

1 A contract of employment is:

- A a diagram showing the formal lines of authority in a business
- B a formal document outlining the objectives of a business
- C a law that makes discrimination in the workplace illegal
- D a legal agreement between an employer and an employee

Your answer

[1]

2 Sam works as a human resources assistant for a large supermarket chain.

What would be part of Sam's job role?

- A Asking customers how their local store could be improved
- B Giving out free samples of a new range of fruit pies
- C Identifying the training needs of shop assistants
- D Reducing the price of vegetables reaching their sell-by date

Your answer

[1]

3 An entrepreneur is thinking of opening a restaurant in their local area.

What is an example of qualitative market research data they could use?

- A The number of adults who live and work in the local area
- B The percentage of the population who eat out once a week
- C The preferences of local residents when eating out
- D The prices charged by local competitors

Your answer

[1]

4 What is a disadvantage for a business of using digital communication?

- A It is a slow method of communication
- B Pictures and videos cannot be shared
- C The technology on which it relies can fail
- D Worldwide communication is not possible

Your answer

[1]

5 A furniture manufacturer's marketing mix identifies:

- A how to reduce risk when selling its furniture online
- B the distribution channels for its tables and chairs
- C the quantity of wood and materials to reorder
- D which model of gaming chair customers prefer

Your answer

[1]

6 The directors of a public limited company have decided to reduce the size of the workforce to increase profits.

Which stakeholder is **most** likely to benefit from this decision?

- A Customers
- B Employees
- C Owners
- D The local community

Your answer

[1]

7 A business requires job applicants to submit a CV rather than an application form.

Which of the following is an advantage for the business of requiring a CV?

- A Applicants are less likely to leave out essential information
- B Applicants can explain why they are suitable for the job
- C It requires the applicant to provide the names of two referees
- D It shows an applicant's ability to organise relevant information

Your answer

[1]

8 A store sells a range of alcoholic and non-alcoholic drinks. Nina, the owner of the store, is trying to decide whether to stock a new range of non-alcoholic herbal drinks.

Which type of market research activity would help Nina make this decision?

- A Analysing data in the most recent census
- B Reading articles in specialist fine wine magazines
- C Studying the sales data for the store's best-selling alcoholic drink
- D Trialling the new drinks in the store and monitoring sales

Your answer

[1]

- 9 Alex, a sole trader, opened a hair salon three years ago. He has recently changed the main objective of the business from 'profit' to 'survival'.

What would explain this change of objective?

- A The hair salon has already achieved its profit objective
- B The hair salon has gained a lot of new customers
- C The hair salon is experiencing intense competition
- D The hair salon is now an established business

Your answer

[1]

- 10 An NHS hospital is concerned about the quality of its business communication.

The quality of business communication is particularly important for the hospital because:

- A all of its communication is external
- B all of its employees have academic qualifications
- C it cannot afford to lose customers
- D it deals with lots of confidential information

Your answer

[1]

- 11 A brewery wishes to start selling its beers directly to the public via the Internet. It has been unable to launch its own website due to a skills gap.

Which of the following actions would help to solve this problem?

- A Employ more workers to increase the brewery's output of beer
- B Provide training to improve the staff's product knowledge of the beers
- C Purchase more computers and install the latest marketing software
- D Recruit an IT specialist with experience in online trading

Your answer

[1]

12 An interview is an example of:

- A a primary market research method
- B a recruitment method
- C a training method
- D an informal communication method

Your answer

[1]

13 A business has introduced a bonus scheme, based on production targets, to help motivate its staff.

Which of the following statements would not be true?

- A The bonus scheme is a form of performance-related pay
- B The bonus scheme will increase business costs
- C Unrealistic targets may lead to lower levels of motivation
- D Workers who do not reach the target will have their basic pay reduced

Your answer

[1]

14 The owner of a toy shop wishes to use market segmentation to target customers.

What is an example of market segmentation?

- A Encouraging customers into the shop by posting on social media
- B Opening a second toy shop in the same town
- C Organising the toys in the shop by age group
- D Viewing a rival store's website to identify its special offers

Your answer

[1]

15 A mobile phone repairer, trading as Sundip & Sons, operates as a partnership. Its three partners have produced a business plan outlining their intentions to widen the services offered to include laptop and tablet repairs.

For which of the following might Sundip & Sons' business plan be useful?

- A Calculating the share of the profit due to each of the three partners
- B Complying with current legislation relating to business planning
- C Identifying the resources needed to expand into the new market
- D Obtaining additional finance from shareholders

Your answer

[1]

Dyson

Disappointed with the performance of vacuum cleaners on the market, James Dyson thought he could design a better product. He started to create his first vacuum cleaner in the late-1970s. In 1984, after trying thousands of designs over several years, James Dyson launched a bagless vacuum cleaner in partnership with Amway, a US consumer goods manufacturer. This partnership did not work out, so James Dyson formed his own company in 1991.

Today, Dyson Ltd produces a range of home appliances including vacuum cleaners, hand dryers, heaters, hair dryers and lights. Creating new and innovative products continues to be important for the company, as seen by its expanding product range. The company has over 12 000 employees worldwide. Dyson Ltd has a unique organisational structure.

All new employees of Dyson Ltd go through an induction training programme. In addition, the company encourages employees to progress by offering apprenticeships and other staff development opportunities. James Dyson promotes careers in engineering, both in schools and in universities.

Explain one reason why businesses have different organisational structures.

[2]

(b) Explain **three** entrepreneurial characteristics that have supported James Dyson's success.

1

2

3

[6]

(c) Analyse **one** likely reason why Dyson Ltd puts all new employees through an induction training programme.

[3]

- (d) Dyson Ltd offers apprenticeships as a method of staff development.

- i. Identify two other methods of staff development that a business could offer.

1

2

[2]

- ii. Evaluate whether or not Dyson Ltd should continue to offer apprenticeship opportunities.

[7]

- 17 State two purposes of market research.

1

2

[2]

18(a)

Text 3

Shinz Ltd

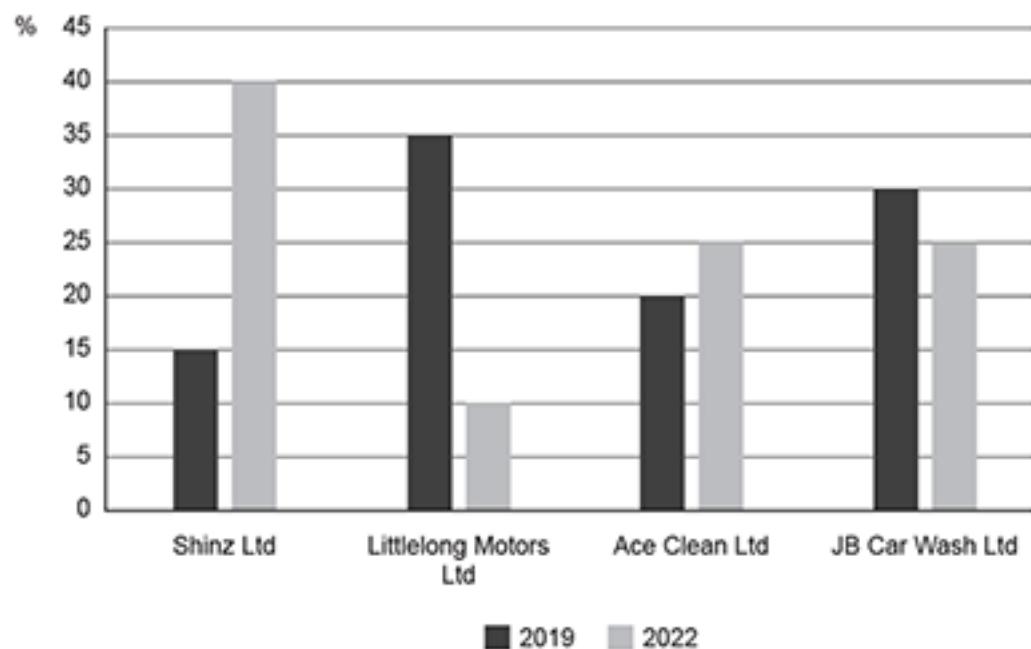
Five years ago, brothers Tom and Amir set up a car washing business called Shinz Ltd in the town of Littlelong. The business has been very successful and currently offers 'economy', 'gloss' and 'high-gloss' washing services. Tom is responsible for the administration, finance and marketing functions. Amir is responsible for the car washing operations and supervises two full-time employees. The prices Shinz Ltd charges are not low when compared to its competitors. Customer service is a priority for the business.

Tom and Amir are keen to expand the business and are planning to launch a new 'resin polish' service, to protect car paintwork during the cold winter months. Many of Shinz Ltd's customers have requested this service. 'Resin polish' is not currently available in Littlelong but is offered by a business in another town five miles away. Tom is considering whether to use competitor pricing or price skimming for this new service.

Littlelong Motors Ltd is a used car retailer. The business has three owners. They have suggested a merger with Shinz Ltd. Littlelong Motors Ltd offers a basic car washing service in addition to its car sales. It prides itself on offering the lowest prices in the town. 26% of Littlelong Motors Ltd's customers are 'extremely satisfied' with the car washing service provided. This compares to 68% of Shinz Ltd's customers saying they are 'extremely satisfied'.

The car washing market in Littlelong is valued at £460 000 per year. The chart below shows the market share of the four car washing businesses located in the town.

Car washing businesses in Littlelong



Identify one likely objective of an employee.

[1]

(b) Analyse two disadvantages for Shinz Ltd of operating as a private limited company.

1

2

[6]

(c) Tom is considering whether to use competitor pricing or price skimming for the new 'resin polish' service.

i. Analyse **one** advantage for Shinz Ltd of using each pricing method.

Competitor pricing

Price skimming

[6]

ii. Recommend which of the two pricing methods Shinz Ltd should use. Give reasons for your answer.

[3]

- (d) Evaluate, with reference to the data in **Text 3**, whether Shinz Ltd should merge with Littlelong Motors Ltd.

[9]

END OF QUESTION PAPER

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
1		D	1 (AO1a)	
		Total	1	
2		C	1 (AO2)	
		Total	1	
3		C	1 (AO2)	
		Total	1	
4		C	1 (AO1b)	
		Total	1	
5		B	1 (AO2)	<p><u>Examiner's Comments</u></p> <p>This question was testing understanding of the marketing mix. The correct response to the question is (B). Candidate answers were fairly evenly split over all four options. This suggests a lack of clarity regarding the 4 Ps of the marketing mix, and in particular 'place'. 'Place' includes the distribution channels for products and services produced (be they physical or digital).</p>
		Total	1	
6		C	1 (AO2)	
		Total	1	

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
7		D	1(AO1b)	<p>Examiner's Comments</p> <p>This question was testing understanding of the use of a CV as a human resource selection method. The correct response to the question is (D). Of those candidates who got this question wrong, by far the most common incorrect answer was (A). Certainly a CV is less restrictive and can allow an applicant to express themselves more fully, but this does not necessarily mean that all essential information will be included.</p> <p> Misconception</p> <p>A CV does give applicants the opportunity to provide greater detail than they may be able to include in a standard application form. However, this does not necessarily mean that the applicant will include all essential information. In fact, it could be argued that the prompts on an application form make including all essential information more likely on a form than on a CV.</p>
		Total	1	
8		D	1 (AO2)	
		Total	1	
9		C	1 (AO2)	
		Total	1	
10		D	1 (AO2)	
		Total	1	

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
11		D	1 (AO2) (PS)	
		Total	1	
12		A	1 (AO1a)	<p><u>Examiner's Comments</u></p> <p>This question had the greatest proportion of incorrect responses of all the multiple choice questions. The specification lists four primary market research methods of which an interview is one (the other three being questionnaires, trialling and focus groups). Of those candidates who got this question wrong, the most common incorrect response was (B). This suggests potential confusion between the terms 'selection' and 'recruitment'. While interviews can be used, and frequently are, as methods of selection they are not methods of recruitment. The specification provides further details.</p>
		Total	1	
13		D	1 (AO1b)	
		Total	1	
14		C	1 (AO2)	
		Total	1	
15		C	1 (AO2)	
		Total	1	

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance						
16	a	<p>Explain one reason why businesses have different organisational structures.</p> <p>Knowledge may include:</p> <ul style="list-style-type: none"> • Size of the business e.g. large / small, number of employees • Nature of the industry / business / product or service e.g. creative • Business objectives • Style of management • Skills / expertise of employees • Different ways of working e.g. working from home • Need for flexibility e.g. need to respond to market changes • Growth. <p>Understanding may include:</p> <ul style="list-style-type: none"> • Number of layers e.g. flat or tall • Chain of command e.g. long or short • Span of control / subordinates / supervision • Managers / delegation / authority. <p>Exemplar responses:</p> <p>A creative business (1) would prefer a flat structure (+1).</p> <p>As an organisation grows in size (1) it may choose to appoint managers, adding more layers (+1) to the structure.</p> <p style="text-align: right;">ARA</p>	2 (AO1a) 1 (AO1b) 1	<p>One mark for a reason why organisational structures may differ. </p> <p>One further mark for explaining how this relates to the organisational structure. </p> <p><i>Answers do not need to relate to Dyson.</i></p> <p>Reason for a difference must be identified for a further mark to be awarded.</p> <p>Do not award incorrect use of terminology e.g. <u>short</u> span of control or <u>wide</u> chain of command.</p> <p>Examiner's Comments</p> <p>Examiners were looking for a reason why businesses organisational structures differ. By far the most common correct response related to the size of the business / number of employees. Other common responses included the need for creativity and a business's aims and objectives. Answers such as 'large businesses tend to have many layers' or 'creative businesses tend to have flat organisational structures', scored full marks.</p> <p>Those candidates who scored less well on this question tended to talk about different organisational structures, e.g. tall / flat or long / short chains of command, but did not give the reason for the difference.</p>						
	b	<p>Explain three entrepreneurial characteristics that have supported James Dyson's success.</p> <p>Indicative content:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 33%;">Knowledge</th> <th style="width: 33%;">Application</th> </tr> </thead> <tbody> <tr> <td>Confidence</td> <td>Thought he could design a better product / vacuum cleaner</td> </tr> <tr> <td>Determination / perseverance</td> <td>Tried thousands of design ideas Trying from late-1970s to 1984 / tried many years Partnership did not</td> </tr> </tbody> </table>	Knowledge	Application	Confidence	Thought he could design a better product / vacuum cleaner	Determination / perseverance	Tried thousands of design ideas Trying from late-1970s to 1984 / tried many years Partnership did not	6 (AO1a) 3 (AO2) 3	<p>One mark for an entrepreneurial characteristic, up to a maximum of three marks. </p> <p><i>No further marks can be gained without knowledge.</i></p> <p>One further mark for each application to James Dyson using evidence from the text, up to a maximum of three marks.</p> <p style="text-align: center;">APP</p> <p>NB The application required for each</p>
Knowledge	Application									
Confidence	Thought he could design a better product / vacuum cleaner									
Determination / perseverance	Tried thousands of design ideas Trying from late-1970s to 1984 / tried many years Partnership did not									

Mark Scheme

Question		Answer/Indicative content		Marks	Guidance						
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;"></td><td style="width: 33%;">work out so formed his own company / continued with his product</td></tr> <tr> <td>Creativity / innovative / inventive</td><td>Created his own vacuum cleaner</td></tr> <tr> <td>Willingness to take risks</td><td>James Dyson set up his own company</td></tr> </table>			work out so formed his own company / continued with his product	Creativity / innovative / inventive	Created his own vacuum cleaner	Willingness to take risks	James Dyson set up his own company		<p>characteristic is shown in the table. Indicative content only.</p> <p>Examiner's Comments</p> <p>This question was generally well answered. To achieve full marks candidates needed to name three entrepreneurial characteristics and explain how these applied to James Dyson. There was plenty of information in paragraph 1 of the Text to support their responses.</p> <p>Those candidates who did less well almost invariably suggested suitable characteristics but then developed their responses by explaining the meaning of the terms (e.g. creativity means being good at design), rather than how this applied to James Dyson.</p> <p>Exemplar 1</p> <p>1. creativity - he invented a new kind of vacuum cleaner</p> <p>2. determined - he had tried thousands of designs before one worked</p> <p>3. Risk taking - by starting his own business and leaving his partnership not knowing if it will succeed</p> <p>In each case the candidate clearly identifies an entrepreneurial characteristic and then explains (using information supplied in the text) how James Dyson had demonstrated this characteristic. This achieves full marks.</p>
	work out so formed his own company / continued with his product										
Creativity / innovative / inventive	Created his own vacuum cleaner										
Willingness to take risks	James Dyson set up his own company										
c		Analyse one likely reason why Dyson Ltd puts all new employees through an induction training programme. Knowledge may include:	<ul style="list-style-type: none"> • Introduce them to the culture / aims and objectives/mission statement, etc, of the business • Introduce to workplace e.g. where toilets/canteens/changing rooms, etc, are • Issue computer logins • Explain the organisational structure • Explain who to refer issues to • Clarify job role 	3 (AO1a) 1 (AO2) 1 (AO3a) 1	<p>One mark for a reason for providing induction training. </p> <p><i>No further marks can be gained without knowledge.</i></p> <p>One further mark for application to Dyson Ltd, using evidence from the text. </p> <p>One further mark for analysis of the reason a business may provide induction training </p>						

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
		<ul style="list-style-type: none"> • Introduce to colleagues • Make employees feel valued • Health & safety briefing. <p>Application may include:</p> <ul style="list-style-type: none"> • Over 12,000 employees • Unique organisational structure. <p>Analysis may include:</p> <p>Common analytical comments (which must stem from the reason stated) include positive impacts on productivity, labour turnover, employee retention, likelihood of bad publicity, communication, motivation, output, costs, profits, etc.</p> <p>Exemplar responses:</p> <p>Induction training will help make new employees feel valued (1) which is important when there are over 12,000 employees (APP) as this will improve employee retention rates (+1).</p> <p>New employees will be more productive (+1) if they are supported to settle into their new role (1) which is important to a business that focuses on creating innovative products (APP)</p>	ARA	<p>NB Analysis must be a business-facing impact.</p> <p>Analysis = the business-facing impact of a stated reason e.g. 'to explain health and safety procedures (1) to reduce the likelihood of accidents in the work place (AN)'.</p> <p>Do not award 'learn new skills' or 'how to do job role'.</p> <p>'Learn from others', TV. 'Learn how business operates', TV. 'Introduce them to the business', TV.</p> <p>Examiner's Comments</p> <p>Very few candidates seemed clear on the content or purpose of induction training. The majority of candidates suggested some variant around improving the skills of new recruits, this is incorrect. Consequently many scored zero on this question.</p> <p>Of the relatively few correct responses the most common related to meeting legal requirements, e.g. health and safety and showing the location of specific areas of the workplace, e.g. toilets or changing rooms. Candidates who were able to give a business-facing benefit of doing so, e.g. fewer accidents or improved productivity were also given a mark for analysis. Candidates who were able to apply their response specifically to Dyson were also given a mark for application.</p> <p>Assessment for learning</p>  <p>Centres are advised to spend sufficient time considering the need for and provision of induction training. Induction training has a different purpose to all other types of training, and is something with which candidates need to be aware.</p>

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
d	i	<p>Identify two other methods of staff development that a business could offer.</p> <p>Indicative content:</p> <ul style="list-style-type: none"> • vocational/job specific qualifications, e.g. Cambridge Technicals, etc • Academic/general qualifications, e.g. GCSEs, A levels, degrees, etc • Professional development programmes • Secondments. 	2 (AO1a) 2	<p>One mark for a method of staff development, up to a maximum of two marks. </p> <p><i>Answers do not need to relate to Dyson</i></p> <p>Do not reward ‘apprenticeships’, ‘induction’, ‘courses’ or other types of training. Use the list of indicative content only.</p> <p>One mark per bullet point e.g. GCSE (1) A level (REP).</p> <p><u>Examiner’s Comments</u></p> <p>The specification lists academic qualifications, vocational qualifications and apprenticeships as methods of staff development. However, apprenticeships are excluded as a correct response by the wording of the question. Examiners accepted the terms themselves, e.g. academic qualifications or specific examples of these qualifications, e.g. GCSEs or A Levels.</p> <p>The most common incorrect responses were ‘on-the-job training’ and ‘off-the-job training’. The specification makes a clear distinction between training (which is relatively short term and narrow) and staff development (which is more long term and wide-ranging). Therefore, on this question, references to various training methods could not be awarded.</p>

Mark Scheme

Question		Answer/Indicative content		Marks	Guidance							
	ii	<p>Evaluate whether or not Dyson Ltd should continue to offer apprenticeship opportunities.</p> <p>Application may include:</p> <ul style="list-style-type: none"> • Over 12,000 employees • Employees worldwide • Creates new and innovative products • James Dyson promotes careers in engineering <p>Analysis may include: Common analytical comments (which must stem from stated advantages / disadvantages) include positive / negative impacts on workforce planning, productivity, cost, product quality, business image, etc.</p> <p>Evaluation may include: Candidate may justify continuing with apprenticeships or not continuing with apprenticeship.</p> <p>Exemplar response: Dyson Ltd has over 12,000 employees (APP) and since apprentices are trained to improve their skills, business productivity will increase (AN).</p> <p>Apprentices are likely to feel valued being put on the staff development programme so they are more motivated to work harder creating innovative products (APP) (AN).</p> <p>Overall, Dyson Ltd should continue with apprenticeships (EVAL) as this is in line with James Dyson's desire to promote a career in Engineering (EVAL) (EVAL).</p> <p style="text-align: right;">ARA</p> <p>Evaluate whether or not Dyson Ltd should continue to offer apprenticeship opportunities.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>Application (2 marks)</th> <th>Analysis (2 marks)</th> <th>Evaluation (3 marks)</th> </tr> </thead> <tbody> <tr> <td>Strong</td> <td>2 marks Two relevant <u>uses</u> of</td> <td>2 marks Two advantages/ di</td> <td>3 marks A justified contextual</td> </tr> </tbody> </table>		Application (2 marks)	Analysis (2 marks)	Evaluation (3 marks)	Strong	2 marks Two relevant <u>uses</u> of	2 marks Two advantages/ di	3 marks A justified contextual	7 (AO2) 2 (AO3a) 2 (AO3b) 3	<p>Use the level of response marking grid to assess skill levels. Annotate as: Up to 2 marks for application to Dyson APP</p> <p>Up to 2 marks for analysis AN</p> <p>Up to 3 marks for evaluation EVAL</p> <p>NB Context must be <u>used</u> to show <u>understanding</u> to be awarded as application.</p> <p>Analysis = the business-facing impact of any stated advantage / disadvantage of offering apprenticeships for staff development e.g. 'improve staff motivation (U) increasing employee retention (AN)'.</p> <p>For a strong evaluation i.e., the full three marks, the evaluation must be contextual.</p> <p>Suggested understanding to base analytical comments on include: Improved skills, retention, loyalty, feels valued and increased in costs for funding, reduced output when offsite.</p> <p>Examiner's Comments</p> <p>The 7 marks for 16 (d)(ii) were allocated as follows: 2 marks for application, 2 marks for analysis and 3 marks for evaluation. Each assessment skill was marked independently, therefore no one skill is a pre-requisite of another. Further details of this mark breakdown can be found on the marking grid for this question in the published mark scheme.</p> <p>Most candidates managed to achieve at least 1 mark for evaluation i.e. by making a decision as to whether or not Dyson should continue to offer apprenticeship opportunities. Those who were able to justify their decision gained additional evaluation marks. Those whose justifications were deemed good (i.e. valid but non-contextual) were given an additional 1 mark (totalling 2 marks for evaluation) and those whose justifications were deemed 'strong' (i.e. valid and</p>
	Application (2 marks)	Analysis (2 marks)	Evaluation (3 marks)									
Strong	2 marks Two relevant <u>uses</u> of	2 marks Two advantages/ di	3 marks A justified contextual									

Mark Scheme

Question		Answer/Indicative content				Marks	Guidance
		context (Applied Understanding). [APP] [APP] advantages (or one understanding of each) of offering apprenticeships for staff development analysed. [AN] [AN] decision as to whether Dyson Ltd should continue to offer apprenticeships. [EVAL] [EVAL] [EVAL]					<p>contextual) were given an additional 2 marks (totalling the full 3 marks for evaluation).</p> <p>To gain application marks (applied understanding) and analysis marks examiners were looking for a discussion of the advantages and disadvantages to a business of using apprenticeships as a method of staff development (rather than for recruitment, training or marketing purposes). Candidates needed to show a sound understanding of the concept of using apprenticeships for the development of Dyson's current workforce to achieve these marks.</p> <p>Many candidates suggested advantages / disadvantages which were incorrect and, therefore, unrewardable. Two specific types of incorrect response have been identified. The first incorrect type of response related to advantages / disadvantages from the apprentice's point of view rather than from the business's point of view, e.g. 'give them skills to find better jobs in other organisations' or 'require study in own time'. These are advantages / disadvantages to the apprentice rather than Dyson and so could not be awarded. The second incorrect type of response was business-facing but related to taking on apprentices as new recruits or offering them to unemployed school leavers. The question was about apprenticeships for developing Dyson's current staff. Answers such as 'pay lower wages' or 'will show who has the skills to be employed at Dyson' were, therefore, incorrect.</p> <p>The most common, correct, advantage to Dyson of using apprenticeships to develop its staff was improved motivation leading to greater innovation / productivity / employee retention. The most common, correct, disadvantage to Dyson related to increased costs (including financing the programmes and loss of output due to employees being engaged elsewhere).</p> <p>Apprenticeships as a form of staff development On this specification apprenticeships only appear in Section 3.6 staff development. Therefore when considering the role of</p>
	Good	A justified decision as to whether Dyson Ltd should continue to offer apprenticeships. [EVAL] [EVAL]				2 marks	
	Limited	1 mark	1 mark	1 mark	One relevant use of context (Applied Understanding). [APP] One advantage/ disadvantage of offering apprenticeships for staff development analysed. [AN] A decision as to whether Dyson Ltd should continue to offer apprenticeships. [EVAL]		

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
				<p>apprenticeships it is the staff development aspect which needs to be covered, and not the general use of apprenticeship to help (young people) gain qualifications for future recruitment or as a means for a firm to obtain cheap labour.</p> <p>When apprenticeships are used as a means of staff development the staff are already employed by the organisation and already paid a wage / salary. Selected employees are then given the opportunity to develop further requiring them to spend part of their working time studying and doing other activities, reducing the time available for the duties they perform as part of their normal job role.</p> <p>A discussion of not only the advantages and disadvantages to a business of offering apprenticeships for staff development, but also the short term versus long term impacts of offering such programmes, would prove helpful to reinforce this area of the specification.</p>
		Total	20	

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
17		<p>State two purposes of market research.</p> <p>Answers may include:</p> <ul style="list-style-type: none"> • To identify / understand customer wants / needs • To find out whether there is demand • To identify customer trends • To identify target market • To gain customer feedback • To identify gaps in the market • To understand competitors <p style="text-align: right;">ARA</p>	<p>2 (AO1a) 2</p>	<p>One mark for a purpose of market research, up to a maximum of two marks.</p> <p></p> <p>Do not award further uses of market research data e.g. to segment the market (0), to decide how to advertise (0), etc.</p> <p>To plan for the future TV.</p> <p><u>Examiner's Comments</u></p> <p>Generally well answered. Many candidates were able to identify two purposes of market research and achieved full marks. The most common correct responses were to identify gaps in the market, to identify customer needs and to understand the competition.</p> <p>Those candidates who did less well on this question tended to stray into what the market research data, once collected, might be used for. Answer such as 'to decide how to segment the market' or 'decide how to advertise' could not be awarded as these are the uses of the data once collected.</p>
		Total	2	

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
18	a	<p>Identify one likely objective of an employee.</p> <p>Answers may include:</p> <ul style="list-style-type: none"> • Promotion / progression • Payment / wages / earn <u>money</u> / income / earn a living • To receive recognition / to be praised • Job security • Job satisfaction / interesting job / motivation • Work with friendly colleagues / good morale • To gain work experience • Safe working conditions 	1 (AO1a) 1 ARA	<p>One mark for an employee objective.</p>  <p><i>Answers do not need to relate to Shinz.</i></p> <p>Read whole answer, award any correct answer. E.g. To do my job well (0) and be paid for it (1).</p> <p>Objectives must relate to personal needs and wants. Do not award answers relating to customer service / satisfaction, sales, output, quality, training, profit or revenue, etc.</p> <p>'Receive reward' TV</p> <p>'Earn' TV</p> <p><u>Examiner's Comments</u></p> <p>Generally well answered. Examiners were looking for personal objectives of an employee. The most common correct responses were 'promotion', 'wages' and 'job security'.</p> <p>Candidates who did not gain marks on this question invariably suggested an objective for the business, e.g. profit or greater output.</p>

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Question		Answer/Indicative content	Marks	Guidance
	b	<p>Analyse two disadvantages for Shinz Ltd of operating as a private limited company.</p> <p>Understanding may include:</p> <ul style="list-style-type: none"> • <u>Financial</u> information available to competitors / general public • Lots of (complex) paperwork / regulations to set up / run the firm • Potential conflict between shareholders (ownership) and directors (control) • Sale of shares restricted / only with agreement of other shareholders / <u>only</u> to family and friends / by invitation only / not quoted on stock market / not sell to the public • Dividends need to be paid to <u>shareholders</u> <p>Application may include:</p> <ul style="list-style-type: none"> • Owned by two brothers • Launching a new 'resin polish' service • Plans to expand • Three local competitors <p>Analysis may include: Common analytical comments (which must stem from the disadvantage stated) include a negative impact on growth / expansion / output / sales / market share / time to do other tasks, etc.</p> <p>Exemplar responses: Shinz Ltd's shares are not available to the general public (1). So, even after five years (APP) a lack of finance may limit the business' expansion (+1).</p> <p>Private limited companies have to submit various forms to disclose financial information (1). The two owners (APP) may struggle to find the time to complete the paperwork, restricting the amount of time that can be given to other tasks (+1).</p>	6 (AO1b) 2 (AO2) 2 (AO3a) 2	<p>One mark for a disadvantage of operating as a private limited company, up to a maximum of two marks. </p> <p><i>No further marks can be gained without understanding.</i></p> <p>One further mark for each application to Shinz Ltd using evidence from the text, up to a maximum of two marks. </p> <p>One further mark for analysis of the disadvantage of operating as a private limited company, up to a maximum of two marks. </p> <p>Analysis must be a business-facing <u>impact</u>.</p> <p>Analysis = the business-facing impact of the stated disadvantage of being an Ltd, e.g.</p> <p>'complex paperwork (1) may lead to a lack of focus on the customer service they think so important (APP), leading to a reduction in sales (AN)'.</p> <p>NB The analysis point must stem from the understanding point i.e. they must flow.</p> <p>The first mark is for a disadvantage from the business' perspective. Do not award disadvantages to customers, workers, owners, etc.</p> <p>NB Correct answers should be <u>negative</u>. Answers which tell you the benefits of not being an Ltd are not awardable.</p> <p>Answer must relate to legal status. Do not award answers relating to business size e.g. large so decision-making slower or e.g. several owners so there may be conflict.</p> <p>Do not award vague answers e.g. less privacy / high cost to run / expensive to set up / difficult to raise funds, etc, <u>unless</u> the reason is given. Please annotate TV.</p>

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			<p>Difficult to raise finance TV for AN – impact required.</p> <p><u>Examiner's Comments</u></p> <p>This question was testing candidate understanding of the disadvantages of being a private limited company. Responses were often inaccurate or, too vague.</p> <p>Examiners were looking for some specific understanding of this type of ownership which, following a chain or logical reason culminated with the negative impact on Shinz Ltd. For example 'Shares cannot be sold on the stock market (1 mark) this may limit Shinz Ltd's ability to raise capital delaying its planned growth (1 mark) into the resin polish market (1 mark)'.</p> <p>The proportion of candidates who left the response space to this question entirely blank suggests that more time may need to be given to studying this area of the specification.</p> <p> OCR support</p> <p>The textbook "Business – OCR GCSE (9-1)" which is endorsed by OCR and published by Hodder Education is a good starting point for this topic area. The chapter entitled "Business ownership" explains the different types of business ownership, and their respective advantages and disadvantages in a way which candidates can understand. In addition, the chapter contains practical activities for candidates to undertake to reinforce their learning and practice questions to showcase their understanding.</p>

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
c	i	<p>Analyse one advantage for Shinz Ltd of using each pricing method.</p> <p><u>Competitor pricing</u></p> <p>Understanding may include:</p> <ul style="list-style-type: none"> • Less likely to lose customers • High customer retention • Attract customers who are unwilling / unable to pay high prices • Encourage repeat custom • Appeal to a wide market • Steal customers from competitors • Create a brand image for value for money <p>Application may include:</p> <ul style="list-style-type: none"> • Offers three car wash services • Customer service is a priority • Shinz Ltd does not offer low prices • New resin polish service also offered by a competitor five miles away <p>Analysis may include: Common analytical comments (which must stem from the advantage stated) include positive impacts on reputation / brand image / brand awareness / number of customer / sales / revenue / cash flow, etc.</p> <p>Exemplar response: The price will be easy to set (1) as Tom will only need to visit the competitor five miles away (APP). Ensuring that the business still has time to prioritise its customer service (+1).</p> <p><u>Price skimming</u></p> <p>Understanding may include:</p> <ul style="list-style-type: none"> • High profit margin / profit <u>per sale</u> • Perceived brand image for quality • Helps to quickly cover any costs from developing a new product • Attract high income customers or those attracted by quality • Higher average revenue / revenue <u>per sale</u> <p>Application may include:</p> <ul style="list-style-type: none"> • Offers three car wash services • Customer service is a priority 	6 (AO1b) 2 (AO2) 2 (AO3a) 2	<p>One mark for an advantage of using competitor pricing. </p> <p><i>No further marks can be gained without understanding.</i></p> <p>One further mark for application to Shinz Ltd, using evidence from the text. </p> <p>One further mark for analysis of the advantage to a business of using competitor pricing. </p> <p>Analysis must be a business-facing <u>impact</u>.</p> <p>Analysis = the business facing impact of the stated advantage of being using competitor pricing, e.g. 'attracts more customers (1), increasing brand awareness (AN)'.</p> <p>NB No marks for what competitor pricing is. Do not award 'charge similar prices to rivals', etc. An advantage (to the business) of using competitor pricing is required to gain a mark.</p> <p>One mark for an advantage of using price skimming </p> <p><i>No further marks can be gained without understanding.</i></p> <p>One further mark for application to Shinz Ltd, using evidence from the text. </p> <p>One further mark for analysis of the advantage to a business of using price skimming </p> <p>Analysis must be a business-facing <u>impact</u>.</p> <p>Analysis = the business facing impact of the stated advantage of using price</p>

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
		<ul style="list-style-type: none"> • Shinz Ltd does not offer low prices • New resin polish service also offered by a competitor five miles away <p>Analysis may include: Common analytical comments (which must stem from the advantage stated) include positive impacts on reputation / profit(ability) / faster payment on any borrowing, etc.</p> <p>Exemplar response: Charging higher prices may give a perception of quality (1) which helps to build a good brand image for the new service (+1) encouraging customers to try the new car wash service (APP).</p>	ARA	<p>skimming e.g. 'gives a perception of quality (U) improving reputation (AN)'.</p> <p>NB No marks for what price skimming is. Do not award 'charge high prices initially', etc. An advantage to the business of using price skimming is required to gain a mark.</p>

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
	ii	<p>Recommend which of the two pricing methods Shintz Ltd should use. Give reasons for your answer.</p> <p>A full answer needs a justified contextual judgement of why one method is MORE APPROPRIATE for Shintz Ltd.</p> <p>Further analysis of the two methods should not be rewarded but can form part of a candidate's justification.</p> <p>Justification includes: Competitor pricing – to stop potential customers going to its one competitor; so current car wash customers will not be put off by high prices; to encourage current car wash customers to try the service. Price skimming – no local competitors so can command a high price; high market share so price setter; fits with image of high quality and good customer service; high demand as requested by customers.</p> <p>Exemplar responses: Shintz should use competitor pricing (1) as they need to ensure potential customers do not go to the competition 5 miles away (CONT) (+2). Shintz should use price skimming (1) because they do not have a local competitor (CONT) so can charge a high price (+2).</p>	3 (AO3b) 3 ARA	<p>One mark for a judgement on whether Shintz Ltd should use competitor pricing or price skimming. </p> <p>PLUS</p> <p>Two marks for a contextual justification of the judgement on whether Shintz Ltd should use competitor pricing or price skimming.  </p> <p>OR</p> <p>One further mark for a non-contextual justification of the judgement on whether Shintz Ltd should use competitor pricing or price skimming. </p> <p>NB The justification should state why the selected method is MORE APPROPRIATE THAN the other (rather than just list positive features or benefits).</p> <p>NB Context, rather than application, required for full marks.</p> <p>Examiner's Comments</p> <p>Question 18 (c) (i) and (c) (ii) comprise one question, scaffolded for accessibility. The question is testing candidate understanding of pricing methods. This question was not well answered.</p> <p>While some candidates managed to gain a couple of marks for competitor pricing, very few gained marks for price skimming. Two common misunderstandings appeared to be in evidence. First, price skimming apparently confused with penetration pricing with candidates time after time referring to charging very low prices. Second, for those who did understand that the initial price is set high, the benefit was deemed to be that when the price was eventually reduced it would look like a bargain and encourage sales. This is a misunderstanding of the method, the price is set high to make it look in somewhat superior thus attracting a certain</p>

Mark Scheme

Question	Answer/Indicative content	Marks	Guidance
			<p>clientele willing to pay a premium gain greater financial returns for the business.</p> <p>Question (ii) had the greatest number of blank responses of any question on the paper. The question required candidates to recommend which of the two pricing method Shinz Ltd should use. There was no right or wrong response here, all candidates were required to do for the first of the 3 available marks was to choose one or the two pricing methods. Those who left the question blank did not gain this mark. Almost all other candidates clearly identified their selection and gained at least 1 mark (even if their reason for selection was for totally incorrect reasons).</p> <p>The other 2 marks available for (ii) were given for the quality of the candidate's justification of their selection. A good justification was given 1 additional mark for being valid but appropriate to most businesses, e.g. 'They should use competitor pricing (1 mark) because they have several rivals they need to gain advantage over (+1 mark)'. A strong justification was given 2 additional marks for being valid and contextual, e.g. 'They should use competitor pricing (1 mark) in order to attract customers away from the rival business already offering the resin polish service in another town five miles away (+2 marks)'.</p> <div style="text-align: center; margin-top: 20px;">  <p>Misconception</p> </div> <p>Price skimming is about initially charging high prices not low prices.</p> <p>The value of the strategy is not in being able to lower prices in future to look like a bargain. Instead the value of the business centres around the ability to charge a premium for some sort of superiority, thus achieving higher financial returns (revenue / profit) per sale. Albeit, total revenue and overall profit will remain dependant on the number of sales.</p>

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	d	<p>Evaluate, with reference to the data in Text 3, whether Shinz Ltd should merge with Littlelong Motors Ltd.</p> <p>Knowledge:</p> <ul style="list-style-type: none"> • A form of <u>external</u> growth • The two (or more) firms join together to form <u>one business</u> • Businesses agree to join together unlike a takeover • Merger terminology e.g. horizontal, vertical or diversification <p>Understanding of advantages / disadvantages may include:</p> <ul style="list-style-type: none"> • Quick way to grow a business • Reduced competition • Wider target market / more potential customers • Wider product range • Greater brand awareness • Increased market share • Additional owners e.g. expertise, skills, disagreement, conflict, share workload • Take on other firm's costs • Benefit from other firm's revenue • Need to split profits • Positive / negative impact on reputation / service / customer satisfaction, etc,<u>dependant on the other firm</u> <p>Application (quantitative) may include:</p> <ul style="list-style-type: none"> • SLtd current market share £184,000 • LMLtd current market share £46,000 • SLtd market share risen by 25 percentage points in 3 years • LMLtd market share fallen by 25 percentage points in 3 years • ACLtd market share risen by 5 percentage points in 3 years • JBLtd market share fallen by 5 percentage points in 3 years • 5 owners • Combined market share 50% • Combined market share value £230,000 • Combined market share increased by 10 percentage points • Customer satisfaction rating 42% higher than LML, etc 	9 (AO1a) 1 (AO1b) 1 (AO2) 2 (AO3a) 2 (AO3b) 3 (Quant2)	<p>Use the level of response marking grid to assess skill levels.</p> <p>Annotate as:</p> <p>1 mark for knowledge K</p> <p>1 mark for understanding U</p> <p>Up to 2 marks for quantitative application*</p> <p>APP</p> <p>Up to 2 marks for analysis AN</p> <p>Up to 3 marks for evaluation EVAL</p> <p>*Application assesses quantitative skills and refers to the use of data only.</p> <p>For a strong evaluation i.e. the full three marks, the evaluation must be contextual.</p> <p>Analysis must be a business-facing impact.</p> <p>Analysis = the business-facing impact of any correct piece of understanding about a stated advantage / disadvantage of the merger e.g. 'reduced competition (U) increasing the number of customers (AN)'.</p> <p>NB to award 'profit' as analysis the link between the understanding and the analysis must be made clear.</p> <p>Examiner's Comments</p> <p>This is the highest tariff question on the paper. The 9 marks were allocated as follows: 1 mark for knowledge, 1 mark for understanding, 2 marks for numerical application, 2 marks for analysis and 3 marks for evaluation. Each assessment skill was marked independently, therefore no one skill is a pre-requisite of another.</p>

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		<p>Analysis may include: Common analytical comments (which must stem from a stated advantage/disadvantage) include positive / negative impact on reputation / brand image / brand awareness / productivity / output / customer service / costs / customer / sales / revenue, etc.</p> <p>Evaluation may include: Candidate may justify whether merging with Littlelong Motors Ltd is a good idea or not.</p> <p>Exemplar response: Merging with another business is an example of external business growth (K). Shinz Ltd's market share has increased to £184,000 (APP) in the last three years. The merger would further increase the number of customers they have (U), increasing their combined market share (AN) to 50% (APP). However, any profits made would need to be shared (U) with 5 owners (APP), reducing the amount of retained profit available to further expand the car wash service (AN). I think that Shinz Ltd should not merge with Littlelong Motors Ltd (EVAL). The brother's business has been successful to date, and the <u>three owners</u> of Littlelong Motors Ltd will be able to outvote them on all key decisions in future (EVAL) (EVAL).</p> <p style="text-align: right;">ARA</p> <p>Evaluate, with reference to the data in Text 3, whether Shinz Ltd should grow by merging with Littlelong Motors Ltd.</p>					<p>Further details of this mark breakdown can be found on the marking grid for this question in the published mark scheme.</p> <p>The question was well answered by most candidates. Most candidates achieved some marks for understanding, analysis and evaluation. Candidates across all ability ranges did less well achieving the knowledge and application marks. For an example of how to achieve the application marks, please see the example below.</p> <p>For the knowledge mark, examiners were looking for explicit knowledge relating to merging. This could be achieved by stating what a merger is or by using typical merger terminology such as 'diversification' or 'horizontal', etc. It was noticeable that of those that did not achieve this mark, a significant proportion of them appeared to be high ability candidates.</p> <p>For the understanding mark, examiners were looking for one or more advantages or disadvantages to a business of merging. The vast majority of candidates achieved this mark.</p> <p>For the application marks, examiners were looking for the use of the numerical data given in the text (as indicated in the question by the phrase 'with reference to the data in Text 3'). A mark was given each time a candidate made use of the numerical data in a calculation (to a maximum of 2 marks). Some calculations were relatively straightforward, e.g. number of owners post change, others were more complex, e.g. change in market share. All were awardable. Candidates were not penalised for incorrect use of mathematical terminology when referring to percentage change.</p> <p>For the analysis marks, examiners were looking for a logical chain of reasoning which culminated in the potential impact of this merger on Shinz Ltd. Examiners saw lots of reasoning that linked to impacts on sales revenue, profit and reputation; less so (but equally valid) impacts on cash flow, market share and decision-making.</p> <p>For the evaluation marks, examiners were</p>																	
		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>Knowledge (1 mark)</th> <th>Understanding (1 mark)</th> <th>Application (2 marks)</th> <th>Analysis (2 marks)</th> <th>Evaluation (3 marks)</th> </tr> </thead> <tbody> <tr> <td>Strong Knowledge(s)/</td> <td>1 mark</td> <td>1 mark One or more advantages of</td> <td>2 marks</td> <td>2 marks</td> <td>3 marks</td> </tr> <tr> <td>Knowledge(s)/</td> <td></td> <td></td> <td>Two a use of</td> <td>Two a dvanta</td> <td>A</td> </tr> </tbody> </table>		Knowledge (1 mark)	Understanding (1 mark)	Application (2 marks)	Analysis (2 marks)	Evaluation (3 marks)	Strong Knowledge(s)/	1 mark	1 mark One or more advantages of	2 marks	2 marks	3 marks	Knowledge(s)/			Two a use of	Two a dvanta	A				
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		<p>of merging. [K]</p> <p>disadvantages (s) of a horizontal merger. [U]</p> <p>Text 3 demonstrates the strategic advantages of a horizontal merger. quantitatively [APP]</p> <p>of a horizontal merger. [APP]</p> <p>Shinz Ltd should merge. [AN]</p> <p>analysed. [AN]</p> <p>go ahead with the merger. [EVAL]</p> <p>[EVAL]</p> <p>[EVAL]</p>						2 marks	<p>looking for a clear decision coupled with justification of this decision. There was no right or wrong response here, all candidates were required to do for the first of the 3 available marks was to make clear their decision as to whether Shinz Ltd should or should not merge with Littlelong Motors Ltd. Almost all candidates clearly indicated their decision and, thus, gained at least 1 mark for evaluation. Of the very few candidates that scored 0 for evaluation, the reason was usually one of 'sitting on the fence' i.e. giving reasons for and against the merger but never stating an actual decision, such responses could not be rewarded with evaluation marks. In addition, a small proportion of candidates appeared to answer a slightly different question to the one which was asked, considering which business Shinz should merge with rather than should Shinz merge with Littlelong. Candidates should be encouraged to re-check the wording of the question before making their final decision to minimise the likelihood of such errors.</p> <p>The other 2 marks available for evaluation were given for the quality of the candidate's justification of their decision. A good justification was given 1 additional mark for being valid but appropriate to most businesses, e.g. 'Shinz should go ahead with the merger (1 mark) because it will increase their market share (+1 mark)'. A strong justification was given 2 additional marks for being valid and contextual, e.g. 'Shinz should not go ahead with the merger (1 mark) its reputation could be negatively affected by Littlelong Motor's poor customer satisfaction ratings, reducing customers and profitability in the long term (+2 marks)'. Some candidates made no attempt at giving reasons for their decision (limiting their evaluation marks to 1 out of 3).</p> <p>Exemplar 3</p> <p>If they merged the Shintz Ltd would control 50% of the market share which is worth £230000 annually. It can also help them</p>
		<p>Good</p> <p>One use of the data in Text 3 demonstrates the advantages of a horizontal merger. quantitatively [APP]</p> <p>of a horizontal merger. [APP]</p> <p>Shinz Ltd should merge. [AN]</p> <p>analysed. [AN]</p> <p>go ahead with the merger. [EVAL]</p> <p>[EVAL]</p>						1 mark	
		<p>Limited</p> <p>One advantage of the merger. [APP]</p> <p>Shinz Ltd should merge. [AN]</p> <p>analysed. [AN]</p> <p>go ahead with the merger. [EVAL]</p>						1 mark	

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				<p>candidate can include quantitative application into their response. In this one sentence this response gains both of the 2 available marks for application. Firstly for calculating that the combined market share i.e. $40\% + 10\%$ equals 50%. Secondly for calculating the value of that market share i.e. 50% of £460,000 equals £230,000.</p> <p>Incidentally, this one sentence also achieved an understanding mark for showing that one advantage of this merger would be an increase in market share.</p> <p>Centres are encouraged to reinforce to candidates the importance of using any numerical data given, especially on the highest tariff question on the paper.</p> <p>Common examples of numerical application evidenced in candidates' responses were:</p> <ul style="list-style-type: none"> • The business will now have 5 owners • Once merged the new business will command a market share of 50% • Once merged the new business's market share will be valued at £230,000 • In the last 3 years Littlelong Motor's market share has fallen by 25% (accepted as meaning fallen by 25 percentage points) • In the last 3 years Shinz's market share has almost trebled • Shinz's customer satisfaction ratings are 42% higher than Littlelong Motor's (accepted as meaning 42 percentage points higher) • Shinz's current share of the market is valued at £184,000
		Total	25	