



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

March 2019

Unit 01 Introduction to Business and Enterprise

Mark Scheme (Post-Standardisation)

V1.2

Private and Confidential

CONFIDENTIAL

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.
- Award 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 award 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:

A01	Recall knowledge and show understanding.
A02	Apply knowledge and understanding.
A03	Analyse and evaluate knowledge and understanding.

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

CONFIDENTIAL

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

Section 1

Total for this section: 8 marks

1	<p>Which ONE of the following is a financial aim for a business?</p> <p>Answer: C to increase revenue</p>	<p>1</p> <p>AO1 = 1</p>
2	<p>Which ONE of the following is a feature that applies to a sole trader?</p> <p>Answer: D the owner has unlimited liability</p>	<p>1</p> <p>AO1 = 1</p>
3	<p>Which ONE of the following is an external stakeholder in a business?</p> <p>Answer: C suppliers</p>	<p>1</p> <p>AO1 = 1</p>
4	<p>Which ONE of the following is most likely to lead to a rise in demand for a business's products or services?</p> <p>Answer: A an increase in employment</p>	<p>1</p> <p>AO1 = 1</p>
5	<p>Which ONE of the following is a stage of the product life cycle?</p> <p>Answer: B Decline</p>	<p>1</p> <p>AO1 = 1</p>
6	<p>A business manufactures bicycles. One of its bicycles is in the maturity stage of the product life cycle. Which TWO of the following are characteristics of the maturity stage of the product life cycle.</p> <p>Answers:</p> <p>A advertising expenditure will have passed its peak</p> <p>E profits are maximised</p>	<p>2</p> <p>AO2 = 2</p>
7	<p>Which ONE of the following is a hygiene factor in Herzberg's theory of motivation?</p> <p>Answer: B good working conditions</p>	<p>1</p> <p>AO1 = 1</p>

Section 2

Total for this section: 51 marks

8	<p>Identify ONE feature of a public limited company.</p> <p>Award one mark for identification of a feature.</p> <p>Indicative content</p> <ul style="list-style-type: none"> • Shares can be bought and sold on the stock exchange/sold to the public/bought by anybody • An incorporated business • Business has separate legal identity from shareholders • Owned by shareholder • Limited liability. <p>Examiner Guidance</p> <p>Accept any other suitable response – must be features NOT advantages of being a plc e.g. not awarding easier to raise finance.</p>	<p>1</p> <p>AO1 = 1</p>
9	<p>Identify ONE characteristic or skill that an entrepreneur will need to be successful.</p> <p>Indicative content</p> <p>1 mark for any of the following:</p> <ul style="list-style-type: none"> • Confident • Motivated • Determined • Organised • Results-focused • Initiative • Decision-making • Analytical ability • Communication • Planning. <p>Examiner Guidance</p> <p>Do not award risk taker as that is what an entrepreneur is. Do not award hard working/has social skills/people skills.</p>	<p>1</p> <p>AO1 = 1</p>

<p>10</p>	<p>Describe TWO features of a franchise.</p> <p>Award one mark for identification of each feature and one mark for a description of each feature.</p> <p>Indicative content</p> <p>Learners may refer to franchisees or franchisors</p> <p>AO1/AO2</p> <p>A franchisee does not keep all its profits (AO1-1) as a percentage of turnover (royalties) must be paid to the franchisor (AO2-1). A franchise does not need to advertise (AO1-1) as the franchisor will provide national or regional advertising (AO2-1). A franchisee will be supported by the franchisor (AO1-1) as the franchisor will provide training/access to supplies/advice (AO2-1). A franchisee will have limited freedom/less control to make decisions (AO1-1) as the franchisor makes major decisions on what to sell, how shops are laid out, pricing etc. (AO2-1). Franchise uses another business' name (AO1-1).</p> <p>Examiner Guidance</p> <p>Learners may refer in error to franchiser rather than franchisor – we will allow this.</p> <p>Learners may write answers the opposite way round to mark scheme which is allowed and the AO marks can be switched.</p> <p>Do not award a franchise has limited liability/all the shops will look the same/the same product can be bought in any shop/the franchise will be well known.</p>	<p>4</p> <p>AO1 = 2</p> <p>AO2 = 2</p>
<p>11</p>	<p>Identify TWO characteristics of a niche market.</p> <p>Indicative content</p> <ul style="list-style-type: none"> • sales volume low/small demand/small no. of customers/ small market/narrow customer base/low market growth • specialised products/specific products • few rivals or competitors • high profit margins • Customers will be willing to pay more. <p>Examiner Guidance</p> <p>Do not award small market share/expensive products/specialised business/is opposite of a mass market.</p>	<p>2</p> <p>AO1 = 2</p>

12	<p>Explain TWO ways that a 5% rise in the UK's Gross Domestic Product (GDP) might affect a business that builds new houses in the UK.</p> <p>Indicative content</p> <p>A rise in GDP means that consumer incomes will rise/consumers will have more money to spend (AO1-1) and unemployment is likely to fall (AO1-1).</p> <p>Both changes should lead to an increase in demand for houses (AO2-1) and this should result in increased sales revenue for any housebuilding business (AO2-1).</p> <p>Land prices might increase (AO1-1) so the business faces increased costs/unable to build as many houses (AO2-1).</p> <p>There may be an increase in the cost of building materials (AO1-1) and the business may need to raise house prices (AO2-1).</p> <p>The demand for houses may increase (AO1-1) and this may allow the business to raise the price it charges (AO2-1).</p> <p>Examiner Guidance</p> <p>Some learners are confusing this with inflation but a 5% rise is significant and could cause a rise in prices so we can award this.</p>	<p>4</p> <p>AO1 = 2</p> <p>AO2 = 2</p>
-----------	--	---

CONFIDENTIAL

<p>13</p>	<p>Explain TWO benefits to a business from successfully engaging with its customers.</p> <p>For the AO3 mark there must be an explicit benefit to the business and same point can only be awarded once e.g. “increases sales revenue”.</p> <p>Indicative content</p> <p>Can get to know what consumers like/dislike about their product or service (AO1-1) and the business can utilise this to improve their products/ services and therefore increase sales (AO3-1).</p> <p>Makes customers feel valued/satisfied (AO1-1) and this may lead them to write good reviews of their product or service which will improve the business image (AO3 -1).</p> <p>Encourages repeat custom/brand loyalty (AO1-1) which will increase the business sales revenue (AO3-1).</p> <p>Customers may recommend (AO1-1) this business to others which leads to increased sales (AO2-1)</p> <p>Can improve the business’ reputation (AO1-1).</p> <p>Accept any other suitable response.</p>	<p>4</p> <p>AO1 = 2</p> <p>AO3 = 2</p>
<p>14</p>	<p>Explain why reaching break-even point can be an important objective for a business.</p> <p>Indicative content</p> <p>Once break-even is reached costs are covered. The business can then plan how many products it needs to sell to meet its profit target (AO2-2).</p> <p>Once break-even is reached it will be covering its costs. If it can increase output and sales beyond break even, then it will move into profit. (AO2-2).</p> <p>If it does not reach break-even it will make a loss and if it continues to make losses then (in the long run) it may need to close down (AO2-2).</p> <p>Until a business reaches break-even point it will make a loss (AO2-1)</p> <p>It sets a target for a business (AO2-1)</p> <p>Once it exceeds break-even point it will make a profit (AO2-1)</p> <p>Examiner Guidance</p> <p>Award a maximum of 1 mark for 2 stated but unexplained or linked points.</p>	<p>2</p> <p>AO2 = 2</p>

<p>15</p>	<p>Explain how being in this stage of the life cycle affects a product's market share and advertising expenditure.</p> <p>Indicative content</p> <p>AO1/AO2</p> <p>In the introductory stage the product will not be that well known (AO1-1) and therefore the business will need to spend heavily on advertising (to create awareness) (AO2-1).</p> <p>A product in the introductory stage of its life cycle will have low sales/low market share (AO1-1) because it is a new product and many consumers will be unaware of it/there are already existing rival products (AO2-1).</p>	<p>4</p> <p>AO1 = 2</p> <p>AO2 = 2</p>
<p>16</p>	<p>Identify ONE method of maintaining and improving quality that a business might use.</p> <p>Accept any of:</p> <ul style="list-style-type: none"> • Quality control • Benchmarking • Quality assurance • Total Quality Management (TQM). • Employ an inspector to check product quality before products are sent to customers. <p>Examiner Guidance</p> <p>Do not award methods of lean production such as JIT, kaizen etc. Do not award general ideas such as employ more skilled staff, train staff etc.</p>	<p>1</p> <p>AO1 = 1</p>

<p>17</p>	<p>PP Arrow Ltd is based in a small town. It is the town’s largest employer. Unemployment locally is double the national average. The directors are considering closing one of its three factories which employs 100 workers and outsourcing production to China.</p> <p>Discuss the potential impact on TWO of PP Arrow Ltd.’s stakeholders if this decision is implemented.</p> <p>Stakeholders that may be affected include:</p> <ul style="list-style-type: none"> • Current factory employees /managers/directors • Current suppliers of components • The local community • Shareholders • Local council • Consumers. <p>Indicative content/possible content could include:</p> <p>Current factory employees (AO1-1) – Those that are made redundant will struggle to pay bills / may go into debt. (AO2-1) or those employees that keep their jobs may feel insecure (AO2-1) Unemployment locally is double the national average so this may make it quite difficult to get a similar job (AO3-1). Or PP Arrow Ltd will still have 2 factories and a small number may find jobs there when vacancies arise (AO3-1).</p> <p>Current suppliers of components (AO1-1) – they may lose the contract to supply PP Arrow Ltd and this will reduce their income (AO2-1). The impact on them depends on what percentage of their business is tied up with PP Arrow Ltd and they will still have contracts to supply their 2 other factories which are not being closed (AO3-1).</p> <p>The local community (AO1- 1) –Local unemployment rates will rise and this will affect demand in local shops / the area may become run down/depressed. (AO2-1) The area is likely to suffer significantly as PP Arrow Ltd is the biggest single employer and unemployment is double the national average (AO3- 1).</p> <p>The local council (AO1-1) – they will find that their income from business rates (taxes) will fall when the factory closes (AO2- 1). This may force the council to cut spending on the services it provides OR the council will still receive business rates from all other businesses in the town/therefore the impact will not be that significant (AO3- 1).</p> <p>Examiner Guidance</p> <p>Do not award the owners/ internal stakeholders/external stakeholders/ potential stakeholders e.g. suppliers in China.</p> <p>If learners only identify one relevant stakeholder, then the maximum mark that can be awarded is 3.</p>	<p>6</p> <p>AO1 = 2</p> <p>AO2 = 2</p> <p>AO3 = 2</p>
-----------	---	---

18	<p>Explain TWO market research methods that the marketing department could use to obtain the information required.</p> <p>Award two marks for a description of any two named market research methods (one mark for each method) and two marks for an explanation of how each of these can be used to find the required information.</p> <p>Indicative content</p> <p>Must be a named method</p> <p>AO1/AO2</p> <p>Description of the correct market research techniques and how these provide the required information. Learners can be credited with 2 AO1 marks for identifying any 2 methods including:</p> <ul style="list-style-type: none"> • Primary • Secondary • Quantitative • Qualitative <p>Or they can be credited for:</p> <p>2 primary methods e.g.</p> <ul style="list-style-type: none"> • Use questionnaires/surveys • Use a focus group <p>Or 2 secondary methods – such as:</p> <ul style="list-style-type: none"> • purchasing market research reports • use the internet/go online • use interviews <p>For the AO2 mark they must relate the answer to the pushchair market and same answer cannot be used twice – generic answers cannot get the AO2 mark.</p> <ul style="list-style-type: none"> • Secondary research/by purchasing market research reports (AO1-1) which provide data on the pushchair market (AO2-1) • Primary research / surveys conducted in the high street (AO1-1) to ask potential customers what features they would expect in an up-market and expensive prams (AO2-1) • Use the internet (AO1-1) to find out the features offered by pushchairs produced by rival companies (AO2-1) • Questionnaires sent to local households (AO1-1) to ask local people what they type of up-market pushchair they would prefer (AO2-1). <p>Examiner Guidance</p> <p>Do not award Look at trends/use social media/ask customers as are not clear methods.</p> <p>The term survey or questionnaire can only be awarded once even if qualified – postal survey and online survey is repetition.</p>	<p>4</p> <p>AO1 = 2</p> <p>AO2 = 2</p>
----	--	---

<p>19</p>	<p>Below is a Boston Matrix diagram. Write PP Arrow Ltd.'s CHILD CAR SEAT and the BUDGET PUSHCHAIR into their correct segments (boxes provided).</p> <p>Indicative content</p> <p>Car Seat is a PROBLEM CHILD (1)</p> <p>Pushchair is a DOG (1)</p> <p>Examiner Guidance</p> <p>If a learner puts either product in more than one box, then 0 marks for that product.</p>	<p>2</p> <p>AO2 = 2</p>
<p>20</p>	<p>Explain TWO methods that PP Arrow Ltd could use to measure its customer service levels.</p> <p>Indicative content</p> <p>AO1/AO2</p> <p>Customer surveys/questionnaires/focus groups/interviews (AO1-1) could identify whether customers are likely to be a repeat purchaser (AO2-1)</p> <p>Online reviews (AO1-1) when positive can be used in promotional literature (AO2-1) (to boost sales)</p> <p>Comment cards (AO1-1) find out what features were most valued by customer (AO2-1) (so can remain competitive)</p> <p>Number/type of complaints received (AO1-1) can identify which areas to prioritise for improvement (AO2-1)</p> <p>Repeat business data (AO1-1). PP Arrow Ltd can keep records of customer email addresses to see how often customers have repeat orders (AO2-1)</p> <p>Ask customers to enter a value (1 to 10) to rate customer service, on the card machine when they are paying their bill (AO1-1).</p> <p>Mystery shoppers (AO1-1) (as the business only sells online no development marks can be awarded if learner refers to shops)</p> <p>Examiner Guidance</p> <p>Do not award questionnaires/surveys/interviews more than once.</p> <p>Do not award interviews</p> <p>Do not award very general suggestions such “ask customers what the service was like” – needs a way to show the data will be collected.</p>	<p>4</p> <p>AO1 = 2</p> <p>AO2 = 2</p>

21	<p>Analyse the advantages AND disadvantages of this advertising campaign on PP Arrow Ltd.'s sales revenue and profits for the next 12 months.</p> <p>Indicative content</p> <p>Advantage</p> <p>Some new parents may be persuaded to buy the product (AO3-1). Which will increase sales revenue (AO3-1).</p> <p>It will raise awareness of the product amongst consumers (AO3-1) which may increase sales (AO3-1).</p> <p>TV advertisements reach out to a large number of potential customers (AO3-1).</p> <p>Disadvantage</p> <p>The costs of the advertising campaign may exceed the increased sales revenue (AO3-1) and this increases losses/reduces profits (AO3-1).</p> <p>The campaign may have little impact on sales (AO3-1) as this product has been on the market for 10 years so consumers may prefer to buy more modern rival products (AO3-1).</p> <p>Advertising on TV is expensive/will increase the business' costs hnjyu /a business has to pay to advertise (AO3-1).</p> <p>Examiner Guidance</p> <p>Do not award answers where learner discusses the advertising of the new pushchair in 12 months' time as is not answering question.</p>	<p>4</p> <p>AO3 = 4</p>
-----------	--	---------------------------------------

<p>22</p>	<p>Explain TWO diseconomies of scale that this factory is likely to experience.</p> <p>Award two marks identifying two diseconomies of scale (one mark for each method) and two marks for an explanation of how these are likely to have arisen.</p> <p>Indicative content</p> <p>AO1/AO2</p> <p>Communications (AO1-1) will be made more difficult as managers and supervisors have offices away from the production line (AO2-1).</p> <p>Coordination (AO1-1) will have been difficult as the production process was spread across 3 separate factories (AO2-1).</p> <p>Control (AO1-1) will have been difficult as the managers and supervisors were stationed in one building whilst the production process was spread across three separate factories (AO2-1).</p> <p>Examiner Guidance</p> <p>Learners should name diseconomies to get the AO1 marks. However, if they describe clearly a diseconomy of scale without naming it then they can be given just 1 mark for that answer – mark it as AO1.</p> <p>Do not award answers that refer to the impact on costs/quality/efficiency unless linked to a named diseconomy of scale.</p>	<p>4</p> <p>AO1 = 2</p> <p>AO2 = 2</p>
------------------	---	---

23	<p>Analyse ONE method of lean production that could be adopted by PP Arrow Ltd to improve efficiency in its UK factories.</p> <p>Indicative content</p> <p>AO1</p> <p>Award 1 mark for identifying a method of lean production e.g.</p> <ul style="list-style-type: none"> • Kaizen • JIT • Cell production • Quality circles • Kanban. <p>AO3</p> <p>To achieve AO3 marks learners need to weigh up how the named method will increase efficiency at PP Arrow Ltd.</p> <p>e.g. JIT (AO1-1) This will allow the business to reduce the amount of capital tied up in stock (AO3-1). There will be less need for storage space for components and less staff needed to manage its warehouse saving overhead cost (AO3-1). However, it does run the risk of production problems if there are delays in getting components perhaps due to bad weather (AO3-1).</p> <p>e.g. Cell production/quality circles (AO1-1) This will allow workers to have a say in how production is organised which should improve their motivation (AO3-1). As a result, they may show more commitment to their work and productivity may rise (AO3-1). However, time is taken up with meeting of cells/circles and this can have a negative impact on productivity (AO3-1).</p> <p>e.g. Kaizen (AO1-1) helps encourage workers to take ownership for their work and therefore improves worker motivation (AO3-1), it can result in a reduction in waste/saving of costs (AO3-1) so can lead to improvements in productivity (AO3-1).</p> <p>Examiner Guidance</p> <p>Do not award TQM, Flow production, batch production, merge factories. We are NOT awarding marks for defining JIT, Kaizen etc.</p>	<p>4</p> <p>AO1 = 1</p> <p>AO3 = 3</p>
-----------	--	---

Section 3

Total for this section: 21 marks

24	<p>Use Maslow’s hierarchy of needs to discuss the causes of production line workers’ demotivation.</p> <table border="1"> <thead> <tr> <th>Level</th> <th>Marks</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">3</td> <td style="text-align: center;">5-6</td> <td> <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 is present and very effective. The conclusions drawn are fully supported by judgements.</p> </td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">3-4</td> <td> <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 is 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> </td> </tr> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">1-2</td> <td> <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> </td> </tr> <tr> <td></td> <td style="text-align: center;">0</td> <td>No relevant material.</td> </tr> </tbody> </table> <p>Indicative content/possible content could include:</p> <p>Security levels are fulfilled as all production line workers are on permanent contracts as this provides them with job security.</p> <p>Physiological needs are not being met as production line workers have complained about the temperatures in summer and winter. Poor working conditions are likely to make workers demotivated and less productive.</p>		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 is 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 is 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, is of limited effectiveness. Attempts to draw conclusions are seldom successful and likely to be irrelevant.</p>		0	No relevant material.	<p>6</p> <p>AO1 = 2</p> <p>AO2 = 2</p> <p>AO3 = 2</p>
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 is 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 is 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, is of limited effectiveness. Attempts to draw conclusions are seldom successful and likely to be irrelevant.</p>																
	0	No relevant material.																

	<p>Physiological needs as staff pay rates are lower than those in other factories and this may mean they are unable to avoid getting into debt or “make ends meet”.</p> <p>Esteem needs not being met as there is a lack of contact with management and no feedback on how well they performed in their jobs. This may make workers feel less valued and demotivate them. There is nothing in the stimulus to let us know if the workers social need is being met but it would be logical to suggest that their self-actualisation needs are not being met as they have no say in how work is organised in the factory.</p> <p>Examiner Guidance</p> <p>Answers that make no meaningful reference to the stages in Maslow’s hierarchy of needs, get 0 marks.</p> <p>Do not award answers that suggest ways of resolving the motivation issues as questions asks for the causes of demotivation.</p>	
--	---	--

CONFIDENTIAL

25	Analyse the impact on PP Arrow Ltd.'s market share and profit margins if it were to switch to a cost-plus pricing strategy.		6 AO2 = 2 AO3 = 4
	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 is 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 is 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, is of limited effectiveness. Attempts to draw conclusions are seldom successful and likely to be irrelevant.</p>
		0	No relevant material.
	<p>Indicative content/possible content could include:</p> <p>AO2</p> <p>If the business adopts cost plus pricing the price it charges may rise.</p> <p>A price rise will/may make it less competitive.</p> <p>Competitive pricing strategy is when a business set prices based on what rivals are charging. (We will accept 'a price the same as rivals' or a price set just below that charged by rivals').</p>		

	<p>Cost-plus pricing strategy involves adding a mark-up to the cost of goods and services to arrive at a selling price.</p> <p>AO3</p> <p>The forecast increase in wages could force the business to raise its selling price. As it is a competitive market this is likely to lead to less sales and a reduction in market share.</p> <p>The increase in wage costs may force the business to raise the price but this will ensure profits margins are maintained as any changes in costs will result in a change in the price of its pushchairs.</p> <p>Examiner Guidance</p> <p>In order to access the full range of marks learners must discuss the impact on both market share and profit margins.</p>	
--	--	--

CONFIDENTIAL

26	Evaluate the potential impact on PP Arrow Ltd of EACH of these three possible changes to the external business environment and evaluate which is likely to have the most impact on PP Arrow Ltd.	9 AO1 = 3 AO2 = 3 AO3 = 3															
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">Level</th> <th style="width: 15%;">Marks</th> <th style="width: 75%;">Description</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">3</td> <td style="text-align: center;">7-9</td> <td> <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 is present and very effective. The conclusions drawn are fully supported by judgements.</p> </td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">4-6</td> <td> <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 is present and effective, but may be lacking appropriate development.</p> <p>There are attempts to draw conclusions, which are supported by judgements, but it is likely that some will be irrelevant.</p> </td> </tr> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">1-3</td> <td> <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.</p> <p>Attempts to draw conclusions are seldom successful and likely to be irrelevant.</p> </td> </tr> <tr> <td></td> <td style="text-align: center;">0</td> <td>No relevant material.</td> </tr> </tbody> </table>			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 is 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 is present and effective, but may be lacking appropriate development.</p> <p>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.</p> <p>Attempts to draw conclusions are seldom successful and likely to be irrelevant.</p>		0	No relevant material.
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 is 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 is present and effective, but may be lacking appropriate development.</p> <p>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.</p> <p>Attempts to draw conclusions are seldom successful and likely to be irrelevant.</p>															
	0	No relevant material.															
<p>Indicative content/possible content could include:</p> <ul style="list-style-type: none"> • An increase in VAT from 20% to 25% <p>This will force PP Arrow Ltd to raise its prices or absorb the increase. The price rise may reduce sales overall/by absorbing the price rise profit margins will be cut. Pushchairs and cars seats are quite essential products so sales may not fall significantly / consumers may trade down</p>																	

	<p>and buy cheaper models or postpone buying a new product to replace one it currently has.</p> <ul style="list-style-type: none"> • An increase in the living wage by 50p per hour <p>This may have no impact on PP Arrow Ltd. As the workforce are paid above the Living Wage. However, its workforce is likely to demand a wage rise as the gap (differential) between their hourly rate of pay and the Living Wage has been reduced.</p> <p>We can award PP Arrow Ltd will need to raise wages which will increase its costs.</p> <p>Or a learner may suggest that workers across the country will earn more and this may lead to an increase in sales of pushchairs.</p> <p>Do not award “an increase in the Living wage will motivate employees”.</p> <ul style="list-style-type: none"> • A 0.25% cut in UK interest rates <p>This would cut the repayment costs of any loans or overdrafts that PP Arrow Ltd. takes out in the future. PP Arrow Ltd. have no outstanding loans or overdrafts then they won't benefit immediately from the cut in interest rates. Consumers will be slightly better off/save less as any loans, mortgages or credit cards debt interest charges will fall and therefore may buy pushchairs. Overall such a small change in interest rates will have only a minor impact on consumer spending /PP Arrow's borrowing costs.</p> <p>Overall, the increase in VAT is likely to have the most impact on sales as prices will rise. The increase in the Living Wage might raise costs but is a small hourly rate rise. The cut in interest rates is likely to have the least impact on PP Arrow Ltd.</p> <p>Examiner Guidance</p> <p>If learners only discuss one of the three factors, then they are restricted to Level 1.</p> <p>If learners only discuss two of the three factors accurately then are restricted to Level 2.</p>	
--	--	--