GCE AS MARKING SCHEME

SUMMER 2024

AS
BUSINESS - COMPONENT 2
B510U20-1

About this marking scheme

The purpose of this marking scheme is to provide teachers, learners, and other interested parties, with an understanding of the assessment criteria used to assess this specific assessment.

This marking scheme reflects the criteria by which this assessment was marked in a live series and was finalised following detailed discussion at an examiners' conference. A team of qualified examiners were trained specifically in the application of this marking scheme. The aim of the conference was to ensure that the marking scheme was interpreted and applied in the same way by all examiners. It may not be possible, or appropriate, to capture every variation that a candidate may present in their responses within this marking scheme. However, during the training conference, examiners were guided in using their professional judgement to credit alternative valid responses as instructed by the document, and through reviewing exemplar responses.

Without the benefit of participation in the examiners' conference, teachers, learners and other users, may have different views on certain matters of detail or interpretation. Therefore, it is strongly recommended that this marking scheme is used alongside other guidance, such as published exemplar materials or Guidance for Teaching. This marking scheme is final and will not be changed, unless in the event that a clear error is identified, as it reflects the criteria used to assess candidate responses during the live series.

GENERAL MARKING GUIDANCE

Positive Marking

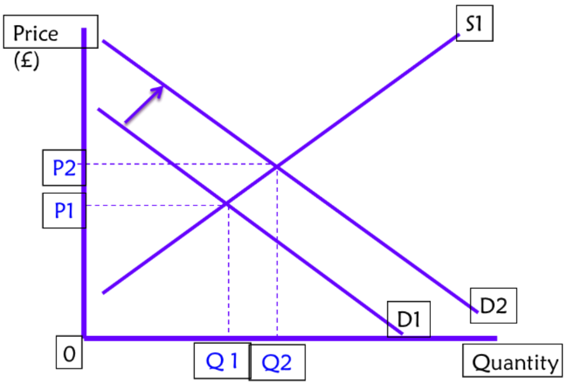
It should be remembered that learners are writing under examination conditions and credit should be given for what the learner writes, rather than adopting the approach of penalising him/her for any omissions. It should be possible for a very good response to achieve full marks and a very poor one to 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.

1. (a)	**Outline what is meant by the term recruitment.**	**Total**
	Award **1** mark for limited understanding of the term recruitment Award **2** marks for good understanding of the term recruitment AO1: 2 marks **Indicative content:** Recruitment is the process of finding someone to fill a vacancy (1) can be done internally or externally (1) through the process of job analysis (1), creation of a job description and person specification (1). Credit any other relevant suggestion.	**2**

(b)	**Calculate the amount of stamp duty tax Lisa would have paid if the UK Government had not removed stamp duty tax during this time.**	**Total**
	Award **1** mark for correct answer AO2: 1 mark 1% of £250 000 = 0.01 x £250 000 = £2 500 Accept 2 500	**1**

(c)	**Using a demand and supply diagram, describe one reason why house prices increased between July 2020 and March 2021.**	**Total**
	Diagram AO1: 3 marks Award up to **3** marks for understanding of a demand and supply diagram. **1** mark for correct axis of price and quantity **1** mark for the demand and supply line drawn and correctly labelled **1** mark for understanding of price equilibrium (can be gained by either the old or new price and quantity equilibrium being marked) AO2: 1 mark Award **1** mark for the demand curve (only) on the diagram shifting to the right **Description** AO2: 1 mark Award **1** mark for a relevant description why the demand curve shifts right / prices rise **Indicative content:**  Stamp duty tax is an additional fee for home buyers, therefore an additional complimentary cost when buying a house. Therefore, the abolishment of this charge over this period would make it more attractive for people to buy a home, increasing the demand for houses, increasing house prices.	**5**

(d)	**Explain how the government changes to advertising and sales promotion will impact two external stakeholders of businesses that sell unhealthy junk foods. [6]**		
Band	**AO1**	**AO2**	**AO3**
	2 marks	**2 marks**	**2 marks**
2	**2 marks** Demonstrates good understanding of external stakeholders. Two external stakeholders identified.	**2 marks** Good application of the government changes to both external stakeholder groups for businesses selling unhealthy products. Reference is made to both changes to buy one get one free deals and the before 9pm advertising times for both stakeholders.	**2 marks** Good analysis of the impact of the government changes on both stakeholder groups. There is a clear line of argument for both external stakeholder groups.
1	**1 mark** Demonstrates limited understanding of external stakeholders. One external stakeholder is identified.	**1 mark** Limited application of the government changes to one external stakeholder group for businesses selling unhealthy products. Reference is made to one of the two government changes for one / both stakeholder groups.	**1 mark** Limited analysis of the impact of the government changes on one stakeholder group. Superficial analysis of the impact of the government changes.
0	**0 marks** Little or no knowledge.	**0 marks** No application.	**0 marks** No analysis given.

Indicative content:

- Customers want a high quality product that meets their satisfaction that is value for money. BOGOF deals being stopped will increase the price at which customers would have to pay to purchase the unhealthy product e.g. Pizza. Therefore, the impact would be negative for them as they will not achieve the same value for money. However, their health could be improved especially for children who may not understand the full problems with junk food. This may improve health of children and stop them becoming unhealthy as they are not persuaded by adverts throughout the day.

- Government wants businesses and workers to pay taxes, trade fairly and legally. They want to make sure they raise enough taxes to pay for public goods and services. If fewer customers are attracted to buying unhealthy foods (due to lack of special offers and persuasive adverts), this will result in lower profit levels, fewer job opportunities and ultimately less tax revenue. Meaning that they may have to borrow more to fund public services. However, by having fewer unhealthy people, less pressure and therefore less money will need to be spent on the NHS.

- TV companies / sports teams / venue will lose revenue gained from the advertising / sponsorship from unhealthy junk food brands. This will negatively impact their own financial performance, unless alternative customers can be found. They may have to lower prices to attract different businesses to use their advertising services before 9pm.

Credit any other relevant suggestion to any other external stakeholder group.

(e)	To what extent is it likely that all food-related businesses would be affected negatively as a result of the government changes to advertising and sales promotion? **[8]**		
Band	**AO2**	**AO3**	**AO4**
	2 marks	**2 marks**	**4 marks**
3			**4 marks** Excellent well-balanced evaluation of the impact that both government changes will have on food-related businesses. The evaluation is balanced and detailed and will focus on the key issues. The learner makes judgements on whether or not all businesses will be affected to the same extent, using depend on factors to justify opinions.
2	**2 marks** Good application of the government changes on food-related businesses. Reference is made to both changes to buy one get one free deals and the before 9pm advertising.	**2 marks** Good analysis of the impact that both government changes will have on food-related businesses. There is a clear line of argument.	**2-3 marks** Good evaluation of the impact that both government changes will have on food-related businesses. Valid judgements are made to support arguments with some development on both sides. Evaluation may focus on one rather than both government changes. A conclusion may be offered. Depends on factors may be offered. References is made to all businesses.
1	**1 mark** Limited application of the government changes on food-related businesses. Reference is made to one of the two government changes.	**1 mark** Limited analysis of the impact of at least one of the government changes on food-related businesses. A limited number of issues are discussed. Analysis of only one of the two government changes. A superficial analysis that describes rather than analyses the impact of government changes.	**1 mark** Limited evaluation of the impact of at least one of the government changes will have on food-related businesses. Partial and unsupported judgements made. One-sided evaluation. Reference made to one of the two government changes. There is no conclusion. Little / no reference is made to all businesses.
0	**0 marks** No application.	**0 marks** No analysis given.	**0 marks** No evaluation given.

Indicative content:

Impact of the ban of unhealthy junk food adverts before 9pm

Negative impact
- Reduced awareness for unhealthy products.
- Fewer sales / profits for businesses selling unhealthy foods.

However, it depends on
- Brand loyalty: May take years for people to become less aware of unhealthy brands due to the current levels of brand loyalty.
- The reach of these adverts. Advertising after 9pm may still attract customers.

Positive impact
- More sales for healthier food alternatives which would be seen more in the public eye before 9pm.
- The cost of advertising before 9pm may be reduced for other food-related businesses due to less demand.

However, it depends on
- Price competitiveness of healthier versions.
- Ability of businesses that sell unhealthy products to re-develop their products with healthier versions.
- The reach of advertising after 9pm: Social media allows firms to be smarter with their advertising and can reach specific groups of people.

Impact of the ban of buy one get one free offers on unhealthy junk food.

Negative impact
- Higher prices due to a reduction of special offers may put off customers, leading to fewer sales and profit levels.
- This can affect the producer as well as the retailers selling to the public. May result in store closures, job losses linked to the unhealthy food market due to reduced demand.

However, it depends on
- Price elasticity of demand, as a price rise may not lead to a greater fall in quantity demand.
- Pricing strategies used: businesses may cut prices per product so that customers still perceive good value for money.
- Promotional strategies used: not all unhealthy brands use below-the-line BOGOF deals.
- Workforce planning: to reduce the impact of potential falling sales.

Positive impact
- Greater sales for healthier alternatives which appear to be cheaper.

However, it depends on
- Price competitiveness and elasticity of demand of healthier versions.
- Whether consumers are attracted to the healthier options, and the availability of them.

Both government proposals have the potential together to reduce demand significantly for unhealthy products. However, the impact will depend upon many factors such as; the effect the proposals will have on the competitiveness in the market, brand loyalty, and marketing strategies in response.

Credit any other valid points.

2. (a)	Describe two roles of ACAS.	Total
	Award **1** mark for limited understanding of each role of ACAS Award **2** marks for good understanding of each role of ACAS Maximum of **2** marks for each role. AO1:4 marks **Indicative content:** The advisory role of ACAS is to give a point of contact to employers and employees (1) on employment law and procedures or to discuss appropriate steps to help resolve employment issues. (1) They also offer training as part of this advisory role. (1) The conciliation role of ACAS (similar to counselling) helps disputes in the workplace. (1) To give employees and employers a clearer understanding of each other's positions and interests (1). ACAS acts impartial and encourages a resolution between both parties. (1) The arbitration role of ACAS involves ACAS making the decision on the dispute. (1) Evidence is provided by both parties before ACAS comes to their decision. (1) It avoids the stress and expense of an employment tribunal. (1). Credit any other relevant suggestion.	**4**

(b)	Explain one benefit to a business using off-the-job training methods.	Total
	Award **1** mark for the identification of one benefit of off-the-job training AO1: 1 mark Award up to **2** marks for an explanation of one benefit of off-the-job training. AO3: 2 marks **Indicative content:** • <u>Uses training experts</u>: Can result in a better learning experience for managers and employees. Experts on certain specialist topics such as organisational change may not be found within the business, so it allows for internal stakeholders to become better equipped with the new knowledge that they can bring into the workplace to improve business performance. • <u>Less pressure from the workplace</u>: On-the-job training although maintaining some productivity, it can put employees under pressure when trying to perform their day to day task as well as trying to understand new skills to be implemented in the workplace. Off-the-job training occurs in a much more relaxed environment and allows workers from different areas of the business to share ideas and experiences. • <u>Qualifications can be gained</u>: E.g. customer service qualifications, management qualifications, which can have a positive effect on motivation as employees climb Maslow's hierarchy of needs. Resulting in increased labour productivity and lower labour turnover. Credit any other relevant points.	**3**

<table>
<tr><td>(c)</td><td colspan="2">To what extent is changing organisational design the best way to ensure survival for struggling businesses? [8]</td></tr>
<tr><td rowspan="2">Band</td><td>AO3</td><td>AO4</td></tr>
<tr><td>4 marks</td><td>4 marks</td></tr>
<tr><td>3</td><td>4 marks
Excellent and well-balanced two-sided analysis of the appropriateness of changing organisational design to ensure survival for struggling businesses.

Analysis considers situations where changing the organisational design may and may not be suitable.

The key issues are discussed.

Analysis shows a clear line of argument and includes an excellent understanding of the importance of organisational design to business survival.</td><td>4 marks
An excellent and well balanced evaluation of the appropriateness of changing organisational design being the best way to ensure survival for struggling businesses.

The focus is on the key issues and considers ‘the best way’.

Both sides of the argument are evaluated.

Clear judgements are made with supporting statements.

Key depends on factors are explained.</td></tr>
<tr><td>2</td><td>2-3 marks
Good analysis of the appropriateness of changing organisational design to ensure survival for struggling businesses.

A number of key issues are discussed.

Analysis is uneven, with some well-developed points and some where the development is more limited.

A good one-sided analysis of the appropriateness of changing organisational design to ensure business survival.</td><td>2-3 marks
A good evaluation of the appropriateness of changing organisational design being the best way to ensure survival for struggling businesses.

The evaluation includes most of the key issues.

The evaluation is reasonably well balanced with some development on both sides of the argument.

Valid judgements are made with some supporting statements.

Key depends on factors may be identified.</td></tr>
<tr><td>1</td><td>1 mark
Limited analysis of the appropriateness of changing organisational design to ensure survival for struggling businesses.

A limited number of issues are discussed.

The analysis will focus on one-side of the argument.

The learner will list or describe the reasons for or against changing organisational design to ensure survival.</td><td>1 mark
Limited evaluation of the appropriateness of changing organisational design being the best way to ensure survival for struggling businesses.

The evaluation is one-sided.

An awareness of the key issues but little development.

Judgements are superficial and unsupported.</td></tr>
<tr><td>0</td><td>0 marks
No analysis attempted.</td><td>0 marks
No evaluation attempted.</td></tr>
</table>

Markers note: One-sided answers: Band 2 AO3 and Band 1 AO4, a maximum of 4 marks.

Indicative content:

Advantages of changing organisational design to ensure business survival for struggling businesses

- Redesigning the organisation with fewer job roles: Will save long term costs of paying wages. Lower costs will allow the business to break even easier and survive.
- Delayering: Reducing the number of management levels between the top and bottom of the hierarchy can not only save managerial salary costs, but also speed up communication and decision making so that the business is more reactive to the market changes.
- Empowerment of workers towards the bottom of the hierarchy: With fewer managers, workers could become more productive by taking on some management responsibilities. Improving their motivation, affecting unit costs and customer service positively.
- Removing structures from some geographic areas: By closing down loss-making areas, the business will be more likely to survive and concentrate on the geographic areas that the business is performing well in.

Disadvantages of changing organisational design to ensure business survival for struggling businesses

- Increased span of control: Any removal of layers will cause more work and pressure on managers that remain in the business. These managers may not be able to maintain or improve standards in the areas they manage with increased workload. This could result in the business performing worse in some areas, affecting brand reputation, financial management and make it harder to survive.
- Demotivation: Job cuts of any kind will cause job security concerns for the remaining workers. Workers will not be very high on their hierarchy of needs according to Maslow and therefore may perform less well at their job, negatively affecting service, sales, profits and survival.
- Short term costs: In the short-term redundancy payments will make it harder to survive as costs will increase rapidly to legally break the contract with its employees.
- Employee relations: Unions may campaign and prevent organisational structure change, or make it more difficult for businesses to go ahead with job cuts.

Possible key themes for evaluation:

- Depends on the short-term costs versus long-term cost savings of organisational structure changes.
- Depends on how the business implements organisational change. For example, offering voluntary redundancies to its staff, or including them in the consultation phase may not cause as many problems such as motivation and employee relation issues.
- Depends on whether there are job roles that can actually be cut, and the role transferred to existing members of staff in other parts of the organisation.

Other ways to ensure survival that does not require organisational change:

- Finding additional finance to cover the struggling period.
- Lower costs in other areas of the business such as implementing lean production within operations or sourcing cheaper suppliers.
- Cut back on department budgets, for example marketing.
- Investing in product development or extension strategies to meet changing market needs.

Each of these other ways to ensure survival will have their own drawbacks, therefore the best way depends on the current situation facing that particular business.

Credit any other relevant points.

3. (a) (i)	**Calculate the added value for one Elite family tent.**	**Total**
	AO1: 1 mark Award **1** mark for the understanding of added value / its calculation Added value is the difference between the cost of purchasing raw materials and the price for what the finished good is sold for. Added value = Output price – input costs AO2:1 mark Award **1** mark for a correct answer of the added value gained from the sale of each Elite family tent. £199 - £119 = <u>£80</u> An answer of 80 with no £ sign receives 1 mark in total for the question.	**2**

(ii)	**Explain two ways in which TJ's can increase added value to the Elite family tent. [5]**		
Band	**AO1**	**AO2**	**AO3**
	2 marks	**1 mark**	**2 marks**
2	**2 marks** Demonstrates good knowledge of ways to increase added value. Two ways accurately identified.		**2 marks** Good analysis of the ways to increase added value. There is a clear line of argument. A clear explanation of two ways and how they both can add value.
1	**1 mark** Demonstrates limited knowledge of ways to increase added value. One way is accurately identified.	**1 mark** Demonstrates limited application of added value to TJ's. One way is applied to TJ's.	**1 mark** Limited analysis of the ways to increase added value. At least one way of adding value is explained.
	0 marks Little or no knowledge	**0 marks** No application	**0 marks** Little or no analysis

Indicative content:

- Purchasing cheaper materials: This will reduce input costs, resulting in higher added value. However, care must be taken that quality is not compromised. A cheaper supplier of the most expensive material (tent fabric) could be sourced.
- Increasing the price of the finished product: This will widen the gap between the output price and input costs resulting in higher added value. However, price elasticity of demand is key here. This depends on the price of an Elite tent compared to substitute products.
- Achieving brand status: May allow the business to charge a higher price increasing the difference between the price and input costs. This can be done through increased promotion which will have a short-term effect on overall profits.
- Economies of scale: Purchasing stock e.g. tent fabric in bulk will reduce unit cost per input, lowering input costs allowing a larger amount of added value to be achieved.
- Offering additional services: For example, an increased warranty or customer service helpline may justify a price rise for the product increasing added value.

Credit any other relevant points.

(b)	**Using Figure 2 calculate:**	**Total**
(i)	**Total profit budget** AO2: 1 mark Award **1** mark for a correct calculation of the total profit budget £390 000 - £325 000 - **£65 000 (accept 65 000)**	**1**
(ii)	**Total spent on human resources** AO2: 1 mark Award **1** mark for a correct calculation of the total amount spent on human resources £339 000 – £213 000 - £22 000 = **£104 000 (accept 104 000)**	**1**

(c)	**With reference to Figure 2 and any other relevant information, assess Tawanda's use of budgets.** **[9]**		
Band	**AO2**	**AO3**	**AO4**
	3 marks	**3 marks**	**3 marks**
3	**3 marks** Excellent application of the data. Constant references are made to the data which includes reference to both figure two and the case study in building up arguments.	**3 marks** Excellent analysis of Tawanda's budgeting skills. They key issues are discussed with a clear line of argument. Analysis is supported by data from figure two and use of the case study.	**3 marks** Excellent well-balanced evaluation of Tawanda's budgeting skills. The focus is on the key issues. The evaluation considers data from the case study and figure 2. The candidate will offer an overall conclusion.
2	**2 marks** Good application of the data. Some references is made to the data which includes reference to figure two or the case study in building up arguments.	**2 marks** Good analysis of Tawanda's budgeting skills. A number of key issues are discussed. Analysis is uneven, with some well-developed points and some where the development is more limited.	**2 marks** Good evaluation of Tawanda's budgeting skills. Valid judgements are made to support arguments with some development on both sides. The candidate may offer an overall conclusion.
1	**1 mark** Limited application of the data. Reference is made to figure 2 or the case study.	**1 mark** Limited analysis of Tawanda's budget and/or budgeting skills. A superficial analysis of use of budgets. Analysis is mainly descriptive.	**1 mark** Limited evaluation of Tawanda's budget and/or budgeting skills. Partial and unsupported judgements made. No overall conclusion.
0	**0 marks** No application.	**0 marks** No analysis given.	**0 marks** No evaluation given.

Indicative content:

Positive assessment of Tawanda's budgeting skills:

- Tawanda creates budgets every 6 months rather than for the full year: This ensures that budgets can be changed within the year if any unforeseen cost / issue comes up, such as the unexpected cost of supplies of fabric.
- Budgets that are realistic can be used to motivate staff. Sales staff exceeded their budget and could have been provided with a reward as a result.
- Tawanda appears to have pretty good financial control over his staff. In all areas bar production, Tawanda's financial performance closely resembled his budget with minor differences. Therefore, he was able to keep costs under control and ensure sales staff met targets.
- Tawanda seems to have used good quality information for the most part when creating the budget, as actual revenue and spending was close to what was budgeted for most sections.

Negative assessment of Tawanda's budgeting skills:

- Tawanda creates the budget without consultation from staff: Staff that are excluded from the budgeting process may not be as committed and may feel demotivated. For example, the worker within marketing may not have followed the budget and therefore overspent by £2 000.
- Tawanda might be restricting some department's ability to perform to make the business more successful. For example, marketing spent £2 000 more than what they should have, however, the amount in their budget may be restricting the department from reaching more people with promotional campaigns, ultimately decreasing sales revenue potential. Sales revenue was £3 000 more than budgeted, this could be because of the additional spent on marketing, possibly showing the restrictions the budget is placing on departments.
- £5 000 more was spent on human resources. There is no indication what this additional amount was spent on but shows that Tawanda hasn't been able to stick to budgets in some areas of the business.
- Overall profits were much worse than budgeted. This was mainly due to production costs, however, Tawanda should have enquired about supplier prices before setting the budget, possibly negotiating a six month agreed price before creating the budget.

Possible key themes for evaluation:

- Overall, in most areas Tawanda has shown that he is effective in using budgets to maintain financial control.
- Tawanda needs to focus on getting production budgets more accurate.
- The marketing overspending could be linked to higher sales revenue, suggesting expenditure budgets are limiting.
- Tawanda should reward staff for sticking to the budget so that future budgets are even more accurate to actual finances.
- Tawanda could involve specialist workers from different areas of the business when coming up with his next budget.
- Setting budgets 6 monthly appears to be working fairly well.

Credit any other relevant points.

4. (a)	**Describe the different methods of stock control that could be used by a large-scale national house building company.** **[10]**	
Band	**AO1**	**AO2**
	6 marks	**4 marks**
3	**5-6 marks** Excellent understanding of at least two methods of stock control systems. Clear understanding of the features of at least two stock control methods.	
2	**3-4 marks** Good understanding of one or two methods of stock control systems. The learner identifies the key features of at least one stock control methods. At least two types of stock control methods are identified.	**3-4 marks** The learner applies at least two stock control methods to a large-scale national house building company. Good application of how different stock control methods might be used in context. There is direct and clear reference to a large-scale national house building company.
1	**1-2 marks** Limited understanding of one or two methods of stock control systems. Superficial understanding of the features of each stock control method. At least one correct stock control method is identified.	**1-2 marks** The learner applies at least one stock control method to a large-scale national house building company. Limited application of one or two stock control methods might be used in context. Suggestions of the use of stock control methods are generic and limited attempt is made to link these to a large-scale national house building company.
0	**0 marks** No understanding of stock control methods.	**0 marks** No specific application of stock control methods.

Indicative content:

- Traditionally the main method of stock control management has been the maintenance of large buffer stocks. These are just in case stock holdings which are held just in case they are needed. (A stock control diagram showing minimum stock level above 0 is suitable to represent this). A large-scale national house building company are likely to order large quantities of stock such as windows, bricks, copper, pipes, and other building materials so it is possible that they hold a minimum stock level. They would employ specialist skilled workers who would only be able to do the job on site if the correct materials are present, therefore holding excessive stock levels just in case to keep production flowing.

- Just-in-time minimises stock holdings and the cost and wastage of raw materials, work in progress and finished goods. A carefully planned production process is used to allow stock to be delivered just as when it is needed for the production line. A large-scale national house building company will usually try and build as many properties on an area of land as possible, and therefore on each site there will be limited room to hold too much quanty of each building material. Therefore, this approach would be suitable when space is limited. Also, some building materials such as concrete would need to be delivered and poured (for foundations) before it hardens, therefore it is not possible to stock some item using traditional methods.

- Computerised stock control is where businesses hold their stock details on computer databases. This improves efficiency and accuracy. When the quantity of stock decreases, the database is updated instantly which allows for accurate stock checks and the automatic reordering of stock when it falls below the reorder level. It is likely that large-scale national building companies will have multiple building sites around the country at the same time. Therefore, having a computerised system to track stock levels and communicate back to the head of operations and suppliers would be appropriate to ensure minimum stock levels are always maintained. Each building site is likely to have a site manager who could input the stock information into a database.

Credit any other relevant points.

(b)	**Evaluate how different stakeholders may be affected by a business that is regularly holding incorrect quantities of stock. [15]**		
Band	**AO1**	**AO3**	**AO4**
	3 marks	**6 marks**	**6 marks**
3	**3 marks** The learner demonstrates excellent understanding of the impact of poor stock control management on the stakeholders of a business. There is a clear understanding of at least two stakeholders and how each of them may be impacted differently.	**5-6 marks** The learner gives an excellent analysis of the impact of poor stock control management on the stakeholders of a business. The analysis is balanced and detailed. Key issues have been well-developed with a clear line of argument. Analysis will be supported by specific references to the impact of poor stock control management on different stakeholders. In-depth analysis required for this band.	**5-6 marks** The learner gives an excellent evaluation of the impact of poor stock control management on the stakeholders of a business. The evaluation is balanced and detailed and will focus on the issues. The evaluation provides a balanced and broad range of arguments on both sides of the debate. Clear judgements are made with supporting statements to build an argument. The evaluation will consider depend on factors that determine whether all business stakeholders will be affected to the same extent. An holistic evaluation may be offered with an overall conclusion.
2	**2 marks** The learner demonstrates good understanding of the impact of poor stock control management on the stakeholders of a business. The learner demonstrates understanding of at least two stakeholders and how they may be impacted differently on one another.	**3-4 marks** The learner gives a good analysis of the impact of poor stock control management on the stakeholders of a business. The analysis is uneven with some well-developed points and others which are more limited in their development. A number of key issues are developed, and there is some reference to different stakeholders. The analysis will mainly focus on one side of the argument. A good one sided analysis. There is an attempt to analyse the impact of poor stock control management on stakeholders.	**3-4 marks** The learner gives a good evaluation of the impact of poor stock control management on the stakeholders of a business. The evaluation will include some of the key issues. The evaluation may consider the factors that determine whether all business stakeholders will be affected to the same extent. The evaluation is reasonably well-balanced with some development on both sides of the debate. The learner makes judgements with some attempt to support their evaluation. The answer may include a brief conclusion.

1	**1 mark** The learner demonstrates limited understanding of the impact of poor stock control management on the stakeholder(s) of a business. Understanding of stakeholders and/or impact of poor stock control management is superficial. The learner identifies how one stakeholder may be affected by poor stock control management.	**1-2 marks** The learner gives a limited analysis of the impact of poor stock control management on the stakeholders of a business. Superficial discussion. A limited number of key issues are developed. The analysis will focus on one side of the argument. The analysis may not focus on stakeholders of a business.	**1-2 marks** The learner gives a limited evaluation of the impact of poor stock control management on the stakeholders of a business. The learner shows an awareness of some of the key issues but with limited development. The evaluation is uneven and focuses more on some stakeholders than others or does not identify positive and negative consequences to stakeholders. Judgements are superficial and unsupported. Evaluation is not explained. There is no conclusion.
0	**0 marks** The learner demonstrates no understanding.	**0 marks** The learner gives little or no meaningful analysis.	**0 marks** The learner makes no meaningful evaluation.

Indicative content:

Holding not enough stock

- Customers: May be disappointed as they will not be able to purchase the product when it is required. This can affect customer service and reputation. Prices may rise to reduce demand.
- Shareholders: Lower sales revenue will be received as customers are turned away resulting in reduced dividends. In the future weakened customer relationships may affect future dividends.
- Suppliers: May be pressured to deliver stock as soon as possible, causing higher stress and potentially worsening relationship with the business. If the supplier is near to full capacity they may not be able to provide more stock.
- Employees: May feel the effect of unhappy customers complaining, reducing their moral and employee satisfaction.
- Managers: If the stock control situation remains poor over time, then some managers may lose their jobs.

Holding too much stock

- Customers: If businesses are facing unnecessary higher costs due to stock wastage / warehouse storing costs, may push up prices to cover excess costs. More problematic for perishable goods or stock that is large and requires more storage space. However, prices may be reduced for products where there is too much stock.
- Shareholders: higher costs, will reduce profits and dividends.
- Suppliers: If they are in a contract with the business to supply a certain amount, suppliers may be disappointed that less orders will be placed in the future, affecting supplier's sales and profits.

- Employees: Additional workload to rotate the stock to ensure older stock is sold first. Also, more workload to move stock between warehouse and shop floor as a result of the stock not being able to fit into the store. However, could create jobs to manage stock levels more efficiently.
- Managers: If the stock control situation remains poor over time, then some managers may lose their jobs.

Possible themes for evaluation:
- It depends on if it is more commonly too much stock or not enough stock as stakeholders will be affected differently by these two scenarios.
- It depends on the type of stock (size / perishable).
- It depends on how long stock levels are at the incorrect quantity.
- It depends on whether the stock level can be put right quickly (e.g. lead time if there isn't enough stock, and ability to sell possibly at a reduced price if there is too much stock).

Credit any other relevant points.

<table>
<tr><td>5. (a)</td><td colspan="2">Describe with the aid of a diagram, how marketing decisions might change through the stages of the product life cycle for a business that develops mass market computer games. [10]</td></tr>
<tr><td rowspan="2">Band</td><td>AO1</td><td>AO2</td></tr>
<tr><td>6 marks</td><td>4 marks</td></tr>
<tr><td>3</td><td>5-6 marks
Excellent understanding of the product life cycle including a fully accurate diagram.

Clear understanding of the key features of marketing decisions throughout the product life cycle.</td><td></td></tr>
<tr><td>2</td><td>3-4 marks
Good understanding of the product life cycle including a mostly accurate diagram.

The learner demonstrates understanding of most of the stages of the product life cycle and the key marketing decisions made within them.</td><td>3-4 marks
The learner applies all stages of the product life cycle to a business that develops mass market computer games.

Good application of all key stages of the product life cycle used in context.

There is direct and clear reference to a specific business that develops mass market computer games.</td></tr>
<tr><td>1</td><td>1-2 marks
Limited understanding of the product life cycle.

A mostly inaccurate diagram.

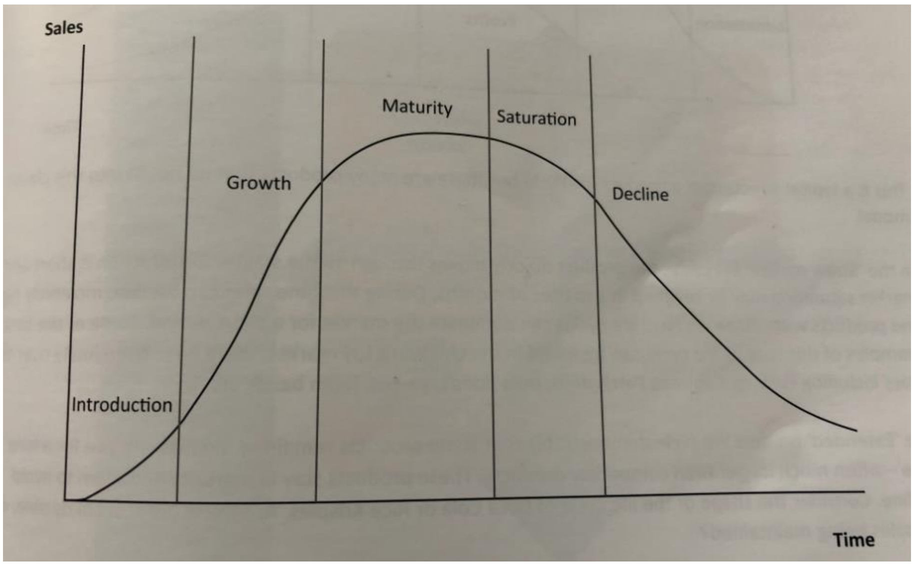
Superficial understanding of the marketing decisions made in different stages of the product life cycle.

An accurate diagram with no description.</td><td>1-2 marks
The learner applies at least two stages of the product life cycle to a business that develops mass market computer games.

Limited application of two stages of the product life cycle used in context.

Answers are generic and limited attempt is made to link these to a specific business that develops mass market computer games.</td></tr>
<tr><td>0</td><td>0 marks
No understanding of the product life cycle.</td><td>0 marks
No specific application of a product life cycle to a specific business that develops computer games.</td></tr>
</table>

Indicative content:



- <u>Introduction:</u> EA Sports who is responsible for making the FIFA computer game franchise release a different version each year of its popular football game usually during the autumn months each year. Each of it games has a short product life cycle. FIFA 2022 released in autumn of 2021 would have entered the introduction stage. In this stage EA sports are heavily promoting the new game to create awareness and are unlikely to break even from the sales of the game at this stage. As the product is new a price skimming approach is likely to be used.

- <u>Growth:</u> Nearer to Christmas sales rapidly increase. EA Sports would still be spending lots on promotion as the product is still fairly new. It will now be available to buy in a variety of stores as more and more customers purchase the product. At this stage it is likely that EA sports are starting to make profit / break-even from the game. It is likely that prices are still high as the product is increasing in its popularity.

- <u>Maturity:</u> During the spring / summer of 2022 whilst the football season is still on, sales will remain high but now constant rather than growing, and economies of scale are achieved. EA sports are not spending as heavily on promotion as the product is now universally known, and it's still available to buy in lots of stores. Due to high sales and lower costs, high profit levels are made (which much is invested in the development of the 2023 version of the game). Further marketing strategies can be used to maintain high sales as the football season has finished. Extension strategies such as allowing customers to download new player attributers or real life transfers to keep up to date with the changing personnel for each football team may be used. This allows the game to be kept up to date and attracts more people to buy the product to extend its life.

- <u>Decline:</u> During the autumn of 2022 when the 2023 version has been released Fifa 2022 is now outdated as customers switch to the new version of the game. Sales are in decline, profit levels are lowering and EA Sports are likely to reduce prices to try and make as many sales before the product is taken off the shelves. Very little marketing (if any) is focused on this older version of the game franchise.

Credit any other relevant points.

<table>
<tr><td>(b)</td><td colspan="3">'Internal sources of finance are more appropriate than external sources of finance when funding the development of new products'. Discuss this statement. [15]</td></tr>
<tr><td rowspan="2">Band</td><td>AO1</td><td>AO3</td><td>AO4</td></tr>
<tr><td>3 marks</td><td>6 marks</td><td>6 marks</td></tr>
<tr><td>3</td><td>3 marks
The learner demonstrates excellent understanding of both internal and external sources of finances in order to fund a new product development.

There is clear understanding of the differences between each source of finance.

The key effects of using each source of finance is described.</td><td>5-6 marks
The learner gives an excellent analysis of the appropriateness of both internal and external sources of finance when funding a new product development.

The analysis is balanced and detailed.

Key issues have been well-developed with a clear line of argument.

Analysis will be supported by specific reference to both internal and external sources of finance in funding a new product.

In-depth analysis required for this band.</td><td>5-6 marks
The learner gives an excellent evaluation of the appropriateness of both internal and external sources of finance.

The evaluation is balanced and detailed and will focus on the key issues.

The evaluation clearly relates to the appropriateness in terms of developing new products.

The evaluation provides a broad range of arguments on both sides of the debate.

Clear judgements are made with supporting statements to build an argument.

The evaluation will consider depend on factors that determine the appropriateness of sources of finance to funding a new product.

A holistic evaluation may be offered with an overall conclusion.</td></tr>
<tr><td>2</td><td>2 marks
The learner demonstrates good understanding of both internal and external sources of finance in order to fund a new product development.

The learner makes an attempt to identify the importance of the different types of finance.

There is clear understanding of at least one internal and one external source of finance.</td><td>3-4 marks
The learner gives a good analysis of the appropriateness of both internal and external sources of finance when funding a new product development.

The analysis is uneven with some well-developed points and others which are more limited in their development.

A number of key issues are developed, mainly one-sided.

There is an attempt to analyse the impact of both internal and external sources of finance in funding a new product.</td><td>3-4 marks
The learner gives a good evaluation of the appropriateness of both internal and external sources of finance.

The evaluation will include some of the key issues of appropriateness in developing a new product.

The evaluation will attempt to consider the use of finance for a new product development.

The evaluation is reasonably well-balanced with some development on both sides of the debate.

The learner makes judgements with some attempt to support their evaluation.
The answer may include a brief conclusion.</td></tr>
</table>

1	**1 mark** The learner demonstrates limited understanding of both internal and external sources of finance. Understanding is superficial. The learner identifies the features of different sources of finance with no development. Reference to the advantages and/or disadvantages to each source of finance is limited.	**1-2 marks** The learner gives a limited analysis of the appropriateness of both internal and external sources of finance. Superficial discussion. A limited number of key issues are developed. The analysis will focus on one side of the argument. Limited attempt is made to consider the impact of each source of finance on product development.	**1-2 marks** The learner gives a limited evaluation of the appropriateness of both internal and external sources of finance. The learner shows an awareness of some of the key issues but with limited development. The evaluation will not focus on new product development. Judgements are superficial and unsupported. Evaluation is not explained. There is no conclusion.
0	**0 marks** The learner demonstrates no understanding.	**0 marks** The learner gives little or no meaningful analysis.	**0 marks** The learner makes no meaningful evaluation.

Indicative content:

<u>Internal sources of finance</u>

Owner's capital, reinvested profit and sale of assets are examples of internal sources of finance. The benefits of using internal finance could include:

- Lack of debt.
- No additional charges.
- Freeing up cash from assets that are not needed.
- Improves cash flow.

This can help support new product development, as lower additional costs will make it easier for the new product to break even and make a profit, however:

- Are there enough internal funds?
- Will the owner have to put personal possessions on the line?
- Will shareholders be unhappy with fewer dividends?
- Is it wise to sell assets that could be needed in the future with a larger product portfolio?

These are important questions for internal sources of finance because new product developments are not cheap and often it takes many failed attempts (and costs) before the final idea is ready for production. Once the product idea is finalised, additional costs of production, HR and marketing will need to be budgeted in order to make and sell the new product. Unless there is a large holding of internal funds it would be difficult to fund the whole product development and sale with just internal sources of finance.

So, using internal sources of finance depends on:

- Amount of finance required, and amount of internal funds held.
- Number of owners in order to raise funds.
- Current profit levels and cash in the bank.
- If there are unused assets for sale.

External sources of finance

Bank loan, share issue, trade credit, venture capital are some of many choices of external sources of finance that can be used. The benefits of using external finance could include:

- Ability to raise the amount required from product development, product launch and growth.
- Ability to get additional experts as well as finance on board to help decision making with the new product development.
- Can improve cash flow if deals are done with suppliers, or if assets are leased initially in order to produce the new product.

This can help support new product development, as it will not only provide the total sum needed but also the business can gain experts in the field to help the development process. Using experts can reduce costs and offset the higher fees associated with external sources of finance. The issues with external sources of finance can include:

- Interest repayments / additional costs.
- Collateral that is required.
- Loss of control.
- Having to complete applications for finance and have internal accounts scrutinised.

These are important questions for external sources of finance because additional interest payment will make it harder to cover the costs of the new product. Furthermore, the business may lose some decision making power over the key features of the new product development if new owners / investors are brought into the business. However, it is likely that a mix of both internal and external sources of finance will be used to fund a new product development.

So, using external sources of finance depends on:

- Level of interest rates for repayments.
- Amount of shares and loss of control that will be been given up.
- Legal structure of the business and whether they can raise funds from selling shares / more than one owner.
- Relationship between suppliers, bank, and investors and the ability to obtain external finance.

Credit any other relevant points.

6. (a)	**Describe the different leadership styles which might be used to manage employees that work from home. [10]**	
Band	**AO1**	**AO2**
	6 marks	**4 marks**
3	**5-6 marks** Excellent understanding of at least two leadership styles. Clear understanding of each leadership style using correct terminology.	
2	**3-4 marks** Good understanding of one or two leadership styles. The learner identifies the key features of at least one leadership style. At least two leadership styles are identified.	**3-4 marks** The learner applies at least two leadership styles that might be used to manage employees that work from home. Good application of each benefit used in context. There is direct and clear reference to employees that work from home.
1	**1-2 marks** Limited understanding of one or two leadership styles. Superficial understanding of the features of each leadership style. At least one leadership style is identified.	**1-2 marks** The learner applies one to two leadership styles that might be used to manage employees that work from home. Limited application of each leadership style used in context. Suggestions of the use of leadership styles is generic and limited attempt is made to link these employees that work from home.
0	**0 marks** No understanding of leadership styles.	**0 marks** No specific application of leadership styles to employees that work from home.

Indicative content:

- Autocratic – This style gives orders which are to be obeyed without question. There will be a tight control of employees working at home (Theory X manager). Managers may be able to check and track employees working from home, tracking logging on and off times, the work completed, arranging frequent meetings over teams (or other meeting software) to ensure employees are following orders and working hard. Managers will consider the business needs over the employees' needs.

- Democratic –Involving employees in the decision making of the business and adapting a theory Y approach. Daily meetings can be set up over teams to discuss and gather employee thoughts in regards to work being completed at home that day. Employees may provide feedback on working from home so far to come up with solutions to make homeworking easier and more productive. Some employees may have to balance between looking after a family member, or a child and so a democratic approach allows the manager to make decisions to suit the needs of the workers. Especially if working from home is a new initiative, feedback and joint decision making would be important.

- Paternalistic – this still offers an element of control and central decision making (Autocratic) as well as caring for staff. Leaders would appreciate the challenges working from home, balancing work life with family life, or when employees may need to also look after a child/ family member. Managers' decision would take in the best interest of the workers to ensure that orders suit the different conditions that each employee finds themselves in when working from home.

- Bureaucratic – Focuses on developing the specialisation of jobs and departments. A reliance on formal procedure and clearly-marked status. Employees working from home may be put into different department break out groups on teams, so there is an element of departmental coordination controlling the work that employees carry out at home. Meetings online will be held at senior level and then in departments to feed instructions down the hierarchy.

- Laissez – faire – Where the manager has minimal input. In this case employees will be left just to get on with their jobs at home. There will be very few online meetings to discuss work and productivity. This may be common in highly specialist jobs such as solicitors whereby they will be in control of their working activities and will rarely have to report to their manager.

- Accept other relevant leadership styles or McGregor theory X and Y with application to managing employees that work from home.

(b)	With reference to two motivational theories, discuss the view that money is an essential tool used to motivate employees. **[15]**		
Band	**AO1**	**AO3**	**AO4**
	3 marks	**6 marks**	**6 marks**
3	**3 marks** The learner demonstrates excellent understanding of two motivational theorists and their views on the importance of money as a motivator. There is clear understanding of the relative importance of money as a motivator according to different motivational theorists. Excellent understanding of at least two motivational theorists.	**5-6 marks** The learner gives an excellent analysis of two motivational theorists and their view on the importance of money as a motivator. The analysis is balanced and detailed. Key issues have been well-developed with a clear line of argument. Analysis will be supported by specific reference to at least two motivational theorists and the relative importance money plays as a motivator. In-depth analysis required for this band.	**5-6 marks** The learner gives an excellent evaluation of motivational theorists and their view on the importance of money as a motivator. The evaluation is balanced and detailed and will focus on the key issues. The evaluation clearly relates to whether money is a motivator. The evaluation provides a broad range of arguments on both sides of the debate. Clear judgements are made with supporting statements to build an argument. The evaluation will consider depend on factors that determine the importance of money as a motivator. An holistic evaluation may be offered with an overall conclusion.
2	**2 marks** The learner demonstrates good understanding of motivational theorists and their view on the importance of money as a motivator. The learner makes an attempt to identify the relative importance that money has to play as a tool to motivate employees. There is clear understanding of one or two motivational theories views on high wages as a tool to motivate employees. At least two theorists are identified.	**3-4 marks** The learner gives a good analysis of one or two motivational theorists and their view on the importance of money as a motivator. The analysis is uneven with some well-developed points and others which are more limited in their development. A number of key issues are developed. The analysis will mainly focus on one side of the argument.	**3-4 marks** The learner gives a good evaluation of motivational theorists and their view on the importance of money as a motivator. The evaluation will include some of the key issues of both areas. The evaluation may consider the factors that determine money as a motivator. The evaluation is reasonably well-balanced with some development on both sides of the debate. The learner makes judgements with some attempt to support their evaluation. The answer may include a brief conclusion.

1	**1 mark** The learner demonstrates limited understanding of motivational theorists and their view on the importance of money as a motivator. Understanding is superficial. The learner identifies the relative importance that money plays as a motivator. Reference is made to at least one motivational theorist.	**1-2 marks** The learner gives a limited analysis of one motivational theorist and the view on the importance of money as a motivator. Superficial discussion. A limited number of key issues are developed. The analysis will focus on one side of the argument. Limited attempt is made to analyse motivational theorists' views regarding money as a motivator.	**1-2 marks** The learner gives a limited evaluation of motivational theorists and their view on the importance of money as a motivator. The learner shows an awareness of some of the key issues but with limited development. The evaluation will not focus on whether or not money is the key motivator. Judgements are superficial and unsupported. Evaluation is not explained. There is no conclusion.
0	**0 marks** The learner demonstrates no understanding.	**0 marks** The learner gives little or no meaningful analysis.	**0 marks** The learner makes no meaningful evaluation.

Indicative content:

It is difficult to say that only one factor, in this case money is the sole motivator to why people work. This is why there are a number of different views on the extent to which money is a motivator.

- F.W Taylor: Small repetitive tasks that require little thinking will result in high productivity levels providing there is a financial gain for working harder such as the form of piece rate. He believed that if workers can see the link between quantity of work produced and financial gain, then workers will increase their productivity to achieve this financial gain. This could be suitable for temporary workers, students, and those on low incomes that are not focused on climbing the career ladder but more so for a short-term financial gain. However, those seeking to move up the career ladder may argue the money is not the only factor that would motivate them, and in fact small repetitive tasks with no decision making will in-fact demotivate them.

- Mayo: Said that group dynamics and the way people are treated at work are more important than any form of financial motivation. People that went to work only for money did not fit within Mayo's theory, because if they were treated badly, they would not work as hard regardless of the money incentive. He said that group work and strategies aimed at boosting morale were more important to improve productivity levels.

- Maslow: Maslow viewed wages in two areas of his hierarchy of needs. Initially it fulfills the physiological (basic) need. Money is an important motivator because it pays for food, water and shelter, and without money there would not be an incentive to work to achieve this need. Furthermore, money could be used as a payment for above average performance that meets the individual's self-esteem which will result in an even higher level of motivation. Therefore, money can be seen as important as it is key to stay out of poverty and workers will work harder if there is a financial bonus of some sort for above average performance. However, Maslow also identified many non-financial motivators such as that found within safety and social needs, and also that workers could achieve self-esteem through non-financial rewards. Maslow would argue that money is important but not the only tool that allows workers to grow, achieve more needs and become more motivated. University graduates may link to Maslow's theory as getting a good paying job after graduation is important, however, other factors also come into play as they would want to grow into their career and climb the career ladder.

- Herzberg defined motivation as the willingness of people that want to work hard and not because they are pushed to work hard in the form of a monetary bribe. Although money is important to stop workers from feeling unhappy with their job (hygiene), he felt that motivators focused more on the job that the workers were completing. This could be linked to higher skilled employees and those in specialist careers. Also, those that volunteer would not consider money to be effective in motivating them.

- Vroom, Porter and Lawler: The expectancy theory was based upon the reward or pain an employee would receive for completing (or not completing) a task. This reward could be financial such as performance related pay commission etc. If there is a link to completing tasks (working hard) and receiving a financial gain, then people would strive to complete tasks. However, Porter and Lawler also thought these rewards (or pains) could be non-financial such as praise and recognition. Therefore, this theory again argues that money can play a part in motivating workers but it's not the sole reason for people to improve their productivity.

Possible themes for evaluation:
- It depends on the skill level of the worker.
- It depends on the job position the worker has.
- It depends on the age of the worker.
- It depends on the motives for working (many people volunteer).
- It depends on the contract that employee has.
- It depends on the type of job.

Credit any other relevant points.