given the experience and talents of the app developers could result in more creativity and innovation, leading to better decisions being made. Being consulted on decisions could make the staff more committed and motivated. However, Gemma would need to dedicate more time in gathering views from staff, which could conflict, and slow down decision making. Given the competitive climate, slow decision making could lower productivity. If staff have different specialisms, they may prefer a laissez-faire approach where they make their own decisions, rather than just participate in decisions. More ideas could improve the quality of the apps, but it depends on why the poor quality exists.
- Paternalistic – this approach is similar to the autocratic approach in that Gemma will still have control over decisions and there is little or no employee consultation or involvement in decisions. However, Gemma would be likely to consider the welfare of her employees and make decisions in their best interests. This could encourage the employees to remain with Appy Dayz rather than leave and work for a local competitor.
- Bureaucratic – this leadership style focuses on the importance of rules and regulations. Gemma would likely rely on formal procedures and clearly defined job descriptions. Arguably, tasks might be completed more quickly and more efficiently as job specialisation is common with this leadership approach. However, Gemma might discourage innovation and might struggle to adapt to change by using this style. In the competitive market Gemma is in, a bureaucratic approach could limit creativity and slow-down decisions. However, it could mean that quality might improve as processes are followed as they should be and given that it is the technology industry that could mean less errors in the apps and more satisfied clients.
- Laissez-faire – Gemma would have little input into decision making and instead might leave the running of the business to the employees within broad limits. Employees are largely left to get on with their jobs with minimal guidance provided by the leader. Gemma needs to trust her employees, who would be given a great deal of scope to demonstrate their capabilities. However, the risk is that if employees are not motivated, independent or committed to their work, then productivity can be low. But motivation can increase, especially for the app developer, and lead to more satisfying working conditions, which could reduce the number of staff leaving.

Possible themes for evaluation:

- Gemma is unlikely to please all of her staff with just one leadership style all of the time in all situations. Fiedler suggested that leaders have particular traits that make them appropriate for particular situations. Therefore, by matching her leadership style to the situations, Gemma is adopting a situational leadership style, which might be appropriate.
- Gemma could try a democratic style to gather the ideas of staff. This might improve decisions and could help Gemma's competitiveness in the market. Additionally, a democratic style could encourage staff to remain at Appy Dayz.
- Consideration should be given to Gemma's ability and willingness to use different leadership styles to deal with the problems facing her business.

- Candidates can choose any leadership style, or a combination of leadership styles, for their evaluation.
- Candidates may choose different leadership styles to deal with the different problems in Gemma's business.

Credit any other valid point.