



NCFE Level 1/2 Technical Award in Business and Enterprise (603/2955/5)

March 2020

Unit 01 Introduction to business and enterprise

Mark Scheme

This mark scheme has been written by the Assessment Writer and refined, alongside the relevant questions, by a panel of subject experts through the external assessment writing process and at standardisation meetings.

The purpose of this mark scheme is to give you:

- examples and criteria of the types of response expected from a learner
- information on how individual marks are to be awarded
- the allocated assessment objective(s) and total mark for each question.

Marking guidelines

General guidelines

You must apply the following marking guidelines to all marking undertaken throughout the marking period. This is to ensure fairness to all learners, who must receive the same treatment. You must mark the first learner in exactly the same way as you mark the last.

- The mark scheme must be referred to throughout the marking period and applied consistently. Do not change your approach to marking once you have been standardised.
- Reward learners positively giving credit for what they have shown, rather than what they might have omitted.
- Utilise the whole mark range and always award full marks when the response merits them.
- Be prepared to award zero marks if the learner's response has no creditworthy material.
- Do not credit irrelevant material that does not answer the question, no matter how impressive the response might be.
- The marks awarded for each response should be clearly and legibly recorded in the grid on the front of the question paper.
- If you are in any doubt about the application of the mark scheme, you must consult with your Team Leader or the Chief Examiner.

Guidelines for using extended response marking grids

Extended response marking grids have been designed to award a learner's response holistically and should follow a best-fit approach. The grids are broken down into levels, with each level having an associated descriptor indicating the performance at that level. You should determine the level before determining the mark.

When determining a level, you should use a bottom up approach. If the response meets all the descriptors in the lowest level, you should move to the next one, and so on, until the response matches the level descriptor. Remember to look at the overall quality of the response and reward learners positively, rather than focussing on small omissions. If the response covers aspects at different levels, you should use a best-fit approach at this stage and use the available marks within the level to credit the response appropriately.

When determining a mark, your decision should be based on the quality of the response in relation to the descriptors. You must also consider the relative weightings of the assessment objectives, so as not to over/under credit a response. Standardisation materials, marked by the Chief Examiner, will help you with determining a mark. You will be able to use exemplar learner responses to compare to live responses, to decide if it is the same, better or worse.

You are reminded that the indicative content provided under the marking grid is there as a guide, and therefore you must credit any other suitable responses a learner may produce. It is not a requirement either, that learners must cover all of the indicative content to be awarded full marks.

Assessment objectives

This unit requires learners to:

AO1	Recall knowledge and show understanding.
AO2	Apply knowledge and understanding.
AO3	Analyse and evaluate knowledge and understanding.

The weightings of each assessment objective can be found in the qualification specification.

Q	Mark scheme	Total marks
---	-------------	-------------

Section 1

Total for this section: 8 marks

1	<p>Which one of the following is a method used by a business to measure customer service levels?</p> <p>Answer: A Mystery shoppers</p>	<p>1 AO1 = 1</p>
2	<p>Which one of the following describes a product-orientated business?</p> <p>Answer: A It concentrates on producing goods that it is good at making</p>	<p>1 AO1 = 1</p>
3	<p>Which one of the following is a tax on the profit made by a sole trader business in the UK?</p> <p>Answer: B Income tax</p>	<p>1 AO1 = 1</p>
4	<p>Which one of the following is placed at the top of Maslow's hierarchy of needs diagram?</p> <p>Answer: D Self-actualisation</p>	<p>1 AO1 = 1</p>
5	<p>Which one of the following is a category used in the Boston Matrix?</p> <p>Answer: A Cash cow</p>	<p>1 AO1 = 1</p>
6	<p>Which two of the following are features of flow production?</p> <p>Answers: D Products are standardised E Very few workers are needed</p>	<p>2 AO1 = 2</p>
7	<p>A company decides to make some of its employees redundant. Which one of the following may be a problem for the company because of this?</p> <p>Answer: A The company's remaining staff may feel insecure and demotivated</p>	<p>1 AO1 = 1</p>

Section 2

Total for this section: 51 marks

8	<p>Identify one external stakeholder in a business.</p> <p>Award one mark for:</p> <ul style="list-style-type: none"> • Consumers. • Suppliers. • Shareholders/investors. • Local community / members of the public. • Government. • Finance providers/banks. 	<p>1 AO1 = 1</p>
9	<p>Identify one benefit to a business from using lean production.</p> <p>Award one mark for the following:</p> <ul style="list-style-type: none"> • May motivate employees. • Reduces waste/wastage / no waste. • Reduces (unit) costs / Decreased costs. • Production is more efficient / more time efficient. • Increased efficiency. • Less stock held. <p>Do not award cheaper / faster / increases profits / increases sales / better quality / product is more efficient</p>	<p>1 AO1 = 1</p>
10	<p>Identify one of the four elements of the marketing mix.</p> <p>Award one mark for any of the following:</p> <ul style="list-style-type: none"> • Place. • Price. • Product. • Promotion. 	<p>1 AO1 = 1</p>
11	<p>Identify two benefits to a business from improving its customer service.</p> <p>Award two marks for any two of the following:</p> <ul style="list-style-type: none"> • Increase sales/maintain sales. • Increase revenue. • Repeat customers/brand or customer loyalty. • Increase market share. • Improve brand image /reputation/ Word of mouth (promotion). <p>Do not award:</p> <ul style="list-style-type: none"> • Increased profits. • Happier customers / improved customer satisfaction. 	<p>2 AO1 = 2</p>
12(a)	<p>How has the change in supply affected the equilibrium price?</p> <p>Award one mark for:</p> <p>The equilibrium price falls/decreases/is lower.</p>	<p>1 AO2 = 1</p>

12(b)	<p>How has the change in supply affected the total market sales?</p> <p>Award one mark for: Total market sales will increase / rises / higher / has risen or any correct direction of travel</p>	<p>1 AO2 = 1</p>
13	<p>Use the information from the business organisation chart to explain the term “chain of command”.</p> <p>Award one AO1 mark for:</p> <p>Chain of command is:</p> <ul style="list-style-type: none"> • The route an order takes to get to its intended recipient. • How information is passed within a business. • The line of communication and authority within a business. • How power is distributed in a business. <p>Do not award:</p> <ul style="list-style-type: none"> • Shows the hierarchy. • Shows who is in charge of whom, who has authority of whom. • Examples that are span of control eg the factory manager is in charge / has authority over the 3 managers. <p>Award one AO2 mark for an example from the organisation chart provided.</p> <p>Eg the factory manager wants an instruction delivered to the warehouse workers – he/she will pass this to the warehouse manager who will pass it to the warehouse workers.</p> <p>NB The AO2 mark can be awarded <u>on its own</u>. A correct example without a definition will get 1 mark as shows some understanding.</p>	<p>2 AO1 = 1 AO2 = 1</p>

14	<p>An entrepreneur decides to operate as a sole trader.</p> <p>Identify and explain two possible disadvantages to the entrepreneur of making this decision.</p> <p>AO1:</p> <ul style="list-style-type: none"> • Unlimited liability. • Difficulty in raising capital. • Difficult to grow large. • No continuity of existence. • Tax disadvantages. • No separate legal existence. • Difficult to take time off / if ill business may close / hard to take holidays as business will close BOD. • Has nobody to share responsibilities with. <p>AO2:</p> <ul style="list-style-type: none"> • The entrepreneur will have unlimited liability for debts (AO1) as there's no legal distinction between private and business assets they may lose their house and possessions if the business goes into administration (AO2). • The entrepreneur's capacity to raise capital is limited (AO1) as the business cannot issue shares (AO2). • The continuity of existence (AO1) so if the entrepreneur died then the business ceases to exist (AO2). • Entrepreneur is taxed as a single person (AO1) and therefore will pay a higher rate of tax on the business' profits than it would do if operated as a limited company (AO2). • No separate legal existence (AO1) so if something goes wrong and the business gets sued then the entrepreneur is sued and becomes liable for damages (AO2). • Difficult to take time off / Hard to take holidays as business will close (AO1) as in some businesses the sole trader provides the service and no revenue will be earned (AO2) <p>Do not award:</p> <ul style="list-style-type: none"> • Hard to get a bank loan too specific and vague. • Nobody to ask advice from. • Very stressful. • Work on own, no spare time. 	<p>4</p> <p>AO1 = 2</p> <p>AO2 = 2</p>
15(a)	<p>Fried Chicken for All Ltd (FCFA Ltd) operates 40 fast food outlets in the London area.</p> <p>It intends to only use secondary market research before launching its latest menu item, chicken-on-a-stick.</p> <p>Identify two methods FCFA Ltd may use to carry out its secondary market research.</p>	<p>2</p> <p>AO1 = 2</p>

	<p>Award one mark each for:</p> <ul style="list-style-type: none"> • News articles/newspapers/magazines. • Published reports eg Mintel reports. • Government documents. • Statistical databases. • Own business past sales records. • Financial reports of other businesses. • Read reviews of similar products / Read online reviews of similar products. • Look ONLINE at rivals' menus. <p>Do not reward</p> <ul style="list-style-type: none"> • Use the internet / Perform Google searches / go online. • Surveys that have been done already (on its own) (must be qualified eg by Mintel). • Answers that could technically be primary eg Look at a rival's menu. • Existing research (on its own) (must be qualified eg found in in a magazine). 	
15 (b)	<p>Explain one disadvantage to FCFA Ltd if it only uses secondary market research.</p> <p>The information obtained may be outdated (AO2-1) and may result in wrong decisions made by the business (AO2-1).</p> <p>The information obtained may not be relevant (AO2-1) to the business and as a result its forecasts of sales could be incorrect (AO2-1).</p> <p>FCFA may have had to pay for the market research (AO2-1) and as a result its costs increase (AO2-1).</p> <p>By not using primary research it may not have obtained information from its own customers/target market (AO2-1) and so may have incorrect decisions (AO2-1).</p>	<p>2 AO2 = 2</p>

16(a)	<p>The government has announced that it is going to reduce the rate of corporation tax by 2%.</p> <p>Explain how this reduction in corporation tax may affect FCFA Ltd.</p> <p>Award:</p> <ul style="list-style-type: none"> • Will pay less tax on its profits. • Will pay less to the government. • Won't pay as much tax. • Can invest more back into the business. • Will keep more of their profits. <p>This will result in FCFA paying less tax on its profits (AO2) which will increase the net profits (after tax) (AO2).</p> <p>As it will pay less tax on its profits (AO2), it will have more profits that can be used as dividends (AO2) OR can be reinvested into the business (AO2).</p> <p>Do not award:</p> <ul style="list-style-type: none"> • Will make more profit. • Will lower their costs. • Can use the money saved to make better products / pay higher wages. 	<p>2 AO2 = 2</p>
16(b)	<p>FCFA's secondary market research suggests that fewer people are eating meat.</p> <p>Explain how this change in trends may affect FCFA Ltd.</p> <p>Demand for their (chicken) means sales will fall (AO2) and this will lead to lower sales revenue (AO2).</p> <p>FCFA Ltd may need to change the menu / develop alternative products / produce vegan based products (AO2) that appeal to non-meat eaters to avoid a fall in sales (revenue).</p> <p>Do not award "so this will decrease their profits".</p>	<p>2 AO2 = 2</p>
17	<p>50% of FCFA's customers order their chicken meals through e-commerce.</p> <p>Identify and explain two advantages to FCFA of taking orders through e-commerce as well as through its shops.</p> <p>We will also allow the argument that increased online orders may mean needs less shops.</p> <p>Increase potential number of customers OR more sales OR larger</p>	<p>4 AO1 = 2 AO2 = 2</p>

	<p>target market (AO1) leading to higher revenue (AO2).</p> <p>Will need to operate less outlets (AO1) which reduces rent costs (AO2)</p> <p>Fewer employees needed (AO1) so lower labour costs (AO2).</p> <p>Good reviews online can improve reputation (AO1).</p> <p>Helps to compete with rival fast food outlets (AO1) so helps maintain market share OR ensure customer loyalty (AO2).</p> <p>NB Advantages must relate to the business NOT to the consumer.</p>	
--	---	--

18(a)	<p>Tribiani PLC manufactures a wide range of skincare and hair products for men.</p> <p>Tribiani PLC uses the batch production method to make its products.</p> <p>Explain the meaning of batch production.</p> <p>The marks are for AO1 and 2 valid points or one developed point can be awarded 2 marks.</p> <ul style="list-style-type: none"> • Each batch goes through one stage of the production process (1) before moving onto next stage (1). • Allows for different versions, varieties to be made (1) eg different size, colour, shape (1). • Machinery needs to be reset between batches (1). • Allows flexibility in production (1). • Products are made in groups (1) at the same time / simultaneously (1). <p>Do not award</p> <ul style="list-style-type: none"> • Products are made in batches. • Examples. <p>OR answers that could equally apply to flow or job production eg</p> <ul style="list-style-type: none"> • Similar products are made (cf job). • Can be made in large quantities (cf flow). • All made the same / identical – (cf flow). 	<p>2 AO1 = 2</p>
-------	---	------------------------------------

18(b)	<p>Explain one advantage to Tribiani PLC of using batch rather than job production.</p> <p>Products can be made faster (AO2) as job production makes them one at a time (AO2).</p> <p>Reduces unit costs / is cheaper / less expensive / cost less (AO2) as job production is more labour intensive (AO2) / requires expensive skilled labour (AO2).</p> <p>Allows greater use of machinery (AO2) which reduces costs of production/improves efficiency (AO2).</p>	<p>2 AO2 = 2</p>
19	<p>Tribiani PLC's directors have decided to widen its range of products by producing an electric toothbrush.</p> <p>Tribiani PLC will be competing against established, well-known brands in the electric toothbrush market.</p> <p>Analyse whether Tribiani PLC should use penetration pricing or competitive pricing for the launch of its electric toothbrushes. Justify your choice.</p> <p>Award 1 AO1 1 mark for showing knowledge (possibly implicit) of competitive pricing.</p> <p>Award 1 AO1 1 mark for showing knowledge (possibly implicit) of penetration pricing.</p> <p>The AO3 marks may be awarded earlier in the answer than in the section set aside for the conclusion.</p> <p>Competitive pricing</p> <p>This is the charge of a price is similar/slightly lower/the same as other rivals in the market (AO1). This will make it difficult to tempt customers to switch to buy the product (AO2).</p> <p>Will suggest to customers that the product is of a similar quality to existing, rival products (AO1) avoiding any negative quality perceptions in the minds of consumers (AO2).</p> <p>This will enable Tribiani PLC to cover its costs more quickly (AO1) as sales revenue will be higher per item sold (AO2) than if used penetration pricing.</p> <p>It may be difficult to increase sales (AO1) as other well-known products (which are similarly priced) may have developed brand loyalty/good reputations (AO2).</p> <p>Penetration pricing</p>	<p>6 AO1 = 2 AO2 = 2 AO3 = 2</p>

	<p>This is charging a (much) lower price than existing products (AO1) / starts off low and then rises (AO1).</p> <p>Penetration pricing starts off low (AO1) which should attract customers which can be difficult as the market is already dominated by well-known businesses with brand loyalty (AO2).</p> <p>The low price might suggest the toothbrushes are low quality (AO1) which might put consumers off buying them (AO2).</p> <p>The low prices charged (AO1) will/may reduce sales revenue (AO2) during the launch period.</p> <p>Conclusion</p> <p>Candidates need to produce an evaluation in context. Either pricing strategy can be chosen. They do not need to look at both strategies in their conclusion.</p> <p>Eg Tribiani PLC should choose penetration pricing. It is not well-known for toothbrushes but does have a good reputation for its cosmetics products – by undercutting rivals it can steal some of its market share (AO3-1) – it can use profits from its cosmetic business to subsidise any losses made until penetration pricing is replaced by competitive pricing (AO3-1).</p> <p>Eg Tribiani PLC should choose competitive pricing. It can use its status and reputation for cosmetics to convince consumers to try its product (AO3-1) even though it will not be as well known in the toothbrush field as its rivals. Sales may be slow to start with, but this is a very profitable business and low profits in the short-term can be offset from high profits from its cosmetics division (AO3-1).</p>	
20	<p>In 2019 Tribiani PLC decided to outsource production of its skincare products to a manufacturer in China.</p> <p>This allowed Tribiani PLC to close one of its factories in the UK. As a result, 150 of Tribiani PLC's workers lost their jobs.</p> <p>Analyse two possible effects on Tribiani PLC from this decision to outsource production.</p> <p>The impacts have to be on the business. Answers that refer to the impact on motivation of remaining staff can only be credited if candidates go on to explain impact on the business.</p> <ul style="list-style-type: none"> Wage rates in China may be lower (AO3-1) so this could allow a reduction in the costs of production (AO3-1). 	<p>4 AO3 = 4</p>

	<ul style="list-style-type: none"> • It will need to pay redundancy payments to some/all of the 150 workers who are made redundant (AO3-1) and this will increase its costs (in the shorter-term) (AO3-1). • The factory closure may damage Tribiani's reputation (AO3-1) as the closure is likely to be reported on TV and in the press (AO3-1). • Tribiani will no longer have direct control over production (AO3-1) and if quality issues arise from Chinese manufacturing this could damage Tribiani's reputation (AO3-1). • Higher transport costs / supply issues may arise as import from China may be delayed (AO3-1) <p>Impacts need to be on Tribiani not just on the workforce. Answers that refer to impact on workforce can be credited if candidate goes on to explain impact on Tribiani.</p> <p>Eg</p> <p>Do not award:</p> <p>Workers will be less motivated is TV (on its own) – but can award</p> <p>Workers will be less motivated as they now feel less secure (AO3) and this increases labour turnover / decreases productivity / increases absenteeism (AO3).</p> <p>Candidates must add... so won't work hard/more likely to leave/ will reduce productivity.</p>	
21(a)	<p>Tribiani PLC's Zojel is a hair gel for men. Sales of Zojel have fallen each year, for the last 5 years.</p> <p>Zojel is in which stage of the product life cycle? Tick the correct box in the table below.</p> <p>Answer = Decline</p>	<p>1 AO1 = 1</p>

21 (b)	<p>Identify and explain a product life cycle extension strategy that they could use to increase sales of Zojel.</p> <p>Award one AO1 mark for any of the following extension strategies:</p> <ul style="list-style-type: none"> • New advertising campaigns. • Reduce the price. (Do not award use competitive pricing). • New product features/change its colour or consistency. • Change the product packaging/give it a facelift. • Rebranding. • Bundling – give something else free with hair gel. • Enter / find a new market. <p>Award up to 2 AO2 marks for explaining how the strategy might work. Eg:</p> <ul style="list-style-type: none"> • New advertising campaigns may create awareness amongst consumers who have not heard of Zojel (AO2-1) and so increases the potential number of customers who may now want to buy it (AO2-1). • New pricing strategies/cutting the price will make the product more affordable (AO2-1) and therefore increase the potential number of customers who can buy it/afford it (AO2-1). • New product features change its colour or consistency will create the feeling that this product is new (AO2-1) and may appeal to greater number / wider range of people (AO2-1). • Change the product packaging/give it a facelift (AO2-1) which will create an impression that the product is better / improved (AO2-1). 	<p>3 AO1 = 1 AO2 = 2</p>
22	<p>The Directors of Tribiani PLC have decided that for all their products they will:</p> <ul style="list-style-type: none"> • reduce advertising on TV and in magazines by 80% • increase advertising on social media. <p>Analyse two possible effects on Tribiani PLC from these decisions.</p> <ul style="list-style-type: none"> • The business will reduce its costs (AO3-1) as advertising on TV and in magazines is expensive / using social media is cheaper (free) (AO3-1). • However, it could be a risky move (AO3-1) as a sudden reduction in advertising on TV/magazines might reduce awareness of the product (AO3-1). • It can increase sales (AO3-1) as awareness of the products will now be made to a wider market (AO3-1). <p>Do not reward:</p>	<p>4 AO3 = 4</p>

	<ul style="list-style-type: none"> • Will appeal to a wide market (needs to be wider). • Will appeal to a younger age group as they are the ones that use social media – (as these products are not aimed specifically at teenagers). • Will lose product awareness as many older people do not use social media. 	
--	--	--

23	<p>The male skincare and hair product markets are very competitive. Tribiani PLC's products are one of the top 4 brands in these markets.</p> <p>Analyse two reasons why product development and innovation are important to Tribiani PLC.</p> <p>Candidates can concentrate just on innovation and / or product development.</p> <p>It must be marked as 2+2 – need to see 2 separate reasons. One very developed reason can only be awarded 2 marks.</p> <p>As Tribiani is operating in a competitive market, as shown by the fact that it is competing against 3 other brands (AO2), then product development and innovation is the key to remaining competitive (AO3-1).</p> <p>Rival companies will be undertaking their own product development and innovation. If Tribiani PLC does not keep pace, then it will lose market share (AO3-1) as its products will lack the new features that rival firms will have developed (AO3-1).</p> <p>To outperform rivals in this competitive market (AO2) innovation can give a USP (AO3-1).</p> <p>If Tribiani wants to enter new markets (AO3-1) then it will need to develop new products. This was shown when it launched its electric toothbrushes (AO2).</p> <p>In order to design and produce new product then the business has to commit funds from its revenues to product development (AO3-1) as it will be competing against established products which already have a strong customer base (AO3-1).</p>	<p>4 AO2 = 1 AO3 = 3</p>
----	--	---

Section 3

Total for this section: 21 marks

24	<p>SYM Woodcrafts Ltd manufactures wooden furniture which it sells online.</p> <p>The company:</p> <ul style="list-style-type: none"> • promises customers delivery within 3 days of placing an order • has one supplier of wood for its furniture. This supplier is based in Germany • employs 5 workers in its warehouse. <p>SYM Woodcrafts Ltd is considering changing its stock control system to a just-in-time (JIT) system.</p> <p>Explain one advantage and one disadvantage to SYM Woodcrafts Ltd of changing to a JIT stock control system. Provide SYM Woodcrafts Ltd with a justified recommendation on whether or not to make the change.</p> <p>AO1 Award one mark for identifying an advantage and one mark for identifying a disadvantage.</p> <p>AO2 Award one mark for explaining the impact of the advantage on SYM Woodcrafts Ltd and one mark for explaining a disadvantage.</p> <p>Points relating to advantages or disadvantages which appear in conclusion but not elsewhere can be rewarded.</p> <p>Advantage Eg:</p> <ul style="list-style-type: none"> • This will reduce waste / less waste / no waste (BOD) (AO1). • Less storage space or staff will be needed (AO1-1) in the warehouse and this will reduce SYM's operating costs (AO2-1). • This will reduce the amount of money tied up in stock (AO1-1) allowing the business to use the freed-up funds elsewhere in the business (AO2-1). • This will reduce the amount of money tied up in stock (AO1-1) thus improving its liquidity (AO2-1). <p>Disadvantage Eg:</p> <ul style="list-style-type: none"> • There is an increased risk of running out of stocks of raw materials / or finished products (AO1-1) as regular deliveries may be interrupted by bad weather and as a result production might need to stop (AO2-1). • Any sudden increases in sales / demand / orders (AO1-1) may be hard to fulfill as stock levels will now be much lower and so sales may be lost. (AO2-1). <p>Recommendation</p>	<p>6 AO1 = 2 AO2 = 2 AO3 = 2</p>
----	--	--

	<p>Candidates need to provide a reasoned judgment. Simply stating that it should or should not be adapted will not earn any marks.</p> <p>Eg: I think that this is a risky move. The supplier is in Germany and there could be disruption at the ports which prevent lorries from getting to England (AO3-1) and this will make the business's promise "to meet all orders within 3 days" impossible to achieve which might damage its reputation (AO3-1).</p> <p>Eg: Wood will have a long storage life so there is little risk of it decaying or going out of fashion (AO3-1) so switching to JIT can only save some money on warehousing which, whilst a benefit, carries the increased risk of wood shortages and stopped production and so is not worthwhile (AO3-1).</p>	
25(a)	<p>SYM Ltd has decided to open a showroom to increase awareness and sales of its furniture.</p> <p>SYM Ltd has a reputation for producing modern, high quality and expensive furniture. Its typical customers are young couples on high incomes.</p> <p>SYM Ltd's closest rival has a showroom with a customer car park.</p> <p>Identify and explain two location factors that SYM Ltd's directors should consider when they choose where to open this new showroom.</p> <p>Although their main supplier is based in Germany that was in the stimulus for Q24. Therefore, we will credit answers where candidates identify and explain why being near raw material supplies makes good business sense.</p> <p>AO1 Award one mark per factor for any 2 factors.</p> <ul style="list-style-type: none"> • Rent/cost of premises. • Location of customers. • Availability of parking for customers. • Average incomes of the surrounding area. • Location of raw materials. • Showroom accessibility / Transport and infrastructure links. • Availability of staff. • Footfall / number of people that live in the area. <p>Do not award:</p> <ul style="list-style-type: none"> • In a city centre. <p>AO2 Award one additional mark for each factor explained.</p>	<p>4</p> <p>AO1 = 2</p> <p>AO2 = 2</p>

	<p>Rent/cost of premises (AO1) – if the business chooses a property in an expensive part of the town/city then rents will be higher which will increase its (fixed) costs (AO2).</p> <p>Availability of parking for customers (AO1) – if there is nowhere for customers to park then SYM Ltd may lose out on potential customers (AO2).</p> <p>Average incomes of the surrounding area (AO1) – as the target market is young professionals on high incomes then they need a site where the local population fits this profile. (AO2).</p> <p>Shop's rent (AO1) – if the location has very high rents then this will increase total costs significantly. (AO2).</p>	
25(b)	<p>Which one of the two factors that you have identified in your answer to Question 25 (a) do you think is more important? Justify your choice.</p> <p>To be awarded 2 marks candidates must refer to BOTH factors in their conclusion.</p> <p>Award up to 2 AO3 marks for a judgement shown. Marks are not awarded for choosing the factor.</p> <p>Eg: The most important factor is the income level of the local population as SYM are selling expensive furniture as it would be pointless setting up this showroom in an area of high unemployment, as the local people could not afford the furniture (AO3-1). This is more important than having a car park as the target market if interested will find a way to access the shop (AO3-1).</p>	<p>2 AO3 = 2</p>
26	<p>SYM Ltd's new Production Director is keen to improve the motivation of the 250 skilled workers in its factory. She has noted the following:</p> <p>In the factory:</p> <ul style="list-style-type: none"> • machines are now old and break down regularly • there has been an increase in the number of accidents in the last 2 years • managers make the decisions without consulting the skilled workers. <p>The skilled workers:</p> <ul style="list-style-type: none"> • are paid salaries higher than those in similar businesses • perform the same tasks every day (eg a chair maker makes chairs every day) • do not have their achievements recognised by the business. 	<p>9 AO1 = 2 AO2 = 4 AO3 = 3</p>

	<p>Recommend two changes the Production Director can make to improve worker motivation. Use Herzberg's Two-Factor Theory (motivators and hygiene factors) to support your suggested changes.</p> <p>Which one of your suggested changes do you think will have the most impact? Justify your choice.</p> <ul style="list-style-type: none"> • Answers that make no use of Herzberg terminology and no use of the stimulus – award 0 marks. • Answers that make no use of Harzberg terminology but use the stimulus – Level 1, maximum of 2 marks. • A candidate that shows understanding of 1 aspect of Herzberg eg hygiene factors and applies this to the stimulus L1, 3 marks. • A candidate that shows understanding of BOTH aspects of Herzberg – hygiene factors and motivators and applies this to the stimulus – Level 2, 4-6 marks. • Level 3, 7-9 marks requires a good Level 2 answer plus judgements as to which two suggestions will be most appropriate AND MUST either include recommendations that are motivators or acknowledge that either or both recommendations are hygiene based factors and will only prevent demotivation rather than improve motivation. <p>NB Herzberg would allocate points from stimulus as follows hygiene factors or motivators.</p> <p>In the factory:</p> <ul style="list-style-type: none"> • machines are now old and break down regularly - hygiene factor. • there has been an increase in the number of accidents in the last 2 years - hygiene factor. • managers make the decisions without consulting the skilled workers - motivator. <p>The skilled workers:</p> <ul style="list-style-type: none"> • are paid salaries higher than those in similar businesses - hygiene factor. • perform the same tasks every day eg a chair maker makes chairs every day – motivator. • do not have their achievements recognised by the business – motivator. 	
--	---	--

Question	AO1	AO2	AO3	Total
1	1			1
2	1			1
3	1			1
4	1			1
5	1			1
6	2			2
7	1			1
8	1			1
9	1			1
10	1			1
11	2			2
12(a)		1		1
12(b)		1		1
13	1	1		2
14	2	2		4
15(a)	2			2
15(b)		2		2
16(a)		2		2
16(b)		2		2
17	2	2		4
18(a)	2			2
18(b)		2		2
19	2	2	2	6
20			4	4
21(a)	1			1
21(b)	1	2		3
22			4	4
23		1	3	4
24	2	2	2	6
25(a)	2	2		4
25(b)			2	2
26	2	4	3	9
Total	32	28	20	80

Appendix A

6-mark questions

Level	Marks	Description
3	5–6	<p>A wide range of relevant knowledge and understanding is shown, which is accurate and detailed. Subject specific terminology is used consistently throughout.</p> <p>Application of knowledge and understanding is appropriate, with clear relevance to the context.</p> <p>Analysis and evaluation are present and very effective. The conclusions drawn are fully supported by judgements.</p>
2	3–4	<p>A range of relevant knowledge and understanding is shown, but may be lacking in sufficient detail, with a few errors. Subject specific terminology is used, but not always consistently.</p> <p>Application of knowledge and understanding is mostly appropriate, but sometimes lacks clarity, and there may be a few errors.</p> <p>Analysis and evaluation are present and effective but may be lacking appropriate development. There are attempts to draw conclusions, which are supported by judgements, but it is likely that some will be irrelevant.</p>
1	1–2	<p>A limited range of relevant knowledge and understanding is shown but is often fragmented. Subject specific terminology, if used, is often inappropriate and a lack of understanding is evident.</p> <p>Application of knowledge and understanding is inappropriate, with any attempt showing fundamental errors.</p> <p>Analysis and evaluation, if present, are of limited effectiveness. Attempts to draw conclusions are seldom successful and likely to be irrelevant.</p>
	0	No relevant material

9-mark question

Level	Marks	Description
3	7–9	<p>A wide range of relevant knowledge and understanding is shown, which is accurate and detailed. Subject specific terminology is used consistently throughout.</p> <p>Application of knowledge and understanding is appropriate, with clear relevance to the context.</p> <p>Analysis and evaluation are present and very effective. The conclusions drawn are fully supported by judgements.</p>
2	4–6	<p>A range of relevant knowledge and understanding is shown, but may be lacking in sufficient detail, with a few errors. Subject specific terminology is used, but not always consistently.</p> <p>Application of knowledge and understanding is mostly appropriate, but sometimes lacks clarity, and there may be a few errors.</p> <p>Analysis and evaluation are present and effective but may be lacking appropriate development. There are attempts to draw conclusions, which are supported by judgements, but it is likely that some will be irrelevant.</p>
1	1–3	<p>A limited range of relevant knowledge and understanding is shown but is often fragmented. Subject specific terminology, if used, is often inappropriate and a lack of understanding is evident.</p> <p>Application of knowledge and understanding is inappropriate, with any attempt showing fundamental errors.</p> <p>Analysis and evaluation, if present, is of limited effectiveness. Attempts to draw conclusions are seldom successful and likely to be irrelevant.</p>
	0	No relevant material