GCSE
BUSINESS
8132/1

Paper 1 Influences of operations and HRM on business activity

Mark scheme

June 2024

Version: 1.0 Final

2 4 6 G 8 1 3 2 / 1 / M S

Mark schemes are prepared by the Lead Assessment Writer and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation events which all associates participate in and is the scheme which was used by them in this examination. The standardisation process ensures that the mark scheme covers the students' responses to questions and that every associate understands and applies it in the same correct way. As preparation for standardisation each associate analyses a number of students' scripts. Alternative answers not already covered by the mark scheme are discussed and legislated for. If, after the standardisation process, associates encounter unusual answers which have not been raised they are required to refer these to the Lead Examiner.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of students' reactions to a particular paper. Assumptions about future mark schemes on the basis of one year's document should be avoided; whilst the guiding principles of assessment remain constant, details will change, depending on the content of a particular examination paper.

No student should be disadvantaged on the basis of their gender identity and/or how they refer to the gender identity of others in their exam responses.

A consistent use of 'they/them' as a singular and pronouns beyond 'she/her' or 'he/him' will be credited in exam responses in line with existing mark scheme criteria.

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Level of response marking instructions

Level of response mark schemes are broken down into levels, each of which has a descriptor. The descriptor for the level shows the average performance for the level. There are marks in each level.

Before you apply the mark scheme to a student's answer read through the answer and annotate it (as instructed) to show the qualities that are being looked for. You can then apply the mark scheme.

Step 1 Determine a level

Start at the lowest level of the mark scheme and use it as a ladder to see whether the answer meets the descriptor for that level. The descriptor for the level indicates the different qualities that might be seen in the student's answer for that level. If it meets the lowest level then go to the next one and decide if it meets this level, and so on, until you have a match between the level descriptor and the answer. With practice and familiarity you will find that for better answers you will be able to quickly skip through the lower levels of the mark scheme.

When assigning a level you should look at the overall quality of the answer and not look to pick holes in small and specific parts of the answer where the student has not performed quite as well as the rest. If the answer covers different aspects of different levels of the mark scheme you should use a best fit approach for defining the level and then use the variability of the response to help decide the mark within the level, ie if the response is predominantly level 3 with a small amount of level 4 material it would be placed in level 3 but be awarded a mark near the top of the level because of the level 4 content.

Step 2 Determine a mark

Once you have assigned a level you need to decide on the mark. The descriptors on how to allocate marks can help with this. The exemplar materials used during standardisation will help. There will be an answer in the standardising materials which will correspond with each level of the mark scheme. This answer will have been awarded a mark by the Lead Examiner. You can compare the student's answer with the example to determine if it is the same standard, better or worse than the example. You can then use this to allocate a mark for the answer based on the Lead Examiner's mark on the example.

You may well need to read back through the answer as you apply the mark scheme to clarify points and assure yourself that the level and the mark are appropriate.

Indicative content in the mark scheme is provided as a guide for examiners. It is not intended to be exhaustive and you must credit other valid points. Students do not have to cover all of the points mentioned in the Indicative content to reach the highest level of the mark scheme.

An answer which contains nothing of relevance to the question must be awarded no marks.

The own figure rule

General principle: The own figure rule is designed to ensure that students are only penalised once for a particular error at the point at which that error is made, and suffer no further penalty as consequence of the error. Where the own figure rule is to be applied in a mark scheme, the symbol OFR is used.

Section A

Total for this section: 20 marks

Multiple Choice Questions

Question Number	Answer	
1.1	B	Easy to set up
1.2	C	Advertising on a noticeboard in the staffroom
1.3	A	When an employee first joins a business
1.4	D	Short chain of command
1.5	A	Borrowing will be cheaper
1.6	A	Interest payments

Q1.1 to Q1.6 = AO1 × 6 **[1 mark for each correct answer]**

1.7	Explain **one** method of growth used by a business when expanding organically or externally. **[2 marks]**

Marks for this question: AO1 – 2 marks

1 mark for identifying the method and 1 mark for explaining how the method achieves growth or for a description of the method of growth.

Answers may include:
- merger
- takeover
- franchising
- opening new stores
- e-commerce
- outsourcing.
- expanding overseas/entering new market

Examples of developed answers
Merger (1) this occurs when two or more businesses join together to form a new business (1).
A takeover (1) this occurs when one business buys control of another one (1).
Franchising (1) as the franchisee pays for new locations to increase customers (1)

Marker's note
Do not accept 'internal', 'external' or 'organic' because these are not methods.

1.8	Explain why a business uses delayering. **[2 marks]**

Marks for this question: AO1 – 2 marks

1 mark for identifying a reason and 1 mark for how delayering achieves this.

Possible answers may include:
- to reduce costs
- quicker decision making
- improved efficiency
- more opportunity for delegation from senior management
- to improve communication.

Examples of developed answers
To reduce costs (1) as less employees/managers/supervisors are employed (1).
To speed up communication (1) as delayering reduces the chain of command (1).

1.9	Explain **one** way a person specification can be used as part of the recruitment process. **[2 marks]**

Marks for this question: AO1 – 2 marks

1 mark for identifying a way in which it can be used and 1 mark for explaining how this links to the person specification.

Possible answers may include:
- shortlisting/narrowing down applicants
- creating interview questions
- matching applicants to skills
- select people for job/choose the right people
- used to design job advertisements.

Examples of developed answers
Shortlisting (1) so the business can match up the essential and desirable qualities listed in the person specification (1).
Used to design job advertisements (1) so the business can share the necessary skills/qualities with potential applicants (1).

Markers Note
A definition of the person specification in isolation does not answer the question set.

1.10	Businesses aim to meet the needs and wants of customers. Explain the meaning of the term 'need' using an example. **[2 marks]**

Marks for this question: AO1 – 2 marks

1 mark for a basic description.
1 mark for an example.

Answers may include:
- a need is a basic human requirement
- a need is something that needs to be fulfilled for us to survive.
- a need is a necessity

Possible examples:
- clothing
- food
- shelter
- warmth
- water

Markers note
Candidates may give examples of basic food or clothing items and can be awarded a mark. For example bread or jacket.

1.11	Explain **one** disadvantage to a business of expanding through external growth. **[2 marks]**

Marks for this question: AO1 – 2 marks

1 mark for giving a disadvantage and 1 mark for identifying the consequence.

Answers may include:
- diseconomies of scale
- lower employee motivation
- loss of control
- higher initial cost
- conflict between managers/owners/employees

Examples of developed answers
Diseconomies of scale (1) and unit costs then increase (1).
Lower employee motivation (1) so employee turnover may increase (1).
Loss of control (1) therefore decision making is slower (1).
Higher initial cost (1) because the full value of the business will need to be paid to be taken over (1).
Conflict between employees and managers (1) which leads to low morale of employees (1)

Markers note
General consequences such as poor communication and language barriers cannot be awarded unless specifically linked to growth.

1.12	Land is one of the four factors of production. Identify and explain **two** factors of production other than land. **[4 marks]**

Marks for this question: AO1 – 4 marks

1 mark for identifying the factor, 1 mark for explaining the factor × 2.

Answers may include:
- labour
- capital
- enterprise

Examples of developed answers
Labour (1) the workforce needed to produce a product or service (1).
Capital (1) this is the equipment or machinery used to provide the goods or services (1).
Enterprise (1) organising the resources to take a risk or capitalise on a business opportunity (1).
Enterprise (1) an entrepreneur leading the business (1).

Markers note
Answers explaining capital in terms of finance are not to be awarded marks.

Section B

Total for this section: 33 marks

2.1	Explain **one** benefit to a business of employing workers on a part-time contract. **[2 marks]**

Marks for this question: AO1 – 2 marks

1 mark for identifying a benefit linked to a part time contract and 1 mark for giving a consequence to the business.

Answers may include:
- workers have set contracted hours when demand is high
- can employ staff that are not required for the whole week/full hours
- can expand the pool of applicants.

Examples of developed answers
Workers have set contracted hours when demand is high (1) this means that the wages cost can be reduced (1).
Can employ staff that are not required for the whole week (1) employee hours can be given around other commitments, improving motivation (1).
Can expand the pool of applicants (1) as part time could appeal more to potential employees to fit around lifestyle (1).

Markers notes
Benefits must relate to the business
The benefit must clearly relate to part time and not zero hours contracts

2.2	Elaine makes all of the decisions in the business. She rarely consults with anyone. Analyse **one** drawback for LLE of Elaine's management style. **[6 marks]**

Marks for this question: AO2 – 3 marks, AO3 – 3 marks

Level	Marks	Description
3	**5–6**	**Detailed analysis of topics based on the context** • Business areas are fully analysed. • Applies knowledge and understanding to the context sufficiently.
2	**3–4**	**Sound analysis of topics based on the context** • Business areas are partially analysed. • Applies some knowledge and understanding to the context.
1	**1–2**	**Basic analysis of topics based on the context** • Basic analysis of business areas. • Basic knowledge and understanding is applied to the context.
0	**0**	Nothing written worthy of credit.

Application:
- **Elaine does not listen to ideas for new hairstyles/sales and profits have fallen due to competition** – reduces ideas/innovation.
- **The senior hairdresser is leaving at the end of the month** – no freedom or autonomy can demotivate employees.

Example of a Level 3 developed answer
Elaine's management style means that she does not listen to her employees; this means that the salon is not benefitting from ideas from the employees because Elaine is making all of the decisions and she rarely consults with them. This means she has missed out on ideas on new hairstyles to offer which could help the salon improve because she is limited to her ideas only. Therefore, the salon is becoming less competitive and is experiencing falling sales and profits. The new local competitor may gain more market share due to offering the most up-to-date celebrity hairstyles.

2.3	The college course would allow John to gain an advanced qualification in the latest hairstyling techniques. Recommend whether Elaine should allow John to attend the college course. Give reasons for your answer. **[9 marks]**

Marks for this question: AO2 – 3 marks, AO3 – 6 marks

Level	Marks	Description
3	**7–9**	**Detailed analysis and evaluation of topics based on the context** • Sustained line of reasoning, which is coherent, relevant, substantiated with a focused conclusion that is fully justified. • Business areas are fully analysed. • Applies knowledge and understanding to the context sufficiently.
2	**4–6**	**Sound analysis and evaluation of topics based on the context** • A line of reasoning, with a conclusion that has some justification. • Business areas are partially analysed. • Applies some knowledge and understanding to the context.
1	**1–3**	**Basic analysis and evaluation of topics based on the context** • Basic line of reasoning with a conclusion. • Basic analysis of business areas. • Basic knowledge and understanding is applied to the context.
0	**0**	Nothing written worthy of credit.

Indicative content:

Application	Analysis
• Customers are charged a premium price for the senior hairdresser and customers expect a high level of skill. • The course will be led by a specialist trainer in the latest hair techniques. John will then have the skills to provide a greater range of hairstyles. • The college course would allow John to gain an advanced qualification.	The off-the-job training will be led by a specialist trainer in the latest hair techniques. This will mean that John will be upskilled to a level that will meet the customer expectations because he has had professional training that is certified with a qualification. This means that John can justify his premium price. Elaine can be confident that the training given is high quality and that John has learnt new skills that can be introduced to the salon. This is important because the salon needs to compete with the new salon and meet their customer needs.
• John could receive on-the-job training from the current senior hairdresser until they leave the business. They are the most qualified hairdresser.	An alternative would be for John to receive on-the-job training from the current senior hairdresser until they leave the business. This would mean the training can be completed within the month and whilst working which will mean less lost production time. This will mean that the salon will not have to cancel John's bookings

• John would need to attend the course one afternoon every week for two years. • John is frequently fully booked.	because he is away at college; this is important because John is frequently booked. This means the salon will not risk losing loyal customers to go to the competitor because they cannot get an appointment with John because he will be out of the salon one afternoon every week for two years. This could lead to a greater loss in sales.

Evaluation:
What does it depend on?
- Depends on whether the senior hairdresser will provide the best training to John considering he/she will be leaving and will feel some animosity towards Elaine and the business. This may affect the quality of the training.
- Depends on how skilled the senior hairdresser is with the modern up-to-date techniques that are needed for the salon to compete and their ability to train John. The senior hairdresser is not an experienced trainer.
- Depends on customers' reactions when the senior hairdresser is training John. The training will be visible to them and they may not consider a month's training to a recently promoted hairdresser sufficient to pay the premium price.
- Depends on how expensive the course is, this will be an extra expense when sales and profits are falling.

2.4	Explain **one** benefit of growth to a business. **[2 marks]**

Marks for this question: AO1 – 2 marks

1 mark for identifying a benefit and 1 mark for explaining the benefit or a consequence.

Answers may include:
- more power in the market
- economies of scale.
- higher market share
- increased number of customers/sales

Examples of developed answers
More power in the market (1) because larger businesses can negotiate lower prices (1).
Economies of scale (1) as the business increases its output unit costs fall (1).
Higher market share (1) which may allow the business to charge higher prices (1).
Increased number of sales (1) a business can access additional customers by opening stores in new areas (1)

Markers note
Increased number of customers/sales are to be given a maximum of one mark unless linked to how growth achieves this.

2.5	Elaine ordered 20 organic hair treatments for £300 in total. Calculate the unit cost of each treatment. Show your workings. **[2 marks]**

Marks for this question: AO2 – 2 marks

Answer = £15 (2)

£300 / 20 (1) = £15 (1)

2.6	The supplier has offered a 35% discount. Calculate the total cost of 120 organic hair treatments with this discount. Use your answer to Question **2.5** in your calculation. Show your workings. **[3 marks]**

Marks for this question: AO2 – 3 marks

Answer = £1170 (3) £630 (2) £9.75 (2)

Method 1
120 X £15 (OFR) = £1800 (1)
£1800 (OFR) X 35% = £630 (1)
£1800-£630 (OFR) = £1170 (1)

Method 2
120 X £15 (OFR) = £1800 (1)
£1800 (OFR) X 65% (1) = £1170 (1)

Method 3
£15 OFR × 0.35 = £5.25 (1)
£15 – £5.25 (OFR) = £9.75 (1)
£9.75 (OFR) × 120 = £1170 (1)

Method 4
£15 OFR × 0.65 (1) = £9.75 (1)
£9.75 (OFR) × 120 = £1170 (1)

Makers note
If an error has been made in question 2.5 and the candidate has used this to complete this question then maximum marks can be awarded.

2.7	Elaine orders the treatments to arrive just in time for each customer's appointment. Recommend whether Elaine should change to just-in-case stock control. Give reasons for your recommendation. **[9 marks]**

Marks for this question: AO2 – 3 marks, AO3 – 6 marks

Level	Marks	Description
3	**7–9**	**Detailed analysis and evaluation of topics based on the context** • Sustained line of reasoning, which is coherent, relevant, substantiated with a focused conclusion that is fully justified. • Business areas are fully analysed. • Applies knowledge and understanding to the context sufficiently.
2	**4–6**	**Sound analysis and evaluation of topics based on the context** • A line of reasoning, with a conclusion that has some justification. • Business areas are partially analysed. • Applies some knowledge and understanding to the context.
1	**1–3**	**Basic analysis and evaluation of topics based on the context** • Basic line of reasoning with a conclusion. • Basic analysis of business areas. • Basic knowledge and understanding is applied to the context.
0	**0**	Nothing written worthy of credit.

Indicative content:

Application	Analysis
The supplier is offering a discount for buying in bulk. Delivery costs are high which means less frequent deliveries is more economical. LLE has secured 20 bookings for the treatments in a week, this shows the treatments are popular. LLE has received a customer complaint. Just-in-case avoids disappointed customers.	If the salon uses just-in-case stock control the salon can buy in bulk; this will mean that LLE can benefit from economies of scale because they can lower the unit costs of purchasing the treatments from the supplier due to the 35% discount and LLE will be able to reduce the current high delivery costs. Therefore, LLE's profit margin per treatment will increase. This means that they will be able to recover the cost of the treatment more easily because the cost per unit will be lower. This means they could use this profit to invest in LLE or pass on the cost saving to customers in lower prices for the treatments.
The treatments have a shelf life of a month. The trend could be temporary. The demand may decline later when the television show is forgotten.	Just-in-case stock control could lead to wasted stock because LLE may not be able to sell all of the treatments. This is because the demand may not match the bulk order. This is important for LLE because the demand for the organic hair treatments

Supplier is new and not local. So deliveries may not be reliable.	could be a temporary trend caused by the television show. If the trend ends before they sell the stock, LLE will be left with unwanted stock which would need to be thrown away because the stock is perishable with only a short shelf life. This means that just-in-case could be a risk for LLE, which would mean that LLE's capital would have been wasted on unwanted stock which could have been spent on other ways to increase the revenue.

Evaluation:
What does it depend on?

- It depends on what the selling price is and whether LLE could afford to sell off the remaining stock as part of a 'sale'.
- It depends whether LLE has the space to store the treatments and how they need to be stored.

Section C

Total for this section: 37 marks

3.1	State **one** benefit to a business of providing a high level of customer service. **[1 mark]**

Marks for this question: AO1 – 1 mark

1 mark for identifying a benefit for a business of providing a high level of customer service.

Answers may include:
- helps the business be competitive
- increases consumer spending/maintains high selling price
- increases customer loyalty
- brand image/reputation/good PR
- customer satisfaction/reviews
- fewer returns.

Markers note
General references to sales or profits increasing can not be awarded.

3.2	Explain **one** benefit to Bootmills Ltd of using total quality management (TQM). You should use information in **Item C** in your answer. **[4 marks]**

Marks for this question: AO1 – 2 marks, AO2 – 2 marks

Level	Marks	Description
2	**3–4**	**Sound understanding and application of the topics** • Applies knowledge and understanding to the context sufficiently. • A sound understanding of one or more business concepts and issues.
1	**1–2**	**Basic understanding and application of the topics** • Applies basic knowledge and understanding to the context. • A basic understanding of one or more business concepts.
0	**0**	Nothing written worthy of credit.

Answers may include:

Knowledge and Application:

- TQM is an approach where all employees focus on preventing errors and all employees are responsible for checking their own work and meeting standards in what they produce. **Employees at Bootmills Ltd are responsible for checking the boots as they complete each stage of the manufacturing process. Boots are sent back to the previous employees if production is not at the expected quality standard.**
- TQM is about avoiding mistakes later when it is more costly to refund money. It enables the business to offer a refund policy with confidence. **There are very few returns for unsatisfactory quality. Three months refund policy for any boots which are not durable.**

Example of a Level 2 developed answer

TQM is an approach where all employees focus on preventing errors in the production process, for example at Bootmills Ltd employees are responsible for checking the boots as they complete each stage of the manufacture, and boots sent back to the previous employees if stage of production is not at expected quality. This means no boots reach the end of the production process with faults.

3.3	Bootmills Ltd recently started using local suppliers of raw materials who have agreed to meet its needs. Analyse **one** factor which would have been considered when making the decision to change suppliers. **[6 marks]**

Marks for this question: AO2 – 3 marks, AO3 – 3 marks

Level	Marks	Description
3	**5–6**	**Detailed analysis of topics based on the context** • Business areas are fully analysed. • Applies knowledge and understanding to the context sufficiently.
2	**3–4**	**Sound analysis of topics based on the context** • Business areas are partially analysed. • Applies some knowledge and understanding to the context.
1	**1–2**	**Basic analysis of topics based on the context** • Basic analysis of business areas. • Basic knowledge and understanding is applied to the context.
0	**0**	Nothing written worthy of credit.

Answers may include:

Application:

- **The production needs the highest quality leather with a wide range of supplies needed such as suede and rubber. Bootmills Ltd also need a range of different thicknesses of raw materials to be able to make different parts of the boots.** Suppliers are chosen based on quality of materials and range of products which can be supplied. This limits defects and returned items.
- **Local supplier likely to be able to meet needs as factory holds a small stock of raw materials and needs new deliveries every 24 hours.** This ensures the business has stocks when needed and doesn't need to hold too many materials in a warehouse.

Example of a Level 3 developed answer

A factor such as the range of products a supplier can provide will have been considered as this will ensure that the business has the range of raw materials needed to produce the different parts of the boots. As the business uses a range of different leathers and thicknesses in the production process, a supplier being able to supply all of the different raw materials will be an important factor in the decision as it will ensure that the production process runs smoothly. Should a supplier not be able to provide a type of leather, for example suede, then this style of boots will not be able to be manufactured, therefore the choice of supplier ensures that no styles of boots are delayed in being made and the business is able to meet demand of the retailers and customers.

3.4	Explain how **one** financial method of motivation is being used at Bootmills Ltd to motivate employees. You should use the information in **Item D** in your answer. **[4 marks]**

Marks for this question: AO1 – 2 marks, AO2 – 2 marks

Level	Marks	Description
2	**3–4**	**Sound understanding and application of the topics.** • Applies knowledge and understanding to the context sufficiently. • A sound understanding of one or more business concepts and issues.
1	**1–2**	**Basic understanding and application of the topics.** • Applies basic knowledge and understanding to the context. • A basic understanding of one or more business concepts.
0	**0**	Nothing written worthy of credit.

Answers may include:

Knowledge and application:

- Financial methods of motivation are where businesses give employees extra money to motivate them. **Profit sharing bonus of 5% awarded to all employees who have worked for the business for over 12 months. Employee turnover is low.**
- Profit sharing is a financial method where employees are rewarded when the business is successful. Employees benefit from an increase in the business's profits. **The average salary is £38 000 therefore 5% bonus is £1900 bonus, profits increased by 43%.**
- Salary/wage is a financial method where employees are rewarded for their work. **The average salary is £38 000 which is higher than competitors' salaries.**

Example of a Level 2 developed answer

Profit sharing is a financial method where employees are rewarded when the business is successful. All employees who have worked for the business for over 12 months will get on average a £1900 bonus, this is a large amount of money that employees are benefiting from receiving as there was a 43% increase in profits. It gives them an incentive to work hard next year to increase profits further.

3.5	Calculate the percentage (%) change in the value of the pound against the value of the euro from December to March. Use the information in **Table 1** in your calculation. Show your workings. **[4 marks]**

Marks for this question: AO2 – 4 marks

Answer = 2.5% (4) 1.68 % (3) 2.56% (3) 0.03 € (2) 1.66% (1)

Method 1
1.17 € - € 1.20 (1) = -0.03 € OFR (1)
-0.03 € OFR / 1.20 € (1) × 100 = -2.5% OFR (1)

Method 2
€ 1.20 - 1.17 € (1) = 0.03 € OFR (1)
0.03 € OFR / 1.20 € (1) × 100 = 2.5% OFR (1)

Method 3 (if the candidate has used the November to March data)
1.17 € - € 1.19 (0) = -0.02 € (1)
-0.02/ 1.19 € (1) × 100 = 1.68 % (1)

Markers notes
Ignore a negative sign as not required for full marks.

3.6	In Europe, Bootmills Ltd sells boots to retailers for an average of £95. The business plans to maintain this selling price. Analyse **one** impact of the falling value of the pound on the profits of Bootmills Ltd. **[6 marks]**

Marks for this question: AO2 – 3 marks, AO3 – 3 marks

Level	Marks	Description
3	**5–6**	**Detailed analysis of topics based on the context** • Business areas are fully analysed. • Applies knowledge and understanding to the context sufficiently.
2	**3–4**	**Sound analysis of topics based on the context** • Business areas are partially analysed. • Applies some knowledge and understanding to the context.
1	**1–2**	**Basic analysis of topics based on the context** • Basic analysis of business areas. • Basic knowledge and understanding is applied to the context.
0	**0**	Nothing written worthy of credit.

Answers may include:

Application:
- **Boots currently sold for £95 to retailers in Europe, fall in value of pound means less euros needed, 30% of sales in Europe** – a fall in price for retailers, higher demand and sales.
- **Variable cost of boots £50, raw materials sourced in the UK** profit margin will remain the same if selling price maintained.

Example of a Level 3 developed answer
The falling value of the pound will mean that the boots are cheaper for European retailers as they need less euros to pay the £95 cost to Bootmills Ltd, which is not changing. Buying boots from Europe in March is lower by 2.5% than earlier in the year. This fall in cost could then lead to an increase in demand as lower cost with no reduction in quality will be the main factor driving demand in Europe. As Europe represents 30% of the business's sales this should see a rise in sales for Bootmills Ltd. Although higher sales will mean more variable costs, if fixed costs stay the same there will be a rise in profits for the business.

3.7	Bootmills Ltd wishes to make its boots more competitive abroad. The directors are considering **two** options. 1. Introducing flow production. 2. Changing the role of the workforce. Analyse the effect of **each** of these **two** options on Bootmills Ltd. Evaluate which of these **two** options will have the bigger impact on Bootmills Ltd competing internationally. **[12 marks]**

Marks for this question: AO1 – 3 marks, AO2 – 3 marks, AO3 – 6 marks

Level	Marks	Description
4	**10–12**	**Developed, integrated analysis and evaluation of topics with sustained judgement based on context** • An integrated line of reasoning, which is coherent, relevant, with a conclusion where the area which has been impacted on the most has been fully justified. • Interdependent nature of business areas is fully analysed. • Applies knowledge and understanding to the context and successfully draws together several functional areas of business.
3	**7–9**	**Detailed analysis and evaluation of topics based on the context** • A line of reasoning, which is coherent, relevant, with a conclusion that is justified. • Different business areas are analysed independently, or the interdependent nature of business areas is partially analysed. • Applies knowledge and understanding to the context and starts to draw together several functional areas of business.
2	**4–6**	**Sound analysis and evaluation of topics in isolation of their interdependence based on the context** • A line of reasoning, with a conclusion that has some justification. • One business area is analysed independently. • Applies some knowledge and understanding to the context.
1	**1–3**	**Basic generic discussion of topics** • A basic understanding of business concepts in isolation. • A basic understanding of one or more business concepts. • Partial relevance to the question.
0	**0**	Nothing written worthy of credit.

Indicative content:

Understanding	Application	Analysis/evaluation
Flow production. Increased output and quality of boots.	Skilled workforce will be offered jobs elsewhere in the business, estimate over 300 redundancies. The savings of salaries over two years will cover the cost of the machinery and redundancies, after which the cost saving can be passed on to customers. The unions have indicated they will strike if this many jobs are lost. The variable costs of production will fall to £20, £30 reduction. Retailers in USA want a reduction of £25 in selling price.	International markets are highly competitive meaning that the selling price is probably going to have to be reduced without any compromise on quality. To ensure profits are maintained: one way to do this is to reduce production costs. Flow production will allow the business to reduce costs at the same time as maintaining quality. As flow production will mean replacing the staff needed to produce the boots with machinery. As the business can save the costs of 300 employees this will result in the variable costs of production falling to £20, a significant saving of £30 per boot. Although the machinery will need to be paid for, after two years this cost saving can be passed on to customers. This will particularly appeal to the retailers in the USA who have indicated that they are more likely to buy the product if the price can be reduced to £70. Therefore the cost savings will cover this £25 reduction allowing the business to be more competitive in the market, boosting sales where the overall sales of boots are $99 bn for sales of all brands.
Change workforce roles. Increase productivity of employees and improve skills of workforce for non-monetary motivation.	30 employees will change to working abroad in countries selling products direct to retailers. The team will show retailers the new designs, take orders and gain feedback on the needs and wants of customers in overseas markets.	Changing the workforce roles from working in the UK to abroad is likely to improve the sales of the business. As these employees will meet with the local retailers showing new designs and receiving feedback on

Increase pay to use monetary motivations.	These employees will be offered a £10 000 pay rise which should limit redundancies. Training and recruiting for the role should take eight months. In China retailers prefer face-to-face selling.	the needs and wants of customers in overseas markets. The brand image of the boots and how they are different can be highlighted as part of this meeting. This should boost sales as the retailers will need more than a picture of a product to make a decision. As this style of selling is preferred in China where retailers favour 'face-to-face' meetings with the manufacturer, this will possibly be more successful than the current way of dealing with China over the telephone and email. As the size of the Chinese boot market is $79 bn for sales of all brands this is a huge potential market where changing these roles could help maintain the current selling price whilst also increasing sales volume. Although the employees are receiving an increase in pay this is likely to be a financial monetary incentive to work harder, boosting sales even further.

What does it depend on?

Evaluation and integration

- Impact on brand image in the USA if selling prices are reduced.
- How the business can manage the sales team in China etc from the UK.
- Costs of transportation.
- If the China and USA market like the design of the boots.
- Public image of redundancies.
- Impact of the strike.