



# **2015 Business Management**

## **Intermediate 2**

### **Finalised Marking Instructions**

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## **Part Two: General Marking Principles for Business Management Intermediate 2**

This information is provided to help you understand the general principles you must apply when marking candidate responses to questions in this Paper. These principles must be read in conjunction with the specific Marking Instructions for each question.

- (a)** Marks for each candidate response must always be assigned in line with these general marking principles and the specific Marking Instructions for the relevant question. If a specific candidate response does not seem to be covered by either the principles or detailed Marking Instructions, and you are uncertain how to assess it, you must seek guidance from your Team Leader/Principal Assessor. *You can do this by posting a question on the Marking Team forum or by e-mailing/phoning the e-marker Helpline.*
- (b)** Marking should always be positive ie, marks should be awarded for what is correct and not deducted for errors or omissions.

### **GENERAL MARKING ADVICE: Business Management Intermediate 2**

The marking schemes are written to assist in determining the “minimal acceptable answer” rather than listing every possible correct and incorrect answer. The following notes are offered to support Markers in making judgements on candidates’ evidence, and apply to marking both end of unit assessments and course assessments.

**Part Three: Marking Instructions for each Question**

**Section One**

Question	Expected Answer(s)	Max Mark	Additional Guidance
1	<p><b>Bank Loan</b></p> <ul style="list-style-type: none"> <li>• Money borrowed from a financial institute that will be paid back with interest</li> </ul> <p><b>Issue Shares</b></p> <ul style="list-style-type: none"> <li>• Sell shares to the public through the stock exchange</li> </ul> <p><b>Issue Debentures</b></p> <ul style="list-style-type: none"> <li>• A loan from a company which will be repaid at the end of the stated period</li> </ul> <p><b>Mortgage</b></p> <ul style="list-style-type: none"> <li>• Money borrowed for the purposes of buying premises or land</li> </ul> <p><b>Retained Profit</b></p> <ul style="list-style-type: none"> <li>• Profit that has been kept back and reinvested into the business rather than issued to shareholders</li> </ul> <p><b>Grant</b></p> <ul style="list-style-type: none"> <li>• Money given to an organisation if they meet the criteria specified</li> <li>• Does not need to be repaid</li> </ul> <p><b>Leasing</b></p> <ul style="list-style-type: none"> <li>• Renting the use of an asset for a period of time</li> <li>• Paid for the use in monthly instalments</li> <li>• Never actually own the asset</li> </ul> <p><b>Sell Assets</b></p> <ul style="list-style-type: none"> <li>• Unused/old</li> </ul> <p><b>Hire Purchase</b></p> <ul style="list-style-type: none"> <li>• Buying an asset by spreading the payments over a long period of time</li> <li>• Only own the asset once all payments have been made</li> </ul> <p><b>1 mark for each identification – max 2</b>  <b>1 mark for each description – max 2</b></p>	4	

Question	Expected Answer(s)	Max Mark	Additional Guidance
2	<p><b>Quality Control</b></p> <ul style="list-style-type: none"> <li>• Quality is checked at the beginning (inputs) and end (outputs) of the production process</li> <li>• Unacceptable products are either scrapped or put back for reworking</li> </ul> <p><b>Quality Assurance</b></p> <ul style="list-style-type: none"> <li>• Quality is checked at every stage of the production process</li> </ul> <p><b>Quality Circles</b></p> <ul style="list-style-type: none"> <li>• Groups of workers meet at regular intervals to discuss quality and how to improve it</li> <li>• Suggestions taken to management for approval</li> </ul> <p><b>Benchmarking</b></p> <ul style="list-style-type: none"> <li>• Identifying the best performers in an industry and trying to match them</li> </ul> <p><b>Quality Inputs</b></p> <ul style="list-style-type: none"> <li>• Ensuring that raw materials are the best that they can be to ensure a quality output</li> <li>• Ensuring that machinery and equipment is up to date and fully serviced so that it is working to its best at all times</li> </ul> <p><b>Trained Staff</b></p> <ul style="list-style-type: none"> <li>• Ensuring staff are able to operate all machinery efficiently</li> <li>• Ensuring staff know any operational procedures</li> </ul> <p><b>Quality Management</b></p> <ul style="list-style-type: none"> <li>• All staff are involved in ensuring they reach the standard of quality required</li> <li>• Doing things right first time – no tolerance for errors</li> </ul> <p><b>Quality Standards</b></p> <ul style="list-style-type: none"> <li>• A symbol or logo that indicates that a product/service has met an agreed quality standard</li> <li>• Gives an organisation a competitive edge</li> </ul> <p><b>1 mark per described method</b></p>	3	

Question		Expected Answer(s)	Max Mark	Additional Guidance
3		<ul style="list-style-type: none"> <li>Tactical decisions are medium term decisions whereas operational decisions are short term decisions</li> <li>Tactical decisions are made by junior or middle managers whereas operational decisions are made by all staff</li> <li>Tactical decisions are based on how an organisation achieves its strategic decisions, operational decisions are day-to-day decisions</li> </ul> <p><b>1 mark per distinguished point – both sides needed to get mark</b></p>	2	
4		<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>Relieves senior management from routine day-to-day decisions</li> <li>Subordinates are more motivated</li> <li>They are given extra responsibility</li> <li>Decision making is quicker</li> <li>Better decisions may be made</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>Senior managers lose control</li> <li>Lack of standard procedures between departments</li> <li>Rivalry may exist between branches</li> </ul> <p><b>1 mark for each advantage or disadvantage – max 3 per area</b></p>	4	
5		<ul style="list-style-type: none"> <li>To assess performance of employee</li> <li>To identify strengths and areas for improvement</li> <li>To identify training needs</li> <li>To set targets with employees</li> <li>To improve communication between employees and management</li> <li>To see if employee is ready for promotion</li> <li>To award salary increases</li> <li>To motivate staff (to work harder)</li> </ul> <p><b>1 mark per outlined reason</b></p>	3	

Question		Expected Answer(s)	Max Mark	Additional Guidance
6	(a)	<ul style="list-style-type: none"> <li>• Allows an organisation to anticipate changes in consumer taste and thereby make these changes in order to retain customers</li> <li>• Can keep organisation ahead of competition and therefore keep their market share</li> <li>• Can ensure product meets the needs of consumers so that they are happy and stay loyal</li> <li>• Can help identify a gap in the market and thereby enter a new market and increase market share</li> <li>• Can give information about the price consumers are willing to pay so that the organisation will set a price that will not put customers off</li> <li>• Can help identify the best way to promote a product so that they are maximising their chances of making customers aware of the product</li> <li>• Reduces risk of failure when launching a new product so that the organisation does not waste time and money developing a product that will not sell</li> </ul> <p><b>1 mark per explained benefit</b></p>	3	
6	(b)	<ul style="list-style-type: none"> <li>• E-mail</li> <li>• Internet</li> <li>• Word processor</li> <li>• Spreadsheet</li> <li>• Database</li> <li>• Network</li> <li>• Mobile phone</li> <li>• E-commerce</li> <li>• EPOS</li> <li>• Online Survey</li> <li>• Social Media</li> <li>• Any other appropriate type</li> </ul> <p><b>1 mark per ID</b></p>	3	

Question		Expected Answer(s)	Max Mark	Additional Guidance
6	(c)	<p><b>E-mail</b></p> <ul style="list-style-type: none"> <li>To contact potential or existing customers with promotions</li> </ul> <p><b>Internet</b></p> <ul style="list-style-type: none"> <li>To research information on competitors' marketing strategies</li> </ul> <p><b>Word Processor</b></p> <ul style="list-style-type: none"> <li>To create letters to send to customers to tell them about new products</li> </ul> <p><b>Spreadsheet</b></p> <ul style="list-style-type: none"> <li>To calculate sales targets for staff</li> <li>To create graphs showing market share, sales in particular products etc</li> </ul> <p><b>Database</b></p> <ul style="list-style-type: none"> <li>To keep customer records on their purchases etc</li> </ul> <p><b>Network</b></p> <ul style="list-style-type: none"> <li>To allow all Marketing department staff to access the same files regardless of their location in the organisation</li> </ul> <p><b>Mobile phone</b></p> <ul style="list-style-type: none"> <li>To send text messages to customers regarding promotions etc</li> </ul> <p><b>E-commerce</b></p> <ul style="list-style-type: none"> <li>To set up a website so that customers can buy their tickets online</li> </ul> <p><b>EPOS</b></p> <ul style="list-style-type: none"> <li>To gather information regarding customers' spending so that promotions can be tailored to them</li> </ul> <p><b>Online survey</b></p> <ul style="list-style-type: none"> <li>Using the Internet to carry out market research</li> </ul> <p><b>Social Media</b></p> <ul style="list-style-type: none"> <li>Placing an ad on sites such as Facebook</li> </ul> <p><b>1 mark per described use - must relate to Marketing department to gain mark</b></p>	3	

[END OF SECTION ONE]

## Section Two

Question			Expected Answer(s)	Max Mark	Additional Guidance
1	(a)	(i)	<p><b>Personal Selling</b></p> <ul style="list-style-type: none"> <li>• Selling a product door-to-door</li> <li>• By telephone to encourage people to buy products</li> <li>• Allows products to be demonstrated</li> <li>• Benefits and technical details can be explained</li> <li>• Feedback can be received from potential customers</li> </ul> <p><b>Mail Order</b></p> <ul style="list-style-type: none"> <li>• Good sold to customers through catalogues</li> <li>• Allows the convenience of shopping from home</li> <li>• Often credit facilities are available</li> <li>• Some products may be exclusive</li> <li>• Does, however, lack the personal contact gained from a retail outlet</li> <li>• Delivery charges can be high</li> <li>• High levels of bad debt can occur</li> </ul> <p><b>Direct Mail</b></p> <ul style="list-style-type: none"> <li>• Promotional letters, brochures or leaflets sent directly to homes</li> <li>• Targets specific market segments</li> <li>• Can reach customers in a wide geographical area</li> <li>• Many customers view this as junk mail</li> </ul> <p><b>Newspapers/Magazines</b></p> <ul style="list-style-type: none"> <li>• Companies place adverts in these showing their products</li> <li>• Customers respond by filling in coupons or by telephone</li> </ul> <p><b>Shopping Channels on TV</b></p> <ul style="list-style-type: none"> <li>• TV programmes dedicated to selling goods to consumers</li> <li>• Consumers telephone to place a bid for items shown</li> <li>• Can reach a wide audience</li> </ul> <p><b>Internet Selling</b></p> <ul style="list-style-type: none"> <li>• Selling the product through a company website</li> <li>• Allows organisation to reach a global market</li> <li>• Customer information is easily gathered so that offers and promotions can be targeted to them</li> <li>• Saves the customer the time and hassle of shopping</li> </ul> <p><b>Factory shop/own outlet</b> (Accept as description)</p> <p><b>Watch for repetition of features</b></p>	4	



Question			Expected Answer(s)	Max Mark	Additional Guidance
1	(a)	(ii)	<ul style="list-style-type: none"> <li>• Selling through a retailer</li> <li>• Selling through a wholesaler</li> <li>• Selling through a wholesaler then a retailer</li> <li>• Selling through an agent</li> </ul> <p><b>1 mark per channel</b></p>	2	
1	(b)		<ul style="list-style-type: none"> <li>• Identify the problem</li> <li>• Identify the objectives</li> <li>• Identify the constraints</li> <li>• Gather information</li> <li>• Analyse the information gathered</li> <li>• Devise possible solutions</li> <li>• Select the best solution</li> <li>• Communicate the decision</li> <li>• Plan and implement the decision</li> <li>• Evaluate the effectiveness of the decision</li> </ul> <p><b>1 mark per stage</b> <b>Accept in any order</b></p>	5	
1	(c)	(i)	<ul style="list-style-type: none"> <li>• Batch production is used when a group of identical items are made whereas flow production is used when vast quantities of the same product are made</li> <li>• Batch production relies on some machinery whereas flow production is often automated</li> <li>• In batch production batches of goods can be made to specific customer requirements whereas in flow production all goods are standard</li> <li>• Batch production could be a slow method of production whereas flow production would be faster</li> </ul> <p><b>1 mark per distinguished point</b></p>	2	

Question			Expected Answer(s)	Max Mark	Additional Guidance
1	(c)	(ii)	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• One-off items can be produced</li> <li>• Higher prices can be charged</li> <li>• Specifications can be changed to meet customer requirements</li> <li>• Workers are more highly motivated</li> <li>• Designs could be changed during production</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• High wage costs</li> <li>• Need for skilled workers</li> <li>• Higher research and development costs</li> <li>• Wide variety of tools and equipment required</li> <li>• Long time taken to fulfil orders</li> </ul> <p><b>1 mark per description point – max 3 per area</b></p>	4	
1	(d)		<p><b>Costs</b></p> <ul style="list-style-type: none"> <li>• Once trained, staff may leave which means that the organisation has paid out money and is not reaping the benefits</li> <li>• Financial cost of training is high with not only the cost of the course but also the cost of the transport/cover required to fill their place ...etc</li> <li>• Work time is lost whilst training takes place which means productivity will be down/orders may be delayed</li> <li>• After training, workers may demand a pay rise which the organisation may have to pay in order to retain them, (this increases their costs/reduces profits)</li> </ul> <p><b>Benefits</b></p> <ul style="list-style-type: none"> <li>• Staff will have been shown how to carry out their duties and will make fewer mistakes</li> <li>• Staff will become more flexible because their range of skills will be greater (therefore they will be able to do more than just their original job/making it easier for them to rotate in jobs)</li> <li>• Staff motivation will increase because they feel that they are being valued</li> <li>• This will make them more productive</li> <li>• The organisation's image improves because the public and potential staff will see that they care about the future of their workers</li> <li>• May be easier to attract new staff due to the improved image</li> </ul> <p><b>1 mark per explained cost/benefit – max 3 per area</b></p>	4	

Question		Expected Answer(s)	Max Mark	Additional Guidance
1	(e)	<ul style="list-style-type: none"> <li>• Offering discounts and promotions to encourage sales</li> <li>• Sell off unnecessary fixed assets</li> <li>• Encourage customers to pay bills swiftly</li> <li>• Arrange longer credit periods with suppliers</li> <li>• Seek out other sources of finance eg overdraft</li> <li>• Ask the owner to take fewer drawings</li> <li>• Find a cheaper supplier for raw materials</li> <li>• Spread payments of purchase of fixed assets</li> </ul> <p><b>1 mark per ID</b></p>	4	
2	(a)	<ul style="list-style-type: none"> <li>• Written – information in text format</li> <li>• Oral – information in verbal or sound format</li> <li>• Pictorial – information in picture or photographic format</li> <li>• Graphical – information in form of graphs or charts</li> <li>• Numerical – information in number format</li> </ul> <p>Accept Qualitative and Quantitative</p> <p><b>1 mark per correct identification – max 3</b>  <b>1 mark per description – max 3</b></p>	6	

Question			Expected Answer(s)	Max Mark	Additional Guidance
2	(b)	(i)	<p><b>Gross Profit Ratio</b></p> <ul style="list-style-type: none"> <li>• Gross Profit/Sales x 100</li> <li>• The amount of gross profit made from every £ of sales</li> <li>• The percentage of profit made (before expenses are deducted) on sales</li> </ul> <p><b>Net Profit Ratio</b></p> <ul style="list-style-type: none"> <li>• Net Profit/Sales x 100</li> <li>• The amount of net profit made from every £ of sales</li> <li>• The percentage of real profit made (after expenses are deducted) on sales</li> </ul> <p><b>Mark-up Ratio</b></p> <ul style="list-style-type: none"> <li>• Gross Profit/Cost of Goods Sold x 100</li> <li>• The percentage of profit to be added to cost price to find selling price</li> </ul> <p><b>Return on Capital Employed</b></p> <ul style="list-style-type: none"> <li>• Net Profit/Capital at Start x100</li> <li>• The percentage profit earned on the capital invested in the organisation</li> </ul> <p><b>Acid Test Ratio</b></p> <ul style="list-style-type: none"> <li>• (Current Assets – Stock)/Current Liabilities</li> <li>• The ability of an organisation to pay off its short term debts in a crisis</li> <li>• Ideal 1:1</li> </ul> <p><b>Current Ratio</b></p> <ul style="list-style-type: none"> <li>• Current Assets/Current Liabilities</li> <li>• The ability of an organisation to pay off its short term debts</li> <li>• Ideal 2:1</li> </ul> <p><b>Rate of Stock Turnover</b></p> <ul style="list-style-type: none"> <li>• Cost of Goods sold/Average Stock</li> <li>• The number of times an organisation buys in new stock in a year</li> </ul> <p><b>1 mark per described point</b></p> <p><b>If both Current Ratio and Acid Test Ratio given then the descriptions must be different</b></p> <p><b>If both Gross Profit Ratio and Net Profit Ratio given then the descriptions must be different</b></p>	3	

Question			Expected Answer(s)	Max Mark	Additional Guidance
2	(b)	(ii)	<ul style="list-style-type: none"> <li>Information is historical</li> <li>Comparisons can only be made between organisations of similar size/same industry etc</li> <li>Findings do not take into account staff factors such as morale or turnover</li> <li>Findings do not show which stage of the product life cycle a product is at</li> <li>Findings do not take into account external factors – <b>maximum 1</b></li> </ul> <p><b>1 mark per outlined limitation</b></p>	3	
2	(c)		<ul style="list-style-type: none"> <li>A charity is “owned” by a group of trustees</li> <li>A charity is run by a group of volunteers/board of trustees</li> <li>A charity is financed through donations/grants</li> <li>A charity has the objective of helping a cause</li> <li>A charity is usually exempt from paying taxes</li> <li>A charity has limited liability</li> <li>In the voluntary sector</li> </ul> <p><b>1 mark per compared feature</b></p>	3	
2	(d)		<p><b>Maximum Stock Level</b></p> <ul style="list-style-type: none"> <li>The highest amount of stock that the organisation should hold</li> </ul> <p><b>Minimum Stock Level</b></p> <ul style="list-style-type: none"> <li>The lowest amount of stock that the organisation should hold</li> </ul> <p><b>Re-order Level</b></p> <ul style="list-style-type: none"> <li>The level at which stock should be re-ordered</li> </ul> <p><b>Re-order Quantity</b></p> <ul style="list-style-type: none"> <li>The amount of stock that is required to bring the stock level back to its maximum</li> </ul> <p><b>1 mark for identifying a level – max 3</b>  <b>1 mark per description – max 3</b></p>	6	

Question		Expected Answer(s)	Max Mark	Additional Guidance
2	(e)	<p><b>Political</b></p> <ul style="list-style-type: none"> <li>• Changes in legislation set by the government may mean that an organisation has to implement changes to the way it carries out processes etc (which leads to higher costs)</li> <li>• Changes to the level of taxation to be paid by an organisation may mean that the organisation has less money to do other things</li> </ul> <p><b>Economic</b></p> <ul style="list-style-type: none"> <li>• Changes in the level of interest charged by a bank may mean that a loan becomes unaffordable and therefore any plans may need to be put on hold</li> <li>• Changes in the level of inflation may mean that supplies become more expensive (and the organisation may have to look further afield for cheaper alternatives)</li> </ul> <p><b>Social</b></p> <ul style="list-style-type: none"> <li>• Changes in people's tastes will require an organisation to continually be doing market research (and having to change its product range in order to keep up)</li> </ul> <p><b>Technological</b></p> <ul style="list-style-type: none"> <li>• Advances in technology may mean that an organisation may have to change production methods (costing it large sums of money initially)</li> </ul> <p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>• UK government push to reduce carbon emissions has resulted in organisations having to change processes (which have cost them money)</li> </ul> <p><b>Competitive</b></p> <ul style="list-style-type: none"> <li>• If a direct competitor changes their pricing for example, then an organisation may be forced to do the same (otherwise it may lose customers)</li> </ul> <p><b>1 mark for explaining <u>an effect</u> – max 3 per factor</b></p>	4	

Question			Expected Answer(s)	Max Mark	Additional Guidance
3	(a)	(i)	<ul style="list-style-type: none"> <li>• Development</li> <li>• Introduction</li> <li>• Growth</li> <li>• Maturity</li> <li>• Saturation</li> <li>• Decline</li> </ul> <p><b>1 mark per stage</b></p>	4	
3	(a)	(ii)	<ul style="list-style-type: none"> <li>• Change the price by either reducing or increasing it</li> <li>• Alter the packing eg shape, size</li> <li>• Change the product eg new ingredients, new attachments</li> <li>• Introduce a new variety</li> <li>• Find a new use for the product eg Lucozade as a sports drink</li> <li>• Introduce special offers eg BOGOF, 3 for 2</li> <li>• Offer the product in a different place eg online</li> <li>• Change the name of the product</li> <li>• Change methods of advertising eg Internet, TV</li> </ul> <p><b>1 mark per outlined strategy</b></p>	4	
3	(b)		<p><b>Costs</b></p> <ul style="list-style-type: none"> <li>• Cost of purchasing equipment (installing) – max 1</li> <li>• Cost of maintaining equipment</li> <li>• Financial cost of training staff to use the equipment</li> <li>• Work time lost when ICT is being installed (and staff trained)</li> <li>• May lead to redundancy – demotivating staff</li> <li>• ICT will constantly need upgraded (therefore higher costs)</li> <li>• Resistance to change</li> <li>• Breakdown effects</li> <li>• Vulnerable to viruses/hacking</li> </ul> <p><b>1 mark per described cost</b></p>	4	

Question			Expected Answer(s)	Max Mark	Additional Guidance
3	(c)	(i)	<ul style="list-style-type: none"> <li>• Backwards Vertical and Forwards Vertical</li> <li>• Horizontal and Conglomerate</li>   <li>• Backwards vertical is when a business merges with one at an earlier stage of production whereas forward vertical is when a business merges with one at a later stage of production</li> <li>• Horizontal integration is between businesses at the same stage of production whereas conglomerate integration is when unrelated businesses merge together</li> </ul> <p><b>1 mark per distinguish point</b></p>	2	
3	(c)	(ii)	<ul style="list-style-type: none"> <li>• Increased market share</li> <li>• Greater brand loyalty</li> <li>• Become less of a risk of takeover</li> <li>• More control over its supplies</li> <li>• Can benefit from economies of scale eg buying in bulk</li> <li>• More control over the distribution of its products</li> <li>• Banks will see it as a lesser risk</li> <li>• Better known</li> </ul> <p><b>1 mark per benefit</b></p>	3	



Question		Expected Answer(s)	Max Mark	Additional Guidance
3	(d)	<ul style="list-style-type: none"> <li>• Government</li> <li>• Creditors</li> <li>• Managers</li> <li>• Financial Journalists</li> </ul> <p><b>Government</b></p> <ul style="list-style-type: none"> <li>• To check levels of profits stated in order to see if the taxation calculated is correct</li> </ul> <p><b>Creditors</b></p> <ul style="list-style-type: none"> <li>• To see if they will be paid for the goods they have given</li> <li>• To see if the organisation can repay its loans</li> <li>• To see if they will get repeat business</li> </ul> <p><b>Managers</b></p> <ul style="list-style-type: none"> <li>• To see if they are going to meet their targets</li> <li>• To see if they are likely to receive their bonus</li> <li>• To see if job is safe</li> <li>• To inform decisions</li> </ul> <p><b>Financial Journalists</b></p> <ul style="list-style-type: none"> <li>• To write a report on the financial position of the organisation</li> <li>• To compare companies in a financial report</li> </ul> <p><b>1 mark per use – each use must be different</b></p>	4	
3	(e)	<ul style="list-style-type: none"> <li>• Increased cost of storing the stock (warehousing, heat and light, etc)</li> <li>• Increased cost of security/insurance</li> <li>• Loss of space</li> <li>• Too much money tied up in stock</li> <li>• Increased risk of deterioration</li> <li>• Increased risk of theft</li> </ul> <p><b>1 mark per described problem</b></p>	4	
4	(a)	<ul style="list-style-type: none"> <li>• To provide a quality service</li> <li>• To stick to a budget</li> <li>• To be cost effective</li> <li>• To reduce the waiting time for operations</li> <li>• To improve the cleanliness in hospitals</li> </ul> <p><b>1 mark per aim</b></p>	3	

Question		Expected Answer(s)	Max Mark	Additional Guidance
4	(b)	<p><b>Shareholders</b></p> <ul style="list-style-type: none"> <li>• Can vote at AGMs which will influence the direction or decisions made at that meeting</li> </ul> <p><b>Employees</b></p> <ul style="list-style-type: none"> <li>• Can take industrial action which will affect the rate of production that the organisation makes</li> <li>• Can influence the quality of the good being produced which may result in unhappy customers</li> </ul> <p><b>Management</b></p> <ul style="list-style-type: none"> <li>• Make all the day-to-day decisions and therefore may make decisions that do not fully meet the objectives of the organisation</li> </ul> <p><b>Customers</b></p> <ul style="list-style-type: none"> <li>• May decide to take their custom elsewhere thereby reducing the level of sales/profit in the organisation</li> </ul> <p><b>Suppliers</b></p> <ul style="list-style-type: none"> <li>• Can vary the amount of discount given which will mean the organisation may have to pay more/less for the resources</li> <li>• Can delay the delivery of the goods which may mean that the organisation has to halt production</li> </ul> <p><b>Banks</b></p> <ul style="list-style-type: none"> <li>• Can increase the lending rate which means the organisation can no longer afford to take out the loan it may have wanted</li> <li>• Can withhold a loan which may mean the organisation cannot achieve an objective</li> </ul> <p><b>Local Community</b></p> <ul style="list-style-type: none"> <li>• May protest against the organisation giving them a bad reputation (and putting customers off using them)</li> </ul> <p><b>Government</b></p> <ul style="list-style-type: none"> <li>• May introduce new legislation which may cost the organisation a lot of money to implement</li> <li>• May increase the rate of taxation which will reduce the level of profit the organisation has available to give to shareholders</li> </ul> <p><b>1 mark per explained influence – max 3 per stakeholder</b></p>	4	

Question			Expected Answer(s)	Max Mark	Additional Guidance
4	(c)		<ul style="list-style-type: none"> <li>• Can save money on wages and/or premises – max 1</li> <li>• Can increase the profits of the organisation</li> <li>• Can make the organisation more competitive and efficient</li> <li>• Can empower remaining staff</li> <li>• Can concentrate on the core activities of the organisation</li> </ul> <p><b>1 mark per described advantage</b></p>	2	
4	(d)	(i)	<ul style="list-style-type: none"> <li>• Strike</li> <li>• Go Slow</li> <li>• Work to Rule</li> <li>• Overtime Ban</li> <li>• Sit In</li> <li>• Petition</li> </ul> <p><b>1 mark per correct identification</b></p>	4	
4	(d)	(ii)	<ul style="list-style-type: none"> <li>• Can reduce productivity</li> <li>• Customers may decide to take their business elsewhere</li> <li>• Goods may be made to a poorer standard</li> <li>• Loss of sales due to lack of stock</li> <li>• Uncertainty in the workplace can cause stress to employees</li> <li>• Some employees may be made redundant</li> <li>• Organisation may decide to close/switch production elsewhere</li> </ul> <p><b>1 mark per described impact</b></p>	3	

Question			Expected Answer(s)	Max Mark	Additional Guidance
4	(e)	(i)	<p><b>Promotional pricing</b></p> <ul style="list-style-type: none"> <li>• Prices reduced for a short period of time (to attract customers)</li> <li>• Used by organisations when they want to inject new life into an existing product</li> <li>• Or to reduce high volumes of stock</li> </ul> <p><b>Skimming pricing</b></p> <ul style="list-style-type: none"> <li>• Used when an organisation launches a new product with little competition</li> <li>• Consumers willing to pay high prices for being one of the first to own it</li> <li>• As more competition enters the market, the price lowers</li> </ul> <p><b>Destroyer pricing</b></p> <ul style="list-style-type: none"> <li>• Used by an organisation to destroy competition</li> <li>• Prices lowered to force competitors' prices down</li> <li>• Competitors cannot maintain this and are forced from the market</li> <li>• Prices rise when competition leaves</li> </ul> <p><b>Penetration pricing</b></p> <ul style="list-style-type: none"> <li>• Used when a product is introduced into a competitive market</li> <li>• Price is lowered to encourage customers to choose it over the competitors</li> <li>• Once a market share is established, price rises again</li> </ul> <p><b>Cost-plus pricing</b></p> <ul style="list-style-type: none"> <li>• Cost of producing the good is calculated and a percentage of profit is added to this to give selling price</li> </ul> <p><b>High price</b></p> <ul style="list-style-type: none"> <li>• Setting prices higher than competitors</li> </ul> <p><b>Low price</b></p> <ul style="list-style-type: none"> <li>• Setting prices lower than competitors</li> </ul> <p><b>1 mark per description point</b>  <b>No label required – label and description must match if given</b></p>	3	

Question			Expected Answer(s)	Max Mark	Additional Guidance
4	(e)	(ii)	<ul style="list-style-type: none"> <li>• Cost of production</li> <li>• Competitors' prices</li> <li>• Level of profit an organisation wishes to make</li> <li>• Level of promotion/advertising carried out</li> <li>• Market the product is aimed at</li> <li>• Place where the product is sold</li> <li>• Level of demand</li> </ul> <p><b>1 mark per outlined point</b></p>	3	
4	(f)		<ul style="list-style-type: none"> <li>• Trading Account</li> <li>• Fixed Assets</li> <li>• Cash Budget</li> </ul> <p><b>Trading Account</b></p> <ul style="list-style-type: none"> <li>• Shows the amount of Gross Profit made in the trading period</li> <li>• Shows the amount of profit made from buying and selling goods</li> </ul> <p><b>Fixed Assets</b></p> <ul style="list-style-type: none"> <li>• Possessions that will last longer than one year</li> </ul> <p><b>Cash Budget</b></p> <ul style="list-style-type: none"> <li>• Prediction of the cash coming in and out of the organisation</li> <li>• Shows the money available at the end of a period</li> <li>• Lets organisation know if they will have cash flow problems</li> </ul> <p><b>1 mark per correct definition</b></p>	3	

Question			Expected Answer(s)	Max Mark	Additional Guidance
5	(a)	(i)	<p><b>Application Form/CV</b></p> <ul style="list-style-type: none"> <li>• Comparing details with other application forms (or CVs)</li> <li>• Comparing with job description</li> <li>• Comparing with person specification</li> </ul> <p><b>Testing</b></p> <ul style="list-style-type: none"> <li>• Putting candidates through a series of exercises eg physical, mental to see how they react</li> </ul> <p><b>Aptitude Test</b></p> <ul style="list-style-type: none"> <li>• A test to see a candidate's natural skills eg dexterity tests</li> </ul> <p><b>Attainment Test</b></p> <ul style="list-style-type: none"> <li>• A test to see if the applicant can demonstrate skills required for a specific job eg word processing test for an admin assistant</li> </ul> <p><b>IQ/Intelligence Test</b></p> <ul style="list-style-type: none"> <li>• A test on an applicant's mental ability (may include questions on literacy, numeracy, problem solving etc)</li> </ul> <p><b>Assessment Centres</b></p> <ul style="list-style-type: none"> <li>• Candidates are taken to a centre for a few days to assess various skills and qualities (eg teamwork, leadership, social skills)</li> </ul> <p><b>Presentations</b></p> <ul style="list-style-type: none"> <li>• A candidate may be asked to give a short presentation on a relevant topic, (for example, a sales manager may be asked to give a presentation on how to increase sales within the company)</li> </ul> <p><b>References</b></p> <ul style="list-style-type: none"> <li>• Asking a past employer (or other person) as to the candidate's suitability for the position</li> </ul> <p><b>1 mark per described method</b></p>	3	

Question			Expected Answer(s)	Max Mark	Additional Guidance
5	(a)	(ii)	<p><b>Application Form/CV</b></p> <ul style="list-style-type: none"> <li>• Can see if a candidate is properly qualified</li> <li>• Can see if a candidate has had appropriate experience</li> <li>• Can see if a candidate should be invited for an interview</li> </ul> <p><b>Testing</b></p> <ul style="list-style-type: none"> <li>• Can give further information about a candidate which may help decide on their suitability for the job</li> <li>• Physical test – to see if they are physically able to do the job eg police</li> <li>• IQ test – to see if they have the required level of intelligence to carry out the job</li> </ul> <p><b>Assessment Centres</b></p> <ul style="list-style-type: none"> <li>• Candidates can be assessed on their ability to handle given situation eg pressure</li> <li>• Candidate’s personality is assessed and how they react to situation</li> </ul> <p><b>Presentations</b></p> <ul style="list-style-type: none"> <li>• A way for a candidate to show the way they think the organisation should/could go in the future</li> <li>• Shows how much a candidate has researched their topic as well as how much “risk” they may be willing to take</li> </ul> <p><b>References</b></p> <ul style="list-style-type: none"> <li>• Candidate’s past performance in a work situation can be known</li> </ul> <p><b>1 mark per described benefit</b>  <b>Accept consequentiality</b></p>	3	

Question		Expected Answer(s)	Max Mark	Additional Guidance
5	(b)	<ul style="list-style-type: none"> <li>• Informal Structure</li> <li>• Lateral Relationship</li> <li>• Span of Control</li> </ul> <ul style="list-style-type: none"> <li>• An informal structure is a relaxed structure with informal communication between staff (a grapevine)</li> </ul> <ul style="list-style-type: none"> <li>• A lateral relationship is between people on the same level of authority</li> </ul> <ul style="list-style-type: none"> <li>• Span of control is the number of subordinates that a superior is in charge of</li> </ul> <p><b>1 mark per defined term</b></p>	3	
5	(c)	<p><b>Primary Sector</b></p> <ul style="list-style-type: none"> <li>• Growing or taking resources from the earth</li> </ul> <p><b>Secondary Sector</b></p> <ul style="list-style-type: none"> <li>• Turning the raw materials into finished goods</li> <li>• Manufacturing the goods</li> </ul> <p><b>Tertiary Sector</b></p> <ul style="list-style-type: none"> <li>• Providing intangible items</li> <li>• Providing a service</li> </ul> <p><b>1 mark for identification – max 3</b>  <b>1 mark for description – max 3</b></p>	6	



Question		Expected Answer(s)	Max Mark	Additional Guidance
5	(d)	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Primary information is gathered first hand so should be relevant for the purpose it is intended for</li> <li>• Information can be kept private so competitors will not need to find out your results</li> <li>• Information is up-to-date as it has been collected at the time it is required</li> <li>• Source of the information is known so you can go back and verify it or ask further questions</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Can be expensive due to the cost of training staff</li> <li>• Information may be flawed due to taking too small a sample (or interviewer leading the interviewee)</li> <li>• People could have lied in order to get away (or to make themselves seem better)</li> <li>• Can be time consuming to collect due to the time taken for people to return their questionnaires</li> <li>• Researcher may be biased and therefore only select certain people (or only enter the information that is good)</li> </ul> <p><b>1 mark per explained advantage/disadvantage – max 3 per area</b></p>	4	

Question		Expected Answer(s)	Max Mark	Additional Guidance
5	(e)	<ul style="list-style-type: none"> <li>• Newspaper Advertising – promoting a product or service through a printed image – colour, text enhancement used</li> <li>• TV Advertising – promoting a product or service through the medium of TV – moving image, sound, colour etc</li> <li>• Product endorsement – using a famous personality to wear/use particular product – fans follow their idols and buy the product</li> <li>• Product placement – paying for products to appear in popular TV programmes or films – subtle way of advertising</li> <li>• BOGOFs – consumer buys one product and gets another free – feel they are getting more for their money</li> <li>• Bonus Packs – eg 50% free (whereby a consumer gets more of the product for the same money)</li> <li>• Competitions – consumer buys a product then gets the chance to win something by entering a competition (eg on cereal boxes, magazines etc)</li> <li>• Free Samples/Gifts – in supermarkets staff give out taster samples of new products (or consumer gets free perfume samples when buying from a cosmetics counter)</li> <li>• Direct Mail – sending specific details of products or services directly to identified consumers ie target market</li> <li>• Sponsorship</li> <li>• Vouchers/Money-off coupons – reduce the cost to the consumer</li> </ul> <p><b>Only 1 type of advertising credited</b>  <b>Watch for repetition</b>  <b>1 mark per method identified – max 3</b>  <b>1 mark per description – max 3</b></p>	6	

[END OF SECTION 2]

[END OF MARKING INSTRUCTIONS]