

Cambridge Technicals

Business

Unit 1: The business environment

Level 3 Cambridge Technical in Business
05834 - 05837 & 05878

Mark Scheme for January 2025

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This mark scheme is published as an aid to teachers and students, to indicate the requirements of the examination. It shows the basis on which marks were awarded by examiners. It does not indicate the details of the discussions which took place at an examiners' meeting before marking commenced.

All examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes should be read in conjunction with the published question papers and the report on the examination.

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MARKING INSTRUCTIONS

PREPARATION FOR MARKING

RM ASSESSOR

1. Make sure that you have accessed and completed the relevant training packages for on-screen marking: *RM Assessor Online Training: OCR Essential Guide to Marking*.
2. Make sure that you have read and understood the mark scheme and the question paper for this unit. These are available in RM Assessor
3. Log-in to RM Assessor and mark the **required number** of practice responses (“scripts”) and the **required number** of standardisation responses.

MARKING

1. Mark strictly to the mark scheme.
2. Marks awarded must relate directly to the marking criteria.
3. The schedule of dates is very important. It is essential that you meet the RM Assessor 50% and 100% (traditional 40% Batch 1 and 100% Batch 2) deadlines. If you experience problems, you must contact your Team Leader (Supervisor) without delay.
4. If you are in any doubt about applying the mark scheme, consult your Team Leader by telephone, email or via the RM Assessor messaging system.

5. Crossed-Out Responses

Where a candidate has crossed out a response and provided a clear alternative then the crossed-out response is not marked. Where no alternative response has been provided, examiners may give candidates the benefit of the doubt and mark the crossed-out response where legible.

Rubric Error Responses – Optional Questions

Where candidates have a choice of question across a whole paper or a whole section and have provided more answers than required, then all responses are marked and the highest mark allowable within the rubric is given. Enter a mark for each question answered into RM Assessor, which will select the highest mark from those awarded. *(The underlying assumption is that the candidate has penalised themselves by attempting more questions than necessary in the time allowed.)*

Multiple-Choice Question Responses

When a multiple-choice question has only a single, correct response and a candidate provides two responses (even if one of these responses is correct), then no mark should be awarded (as it is not possible to determine which was the first response selected by the candidate).

When a question requires candidates to select more than one option/multiple options, then local marking arrangements need to ensure consistency of approach.

Contradictory Responses

When a candidate provides contradictory responses, then no mark should be awarded, even if one of the answers is correct.

Short Answer Questions (**requiring only a list by way of a response, usually worth only one mark per response**)

Where candidates are required to provide a set number of short answer responses then only the set number of responses should be marked. The response space should be marked from left to right on each line and then line by line until the required number of responses have been considered. The remaining responses should not then be marked. Examiners will have to apply judgement as to whether a 'second response' on a line is a development of the 'first response', rather than a separate, discrete response. *(The underlying assumption is that the candidate is attempting to hedge their bets and therefore getting undue benefit rather than engaging with the question and giving the most relevant/correct responses.)*

Short Answer Questions (**requiring a more developed response, worth two or more marks**)

If the candidates are required to provide a description of, say, three items or factors and four items or factors are provided, then mark on a similar basis – that is downwards (as it is unlikely in this situation that a candidate will provide more than one response in each section of the response space).

Longer Answer Questions (**requiring a developed response**)

Where candidates have provided two (or more) responses to a medium or high tariff question which only required a single (developed) response and not crossed out the first response, then only the first response should be marked. Examiners will need to apply professional judgement as to whether the second (or a subsequent) response is a 'new start' or simply a poorly expressed continuation of the first response.

6. Always check the pages (and additional objects if present) at the end of the response in case any answers have been continued there. If the candidate has continued an answer there, then add the annotation 'SEEN' to confirm that the work has been seen and mark any responses using the annotations in section 11.
7. There is a NR (**No Response**) option. Award NR (No Response):
 - if there is nothing written at all in the answer space
 - OR if there is a comment which does not in any way relate to the question (e.g., 'can't do', 'don't know')
 - OR if there is a mark (e.g., a dash, a question mark) which is not an attempt at the question.

Note: Award 0 marks – for an attempt that earns no credit (including copying out the question).

8. The RM Assessor **comments box** is used by your Team Leader to explain the marking of the practice responses. Please refer to these comments when checking your practice responses. **Do not use the comments box for any other reason.**
9. *Assistant Examiners will send a brief report on the performance of candidates to their Team Leader (Supervisor) via email by the end of the marking period. The report should contain notes on particular strengths displayed as well as common errors or weaknesses. Constructive criticism of the question paper/mark scheme is also appreciated.*

10. For answers marked by levels of response: Not applicable in F501

To determine the level – start at the highest level and work down until you reach the level that matches the answer

To determine the mark within the level, consider the following

Descriptor	Award mark
On the borderline of this level and the one below	At bottom of level
Just enough achievement on balance for this level	Above bottom and either below middle or at middle of level (depending on number of marks available)
Meets the criteria but with some slight inconsistency	Above middle and either below top of level or at middle of level (depending on number of marks available)
Consistently meets the criteria for this level	At top of level

11. Annotations

Annotation	Meaning	Annotation	Meaning
	Tick – correct, mark awarded	L1	Level 1 (Knowledge)
	Cross – incorrect, mark not awarded	L2	Level 2 (Understanding)
	Meaning of response unclear	L3	Level 3 (Analysis)
NAQ	Not answered question	L4	Level 4 (Evaluation)
TV	Too vague	CONT	Response is contextual

BOD	Benefit of doubt	SEEN	Noted but no credit given
REP	Same point repeated	BP	Blank page
OFR	Own figure rule		Highlight

12. Subject-specific marking instructions

12-mark Level of Response marked questions are to be marked over 4 levels:
Level 1 knowledge, Level 2 understanding, Level 3 analysis, Level 4 evaluation.

Where permitted by the mark scheme, L1 responses can be analysed to proceed directly to L3.

L3 analysis is always required before L4 can be accessed.

SECTION A			
Question	Answer	Marks	Guidance
1	Indicative content: B	1	For one mark.
2	Indicative content: D	1	For one mark.
3	Indicative content: C	1	For one mark.
4	Indicative content: B	1	For one mark.
5	Indicative content: B	1	For one mark.
6	Indicative content: B	1	For one mark.
7	Indicative content: C	1	For one mark.
8	Indicative content: C	1	For one mark.
9	Indicative content: A	1	For one mark.
10	Indicative content: D	1	For one mark.
11	Indicative content: D	1	For one mark.
12	Indicative content: A	1	For one mark.
13	Indicative content: B	1	For one mark.
14	Indicative content: B	1	For one mark.
15	Indicative content: B	1	For one mark.
16	Indicative content: B	1	For one mark.
17	Indicative content: B	1	For one mark.
18	Indicative content: B	1	For one mark.
19	Indicative content: C	1	For one mark.
20	Indicative content: D	1	For one mark.

SECTION B			
Question	Answer	Marks	Guidance
21	<p>Responses could relate to any aspect of the external business environment (PESTLEC):</p> <ul style="list-style-type: none"> • Political e.g. political change, political instability, war, change of government, etc • economic e.g. economic change, interest rates, exchange rates, inflation, unemployment, tax, tariffs, economic downturn, etc • social e.g. social change, disposable income, changes in tastes, changing habits, reduced demand, health concerns, social trends, etc • technology e.g. advances in technology, 5G, etc [NB check factor is external]* • legal e.g. legal change, laws, crime rates, etc • environmental e.g. pressure groups, environmentalist behaviour, etc • competitive environment e.g. competition, competitor behaviour, increases in supplier costs, increase in supplier power, increase in buyer power, availability of substitutes, etc. <p>Exemplar responses:</p> <p>Name of business: Chappel's Corner Activity of business: Convenience store</p> <p>Competitors (1). Size of local population (1). Inflation (1). Health concerns (1). Laws (1). Increased transport costs (1).</p>	2	<p>One mark for each identification to a maximum of two.</p> <p>Both threats can stem from the same type of external factor e.g. two economic factors or two social trends.</p> <p>MUST BE EXTERNAL and <u>potentially negative</u> (i.e. not a positive). E.g. 'high competition' (1), 'competition' (1); 'low competition' (0).</p> <p>NB Do not award internal causes or causes that are overtly positive. E.g. Weak cybersecurity (0) (internal) Not meeting targets (0) (internal) Reliance on technology (0) (internal) Their technology is out of date (0) (internal) Reduced prices (0) (internal) Lack of innovative ideas (0) (internal) Choice of packaging (0) (internal) Demand (0) (positive) Lack of competition (0) (positive) High levels of disposable income (0) (positive) [unless business is atypical e.g. a poundshop]. Increased cost (TV) (0) (type or cause required to determine if external).</p> <p>NB Threat required (rather than result of threat) E.g. Loss of customers (0) NAQ (result rather than threat) Customer dissatisfaction (0) NAQ (result rather than threat) Risk of damage to brand (0) NAQ (result rather than threat) Becoming less popular (0) NAQ (result rather than threat) Bad reputation (0) NAQ (result of threat rather than threat itself).</p> <p>Do not award category titles e.g. 'political', 'economic', etc.</p>

SECTION B					
Question			Answer	Marks	Guidance
					<p>*Take care with 'technology' most answers are about business use of technology – this is internal and therefore a weakness rather than a threat.</p> <p>'Technological change' (TV) (0) (more detail needed to determine if external).</p> <p>Answers should relate to the business which the learner has researched.</p>

22	<p>Indicative content:</p> <ul style="list-style-type: none"> • Advantages i.e. <ul style="list-style-type: none"> ○ interest free <u>period</u> ○ pay in instalments/pay back monthly/pay back in small amounts ○ payment protection. • Disadvantages i.e. <ul style="list-style-type: none"> ○ <u>interest</u> (charged) ○ <u>debt spiral/cycle</u> ○ <u>non-payment</u> leads to penalties/damaged credit score/legal action/fines/additional charges. <p>Exemplar responses:</p> <p>Name of business: Barbara the Butcher Activity of business: Butcher's shop</p> <p>Barbara can buy the meat (CONT) and pay the money back to the credit card company in monthly instalments (2).</p> <p>Barbara will receive an interest free period (1).</p> <p>Barbara will be charged interest, making the cost of her meat (CONT) more expensive (2).</p> <p>There are legal penalties for non-payment (1).</p>	4	<p>In each case, credit: Two marks for a contextual answer (CONT annotation required) OR One mark for a non-contextual answer.</p> <p>Test for CONTEXT = product/service/industry only. Look for industry specific terms.</p> <p>Do not award uses of the finance as advantages e.g. 'it will allow the business to buy ... '/use for emergencies'. Specific advantage/disadvantage of credit cards over other sources of finance is required (see bullet points).</p> <p>Do not award statements e.g. 'short term finance'/'buy now pay later' – this is what a credit card is, rather than an advantage or disadvantage.</p> <p>Do not award statements that apply to sources of finance in general e.g. 'use when insufficient funds'/'helps with cashflow', 'helps afford', etc as these are the purposes of all sources of finance.</p> <p>NB Question is about the business using a credit card as a source of finance (not payment methods for business or customer). Do not award 'could be lost'/'needs wifi'/'no need to count cash', 'cash not stolen', etc. (NAQ)</p> <p>Expensive (0) (TV) (reference to 'interest' required). Increased debt (TV) (reference to 'debt spiral'/'debt cycle' required).</p> <p>Answers should relate to the business which the learner has researched.</p>
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Question	Answer	Marks	Guidance
23	<p>Responses include:</p> <ul style="list-style-type: none"> • customers <ul style="list-style-type: none"> ○ low/reasonable prices/value for money ○ quality of product/service e.g. fast delivery, safety, environmentally friendly, high quality, etc ○ convenience e.g. wide product range, long opening hours, purchase online, etc ○ to be listened to. • central government <ul style="list-style-type: none"> ○ taxes ○ compliance with legislation/legal behaviour/obey Act [must mention link to law – see final exemplar] ○ job creation/encourage enterprise ○ be environmentally friendly e.g. minimise waste, recycle, save the planet, small carbon footprint, clean environment, etc. <p>Exemplar responses:</p> <p>Name of business: DW Enterprises Ltd Activity of business: Petrol Station</p> <p>Customers want low prices (1). Charging lower prices than nearby garages (CONT) increases sales (+2).</p> <p>Customers want to be served quickly (1). Meeting this objective may lead to the business getting positive reviews (+1).</p> <p>Central government wants taxes (1). Paying these taxes reduces the amount of profit the company can reinvest in upgrading its fuel pumps (CONT) (+2).</p>	6	<p>In each case, credit as follows:</p> <p>One mark for a correct identification of an objective.</p> <p><i>Without identification no further marks can be awarded.</i></p> <p>PLUS</p> <p>Two marks for contextual analysis i.e. impact on business of <u>meeting</u> this objective. (CONT annotation required).</p> <p>OR</p> <p>One mark for non-contextual analysis i.e. impact on business of <u>meeting</u> this objective (no context).</p> <p>Test for CONTEXT = product/service/industry only. Look for industry specific terms.</p> <p>NB Impact of meeting the objective (not impacts of failing to meet the objective).</p> <p>Impacts to business required (rather than consequences or actions).</p> <p>NB There are benefits and drawbacks to meeting these objectives so impacts can be positive or negative.</p> <p>NB There must be a logical link between the objective and the suggested consequence. E.g. 'Higher taxes (1) lead to higher cost (+1)'. However, e.g. 'Higher taxes (1) lead to increased customer loyalty (0 – no link)'.</p> <p>'Affects' TV, direction required. E.g. Affects reputation (TV) (0).</p>

Question	Answer	Marks	Guidance
	<p>Central government wants compliance with minimum wage legislation (1). This will increase business costs (+1).</p> <p>Central government wants high wages (0) (without reference to legislation this is an employee objective).</p>		<p>Objective: 'Having multiple options' (TV) Objective: 'Keep satisfied' (TV)</p> <p>Central government – legislation – do not award examples of compliance, unless it is clear the objective is to <u>obey</u> the <u>law</u>.</p> <p>Answer should relate to the business which the learner has researched.</p>

Question	Answer	Marks	Guidance
24	<p>Responses include:</p> <ul style="list-style-type: none"> • of satisfactory/acceptable quality/expected standard* • as described/match description/as advertised • fit for (particular) purpose/used for usual purpose • with reasonable skill • with reasonable care • within reasonable time period • refund/repair/replacement/return for products that are faulty/not of satisfactory quality/not as described/not fit for purpose. <p>Exemplar responses:</p> <p>Name of business: Kylie's Salon Activity of business: Hairdressers</p> <p>Kylie always takes reasonable care when cutting a client's hair (CONT) (2).</p> <p>Kylie listens carefully to clients and uses reasonable skill to try and meet their requests (1).</p> <p>Kylie gives a refund for hair clips (CONT) that break (2).</p> <p>Kylie refunds the price of products that are faulty (1).</p> <p>Kylie gives refunds to dissatisfied customers (0) (law not breached).</p>	4	<p>In each case, credit: Two marks for a contextual answer (CONT annotation required) or One mark for a non-contextual answer.</p> <p>Test for CONTEXT = product/service/industry only. Look for industry specific terms.</p> <p>Do not award refund/repair/replacement/return 'if not satisfied'. The question is about the law. The law does not require businesses to offer remedies unless the legislation has been breached e.g. product damaged, not as described, etc.</p> <p>Do not award 'reasonable price' (not covered by the law).</p> <p>Do not award 'food hygiene'/'nutritional information'/'use by dates' (as these are not covered by the Consumer Rights Act).</p> <p>Do not award 'safe'/'not cause harm' (safety is covered by the Consumer Protection Act).</p> <p>*NB Also accept answers that do more than the law requires as this is still compliance e.g. 'products are of high quality' (1), 'sells quality products' (1).</p> <p>Answers should relate to the business which the learner has researched.</p>

Question	Answer	Marks	Guidance
25	<p>Use levels of response criteria.</p> <p>Responses include:</p> <ul style="list-style-type: none"> • increased prices • introduced luxury products/new products/additional services • promoted <u>luxury</u> products/<u>new</u> products/additional services • product innovation • increased production • opened new stores • extended its opening hours • employed more staff. <p>Exemplar responses:</p> <p>Name of business: XHM plc Activity of business: Mobile phone manufacturer</p> <p>XHM has increased its prices (✓) especially for its high spec phones (CONT ∴ L2) and extended its product range (✓). 4 marks</p> <p>XHM has increased the prices (✓) that it charges for its phones (CONT ∴ L2), so that it can make more revenue. 3 marks</p> <p>XHM has increased its prices (✓) and advertising extended its product range (✓). (NO CONTEXT ∴ L1) 2 marks</p> <p>XHM has increased the prices (✓) that it charges so that it can make more revenue. (NO CONTEXT ∴ L1) 1 mark</p>	4	<p>Levels of response</p> <p>Level 2 (3 - 4 marks) (CONT annotation required) Candidate gives a contextual response as to how a business has responded to rising levels of disposable income in the UK.</p> <p>Level 1 (1 - 2 marks) Candidate gives a non-contextual response as to how a business has responded to rising levels of disposable income in the UK.</p> <p>Test for CONTEXT = product/service/industry only. Look for industry specific terms.</p> <p>NB Actions required. No marks for explanation.</p> <p>Award bottom of the appropriate level for a response that contains one way. ✓</p> <p>Award top of the appropriate level for a response that contains two or more <u>different</u> ways. ✓✓</p> <p>4 marks – context plus 2 ways. 3 marks – context plus 1 way. 2 marks – 2 ways (but no context). 1 mark – 1 way (but no context).</p> <p>Do not award general methods relating to increasing sales e.g. 'marketing'/'promote product'/'advertise more'/'discounts'/'more special offers', 'loyalty schemes', 'impulse buys', etc (0). The question is testing understanding of business response to an increase in customers' disposable income.</p>

Question	Answer	Marks	Guidance
			Answer should relate to the business which the learner has researched.

SECTION C				
Question		Answer	Marks	Guidance
26	(a)	<p>Indicative content:</p> <ul style="list-style-type: none"> position in the market: second e.g. 2nd place, number 2, two, challenger, top but one, etc. largest competitor: Potts (plc). 	2	<p>One mark for each correct identification.</p> <p>NB The contradictory response rule applies to each question. If conflicting answers are given award zero for that response. E.g. 2nd or 3rd largest (0) or Potts and 2LP (0).</p>
26	(b)	<p>Indicative content:</p> <p>143,000 tonnes x 22/100 = 31,460 tonnes</p>	2	<p>Credit as follows:</p> <p>Two marks for correct answer 31,460 tonnes (units required but accept abbreviations). One mark for '31460' with incorrect or no units.</p> <p>Do not accept 't' as an abbreviation for tonnes, as it could also be an abbreviation for tomatoes. Annotate TV.</p>

27	(a)	<p>Responses include:</p> <ul style="list-style-type: none"> not compromising the ability of <u>generations to come</u> to meet their own needs preserving natural resources <u>for many years to come</u> maintaining the quality and availability of natural resources <u>long term</u> protecting the environment for the <u>future</u> looking after things/caring for resources <u>for future generations</u>. 	1	<p>One mark for a correct identification.</p> <p>NB the question refers to ‘sustainability’ rather than just ‘being environmentally friendly’. Therefore, the concept of protecting the environment for the <u>future</u> is explicitly required for the mark.</p> <p>Do not award examples.</p>
27	(b)	<p>Use levels of response criteria.</p> <p>Responses include:</p> <p>Negative consequences:</p> <ul style="list-style-type: none"> damage to reputation/image damage to ethical profile/being viewed as unethical bad publicity loss of trust loss of USP loss of competitive advantage damaged relationships with buyers/suppliers shops/restaurants refuse to stock/purchase dissatisfied/unhappy/angry customers (more) complaints fewer customers customer boycott lower revenue fall in market share workforce demotivation 	12	<p>Levels of response</p> <p>Level 4 (10 - 12 marks) Candidate evaluates likely consequences for Wilson Ltd if it does not operate sustainably.</p> <p>Level 3 (7 - 9 marks) Candidate analyses one or more likely consequences for Wilson Ltd if it does not operate sustainably.</p> <p>Level 2 (4 – 6 marks) Candidate explains one or more likely consequences for Wilson Ltd if it does not operate sustainably.</p> <p>Level 1 (1 – 3 marks) Candidate identifies one or more likely consequences for Wilson Ltd if it does not operate sustainably.</p> <p>L1 – identifies a consequence. E.g. Reputation may be damaged (L1).</p> <p>L2 –explanation of the cause of the consequence i.e. WHY/BECAUSE (or consequence to stakeholder or consequence to business that falls short of being analytical).</p>

	<ul style="list-style-type: none"> employees leave pressure group/environmentalist activity failure to meet corporate vision/goals shareholders may withdraw their investment/sell their shares put off potential investors insolvency/liquidation/business closure increased <u>utility/energy/water/waste disposal</u> costs. <p>Positive consequences:</p> <ul style="list-style-type: none"> saves money because do not need to buy sustainable equipment/pay for sustainable supplies lower <u>total/overall/operating</u> costs (because being sustainable is expensive) may be able to charge lower prices. <p>Exemplar response:</p> <p>Fewer restaurants may want to buy its tomatoes (L1) because the way the company operates would be damaging the environment (L2). This would reduce Wilson Ltd’s revenue (L3).</p> <p>In addition, the company may experience bad publicity (L1) harming the reputation of the company (L3).</p> <p>Family shareholders are more likely to choose to withdraw their investment (L1) because they only want to be involved in environmentally friendly business practices (L2). This may leave the company short of investment funding, delaying expansion (L3).</p> <p>The biggest consequence to Wilson Ltd is likely to be the loss of customers because this will negatively affect its profit (L4) and the ability of the company to provide</p>	<p>E.g. Reputation may be damaged (L1) because society is becoming more eco-conscious (L2).</p> <p>NB do not award ‘sustainable’ for L2 reason because that just repeats the question.</p> <p>L3 – analysis of the consequence i.e. impact on Wilson Ltd of the L1/L2 point. E.g. Reputation may be damaged (L1) because society is becoming more eco-conscious (L2). This may reduce Wilson Ltd’s market share (L3).</p> <p>NB Max <u>one</u> L3 per L1 point.</p> <p>L4 – evaluation – which is the greatest/main/worst consequence for the business and WHY.</p> <p>NB L4 can be accessed providing the response contains analysis i.e. L3, even if only 1 valid consequence has been considered.</p> <p>Award 10 marks for a <u>decision</u> with <u>justification</u> but no context.</p> <p>Award 11 marks for a <u>decision</u> with <u>justification</u> and with context.</p> <p>Award 12 marks for a <u>decision</u> with <u>detailed justification</u> that includes <u>comparison of why another consequence is of lower rank</u>, including context. NB 2 x L1 needed for a comparison to be possible.</p> <p>Examples of L4 justification (10 marks): ‘bad reputation difficult to reverse’, ‘it costs more to gain back customers’, ‘leads to fewer customers’, ‘will reduce market share’, etc.</p> <p>NB most L1s are negative (but see arguments relating to lower total operating costs/pricing (because being sustainable is expensive).</p>
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		<p>sufficient income for family members (CONT). Bad publicity is less likely to cause the company serious concern because consumers who purchase their tomatoes in supermarkets are unlikely to know which farm grew their produce (L4).</p>	<p>NB Take care with arguments related to impacts on costs. 'Costs increase/decrease' TV. Must be clear what type of costs because utility e.g. water costs would increase but total operating costs would be reduced.</p> <p>'Unprofessional' TV. 'Business failure' TV. 'Affects revenue/reputation', etc TV – direction required.</p> <p>NB More customers = L2. Impact on business of greater custom required for L3.</p> <p>Do not award arguments related to legal/political aspects as sustainability is not mandatory. E.g. do <u>not</u> award: Taxes (0) Legal action e.g. fines (0) H&S inspection (0).</p> <p>L1/L3 Do not award consequences for the environment e.g. 'pollution', 'climate change', etc. Consequences need to be on the business.</p> <p>Do not award answers relating to levels of output, failed harvests or quality of tomatoes because these are not dependant on being sustainable (0).</p> <p>Context list e.g. farm, tomatoes, three directors, family, grandfather, glasshouses, packhouses, robots, 6% inflation, 5% interest rate, low unemployment, IT skills shortages, 50% low morale, £15m, Potts, Driy, T5T, 2LP, Eastern Division, etc.</p>
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Question	Answer	Marks	Guidance
28	<p>Indicative content:</p> <ul style="list-style-type: none"> • Communication path: (via) Packhouse Supervisor. • Span of control: <u>5</u> or five [not 3+2, total required]. • Same job role status: <u>Sales & Marketing Manager/Business Services Manager/Farm Manager</u> [not HR Manager] • Hierarchical structure: tall. • Organised by: geographic/location. 	5	<p>One mark for each correct identification to a maximum of five marks.</p> <p>NB The contradictory response rule applies. If conflicting answers are given award zero for that response. E.g. span of control '5 or 6' (0); hierarchical structure: 'tall or flat' (0).</p> <p>Same job role status: Underlined words must be included in the job title to award e.g. 'Marketing Manager' (TV) (0).</p> <p>Organised by: 'Area' TV (could mean 'functional area').</p>

29	<p>Use levels of response criteria.</p> <p>Responses include:</p> <ul style="list-style-type: none"> • bonus • profit-sharing • performance-related pay e.g commission • share ownership scheme • employee of month scheme (award/certificate) • gifts/gift vouchers • prizes/trophy • discounts • social events e.g. party, work’s dinner, etc • (other) fringe benefits e.g. vending machine, lunch facilities, gym membership, health insurance, housing, company car, bicycle, etc • additional holidays/time off/early finish • public recognition e.g. award ceremonies • praise. <p>Exemplar response:</p> <p>Eastern Division could give out employee of the month awards (L1), which would motivate employees (L2), increasing output (L3).</p> <p>The division could also offer bonuses (L1) however this will significantly increase labour costs (L3).</p> <p>Eastern Division could offer additional days off as a reward (L1) which would leave employees better rested (L2). However, this may lead to the farm being understaffed (L3).</p>	12	<p>Levels of response</p> <p>Level 4 (10 - 12 marks) Candidate evaluates employee reward systems that Eastern Division could use.</p> <p>Level 3 (7 - 9 marks) Candidate analyses employee reward system(s) that Eastern Division could use.</p> <p>Level 2 (4 – 6 marks) Candidate explains employee reward system(s) that Eastern Division could use.</p> <p>Level 1 (1 – 3 marks) Candidate identifies employee reward system(s) that Eastern Division could use.</p> <p>L1 – identifies an employee reward. E.g. A bonus could be used (L1).</p> <p>L2 – explanation of effect on employee (or consequence to business that falls short of being analytical). E.g. A bonus could be used (L1) as it will improve morale (L2).</p> <p>L3 – analysis of the reward i.e. impact on Wilson Ltd of the L1/L2 point. E.g. A bonus could be used (L1) as it will improve morale (L2) and increase productivity (L3).</p> <p>NB Max one L3 per employee reward system.</p> <p>L4 evaluation – a reasoned judgement as to which reward system Eastern Division should use.</p> <p>NB L4 can be accessed providing the response contains analysis i.e. L3, even if only 1 valid consequence has been considered.</p>
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		<p>I recommend that Eastern Division introduce a bonus system because it will encourage employees to work harder (L4) to get the additional money, especially in times of 6% inflation (CONT). I did not choose additional days off because most of the staff have specialist IT skills so need to be at work to maintain output (L4).</p>	<p>Award 10 marks for a <u>decision</u> with <u>justification</u> but no context. Award 11 marks for a <u>decision</u> with <u>justification</u> and with context. Award 12 marks for a <u>decision</u> with <u>detailed justification</u> that includes <u>comparison of why another reward has been rejected</u>, including context. NB 2 x L1 needed for a comparison to be possible.</p> <p>NB L4 justification for 10 marks must be a positive reason (rather than negative of another option).</p> <p>Examples of L4 justification (10 marks): ‘work harder’, ‘improve morale’, ‘more motivation’, improve productivity’, ‘low cost’, etc.</p> <p>NB L3 impacts on the business can be positive or negative.</p> <p>‘Professional’ TV. ‘Business success’ TV ‘Affects revenue/reputation’, etc TV – direction required.</p> <p>NB More customers = L2. Impact on business of greater custom required for L3.</p> <p>Do not award arguments related to usual remuneration because reward systems are to encourage additional endeavour. E.g. do <u>not</u> award: Pay rise (0) Overtime enhancements (0) Living wage (0) Pensions (0).</p> <p>Do not award ‘promotion’ (0) (not a reward for endeavour). Do not award ‘punishment’ (0) (rewards should be positive). Do not award ‘uniforms’ (0) (not a fringe benefit). Do not reward ‘counselling’ (0) (not a reward scheme).</p>
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					<p>Do not award 'breaks' (0) (legal requirement).</p> <p>Do not award general motivation methods of the entire workforce e.g. job enlargement, job enrichment, job rotation, empowerment, teamwork, team bonding, shared workload, increased responsibility, training, etc.</p> <p>Context list e.g. farm, tomatoes, three directors, family run, family members, grandfather, glasshouses, packhouses, robots, 6% inflation, 5% interest rate, low unemployment, IT skills shortages, 50% low morale, £15m, Potts, Driy, T5T, 2LP, etc, [not Eastern Division].</p>
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Question	Answer	Marks	Guidance
30	<p>Indicative content:</p> $BE = \frac{FC}{SP - VC}$ $\frac{2,100,000 \times 4}{1684 - 634} = \frac{8,400,000}{1050} = \mathbf{8000}$ <p>OR</p> $\frac{2,100,000}{1050} = 2000; 2000 \times 4 = \mathbf{8000}$	4	<p>Up to four marks.</p> <p>Credit four marks for: 8000 (irrespective of units), (BE calc).</p> <p>ELSE</p> <p>Credit max three marks for 2000 (irrespective of units), if seen (quarterly BE calc).</p> <p>ELSE</p> <p>Credit one mark for each of the following if seen:</p> <ul style="list-style-type: none"> • 1050 (contribution) • 8.4m/million/8,400,000 (fixed costs). <p>No marks for quoting the formula.</p>

31	<p>Use levels of response criteria.</p> <p>Responses include:</p> <p>Reasons to change to Plc:</p> <ul style="list-style-type: none"> • sell shares to anyone/on stock exchange • more sources of finance e.g. debentures • bank more likely to lend • more investors/shareholders • raise more capital • higher profile. <p>Reasons to remain as Ltd:</p> <ul style="list-style-type: none"> • becoming a plc is expensive (minimum cost £50,000) • plc time consuming to set up • less red tape/bureaucracy • no need to produce a prospectus • company secretary does not need to be qualified • no auditor required • accounts do not need to be published/financial affairs remain private • no divorce between ownership and control • no loss of control • no change to vision/goals • no change in strategic direction • ownership of business remains with the family • dividends remain in the family/not payable to general public • no risk of (hostile) takeover. <p>Exemplar response:</p>	12	<p>Levels of response</p> <p>Level 4 (10 - 12 marks) Candidate evaluates whether Wilson Ltd should become a plc or remain an ltd.</p> <p>Level 3 (7 - 9 marks) Candidate analyses one or more reasons for Wilson Ltd becoming a plc or remaining an ltd.</p> <p>Level 2 (4 – 6 marks) Candidate explains one or more reasons for Wilson Ltd becoming a plc or remaining an ltd.</p> <p>Level 1 (1 – 3 marks) Candidate identifies one or more reasons for Wilson Ltd becoming a plc or remaining an ltd.</p> <p>L1 – identifies a reason. E.g. Can raise more capital (L1).</p> <p>L2 – explanation of the cause of the reason i.e. WHY/BECAUSE (or consequence that falls short of being analytical). E.g. Can raise more capital (L1) by selling shares on the stock exchange (L2).</p> <p>L3 – analysis of a reason i.e. impact on Wilson Ltd (or its current owners/directors/Wilson family) of L1/L2 point. E.g. Can raise more capital (L1) by selling shares on the stock exchange (L2). Allowing the company to fund the opening of the Eastern Division (L3).</p> <p>NB Max one L3 per L1 point.</p> <p>L4 evaluation – an overall judgement as to whether or not Wilson Ltd should become a public limited company.</p> <p>NB L4 can only be accessed if L3 present.</p>
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		<p>One advantage of becoming a public limited company is that shares can be sold on the stock exchange (L1). This should allow the company to cover the cost of opening Eastern Division (L3).</p> <p>However, floating on the stock exchange is expensive (L1), costing a minimum of £50,000 (L2). This will significantly increase this year's operating costs (L3).</p> <p>In addition, the family may lose control of the company (L1) because it would be open to a hostile takeover (L2). This could lead to the current shareholders being outvoted and the company taken in a new strategic direction (L3).</p> <p>The company should not become a plc because it may lead to a significant change of goals (L4) which could be in conflict with the original goals of the founder whom current family members (CONT) support. The £15 million required to open Eastern Division can still be raised by debt finance instead of equity finance, for example a bank loan or a mortgage (L4).</p>	<p>Award 10 marks for a <u>decision</u> with <u>justification</u> but no context.</p> <p>Award 11 marks for a <u>decision</u> with <u>justification</u> and with context.</p> <p>Award 12 marks for a <u>decision</u> with <u>detailed justification</u> that includes explicit <u>additional argument relating to reason for rejection or mitigation of the rejection</u>, including context.</p> <p>NB L4 justification for 10 marks can be a benefit(s) of option chosen or a drawback(s) of option rejected.</p> <p>Examples of L4 justification (10 marks): lose control, keep business family run, hostile takeover, raise finance, afford to open Eastern Division, etc.</p> <p>'Professional' TV. 'Business failure TV. 'Affects revenue/reputation', etc TV – direction required.</p> <p>NB More customers = L2. Impact on business of greater custom required for L3.</p> <p>Do not award arguments that relate to: Liability (0) (same for Ltd and plc) Multiple owners/shareholders/directors (0) (already multiple) Employment/recruitment (0) Government funding (0) New ideas/opinions/skills/expertise (0) (public shareholders play no active role in a plc) Conflict/decision-making/workload (0) ((public shareholders play no active role in a plc) Size of business (0) Tax (0)</p> <p>NB Watch out for repetition in the inverse e.g. Plc risk of hostile takeover (L1). Ltd no risk of hostile takeover (REP).</p>
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					Context list e.g. farm, tomatoes, three directors, family run, family members, grandfather, glasshouses, packhouses, robots, 6% inflation, 5% interest rate, low unemployment, IT skills shortages, 50% low morale, £15m, Potts, Driy, T5T, 2LP, Eastern Division, etc.
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