Solutions

Business answers are marked by **level of response** against the assessment objectives: award **AO1** knowledge, **AO2** application, **AO3** analysis and **AO4** evaluation.

Each answer shows the steps, then the **result**.

2.1

- any person or group with an interest in a business and how well it performs (2 for a clear definition; 1 for a partial idea)

2.2

- any two of: owners/shareholders; managers; employees (1 + 1)

2.3

- supplier — regular orders and to be paid on time; local community — jobs with little pollution or noise (1 + 1)

3.1

- *[3]* **AO1** 1 — identify two groups whose aims clash. **AO2** up to 2 — develop the conflict, e.g. owners want a higher profit margin so they push for lower wages, but employees want higher pay, so the two aims cannot both be met fully (2 developed / 1 limited)

3.2

- *[8]* For **each** of two stakeholder groups: **AO1** 1 + **AO2** 1 + **AO3** up to 2. Example chains — *employees*: night shifts
- unsocial hours and tiredness
- lower morale, but possible shift premium pay. *Owners*: higher output
- more sales and profit, but higher wage and energy costs. Maximum 4 per group, 8 total

3.3

- *[12]* **AO1** 2 / **AO2** 2 / **AO3** 2 / **AO4** up to 6. **Gains:** owners cut losses and lower costs abroad; customers may keep lower prices. **Losses:** local employees lose jobs; the community loses income; suppliers lose orders; reputation may fall. Judgement: the decision can be right for the owners' survival, but the social cost is high — so it depends on the size of the loss, the alternatives, and how the firm manages the closure (e.g. retraining, notice)