1(a)

Define the term *public sector*.

Indicative content

Responses may include:

AO1 Knowledge and understanding

CLEAR UNDERSTANDING (2 marks)

- organisations accountable to and run/owned/controlled by central or local government (the state) (2)
- the part of the economy composed of both public services and public enterprises; may be supported by examples e.g. police or medical services (2)
- the sector in which goods and services are provided by the state/government (2)

Clear understanding of the term *public sector* is worth 2 marks. This is indicated by 2 ticks ✔✔.

PARTIAL UNDERSTANDING (1 mark)

- businesses which are not controlled by private individuals/not in the private sector (1)

Partial understanding of the term *public sector* is worth 1 mark. This is indicated by 1 tick ✔.

Accept all valid responses.

1(b)

Explain one benefit to a business of having a business plan.

Indicative content

Responses may include:

AO1 Knowledge and understanding

1 mark for identifying ONE BENEFIT of having a business plan

- provides a clear plan/goal/guidance for the future
- forces critical consideration of business
- encourages market research
- helps obtain finance
- increases motivation
- minimises risk of uncertainty
- helps to measure success of the business against targets

AO2 Application

2 marks for DEVELOPED application/explanation of the benefit given
1 mark for LIMITED application/explanation of the benefit given

- increases chances of success/reduces risk of failure by anticipating problems e.g. financial/supply/staffing
- includes a detailed view of the potential customers, competitors and external environment
- sets objectives and co-ordinates all parts/departments of the business to meet them
- gives investors/banks the confidence that the business can repay the money/make profit
- helps the employees stay focussed on the objectives and see progress

Accept all valid responses

5(a)

Analyse two benefits to a business of using a vertical merger for growth.

Indicative content

***NOTE**: Some understanding of the term vertical merger must be shown. Responses which give general benefits of a horizontal merger/growth e.g. larger workforce/economies of scale are not answering the question and should not be rewarded.*

Responses may include:

AO1 Knowledge and understanding

1 mark for identifying ONE benefit to a business of using a vertical merger for growth

- rapid external growth within the same supply chain
- control over the market/secures outlets/customers/suppliers
- improved quality control of materials
- exclude competitors from using same supplier
- reduces costs
- R and D potential

AO2 Application

1 mark for application/explanation of ONE benefit to a business of using a vertical merger for growth

- expansion is either with a customer or supplier business
- gain economies of scale
- can encourage sales of own products if merging with a customer or select best quality materials if merging with supplier
- restrict sales of competitors or limit availability of different supply factors to competitors
- may be duplication of job roles or resources

expertise of both businesses combines to improve supply chain

5(a)

AO3 Analysis

up to 2 marks for analysis of ONE benefit

2 marks for DEVELOPED analysis of ONE benefit to a business of using a vertical merger for growth (L2 AN) or 1 mark for LIMITED analysis of ONE benefit to a business of using a vertical merger for growth (L1 AN)

- both businesses already familiar with what is more likely to be successful due to existing experience and knowledge of suppliers and customers
- forward vertical merger with a customer gives control over promotion and pricing of own products and may result in greater sales and profits
- secures outlets for products and gives direct access to markets to allow faster response to customer requirements
- may exclude competitors' products and reduce competition, possibly increasing market share
- backward vertical with a supplier gives control over quality, price and delivery times for supplies, assisting JIT
- reduces costs of production and increases profit margins
- supplies to competitors may be controlled and possibly reduced or the price increased
- after redundancies (which may be expensive), wage costs may be reduced and profits increased
- encouragement of R and D by suppliers to improve quality of materials used in manufacturing

Accept all valid responses.

5(b)	**'Risk taking is the most important quality needed by an entrepreneur to be successful in the clothing design industry.'** **Evaluate this view.** **Indicative content** Responses may include: **AO1 Knowledge and understanding** **2 marks for DEVELOPED knowledge and understanding (L2 K)** **1 mark for LIMITED knowledge and understanding (L1 K)** Qualities of an entrepreneur • multi-skilled • self-confidence • ability to bounce back • innovative/creative/make good designs • results orientated • committed • self-motivated • leadership skills • definition of an entrepreneur **AO2 Application** **2 marks for DEVELOPED application (L2 APP)** **1 mark for LIMITED application (L1 APP)** • relevance to clothing design industry – design of garments, not manufacture, although in a small start-up the entrepreneur may do both • changing fashions/clothing trends/seasons fashion designers, tailors, types of clothes, fabric, fashion shows

5(b)	**AO3 Analysis** **2 marks for DEVELOPED analysis (L2 AN)** **1 mark for LIMITED analysis (L1 AN)** • consideration of the importance of risk-taking as a quality of an entrepreneur. This may look at ways in which risk-taking is important and ways in which it isn't important • risk of entering an established and competitive environment and investing own savings. May be relatively cheap to enter this industry as it is design, not necessarily manufacturing • belief that the business can enter the market alongside established brands although designs can be cheaper and aimed at different markets in which the entrepreneur may have more experience • risk of failing and having to start again – might be needed if customers do not like the designs and demand is low • take the risk to produce new and innovative designs/styles of clothing to attract customer from competitors • consideration of the importance of other qualities of an entrepreneur • being multiskilled and having ability to perform many different business activities e.g. market research, promotion, presentation of product, handling of finance, dealing with customers, cutting out, sewing, etc. Designs could be done using CAD and a website, making some other skills redundant or easier to deal with • focussed on achieving objectives which the entrepreneur will have set for themselves and therefore is more likely to know how to work towards to make the business successful • ambition to make this business succeed as the alternative is to develop a new business idea or move into the role of an employee for another business (which an entrepreneur may find boring) • driven and hard-working as this is their own business and they are more likely to work long hours in order to make it succeed – the initial risk is the most exciting stage • able to inspire/motivate employees with the entrepreneur's own vision, self-belief and work ethic as cannot run the business on their own

5(b)	**AO4 Evaluation** **Up to 6 marks for EVALUATION – USE THE FOLLOWING TABLE:**

Developed/Supported judgement in context	L3 EVAL	6 marks
Developed/Reasonable evaluative comments in context	L3 EVAL	5 marks
Developed/Supported judgement without context	L2 EVAL	4 marks
Developed/Reasonable evaluative comments without context	L2 EVAL	3 marks
Limited supported judgement	L1 EVAL	2 marks
An attempt to balance the arguments/Weak attempt at evaluative comments	L1 EVAL	1 mark

A judgement/conclusion is made as to whether risk taking is the most important quality for an entrepreneur to be successful in the clothing design industry. Such judgements/conclusions may be made at any point in the essay, not only in a concluding section.

- how important are other qualities of entrepreneurs instead of/alongside risk taking?
- what is considered successful in this industry – survival, being profitable, gaining market share with cheap clothing, entering a niche market with high end fashion?
- what level of risk is involved within the entrepreneur's plans – are they providing custom T-shirts with a design specified by a customer using a web page – do they want to design elaborate wedding dresses or festival outfits for a specific target market – is this a new business or a diversification for an already successful entrepreneur breaking into a new market?
- a judgement should be made about the importance of different qualities in this particular context
- other factors might be equally or more important than any quality shown by an entrepreneur – the strength of the competition, the demand of the consumer, how dynamic the market is, where the entrepreneur is selling the product, external conditions affecting the market, etc.

Accept all valid responses.

5(a)	**Analyse <u>two</u> ways business enterprise can help the development of a country.** There are 8 marks in total for Q5(a) 4 marks for each of the ways business enterprise can help the development of a country. These 4 marks consist of 1 mark for K 1 mark for APP 2 marks for AN **Indicative content** Responses may include: **AO1 Knowledge and understanding** 1 mark for K identifying **one** way business enterprise can help the development of a country – repeat for a second way identified. **NOTE:** The impact of enterprise can be within a business enterprise or within the wider economy • Stimulates economic activity • Stimulates and improves social welfare • Leads to economic growth • Market demand for goods and services is increased • Innovation leads to new products • Jobs are created • Consumer spending is stimulated • Export opportunities exploited • Bring factors of production together with entrepreneurial spirit and purpose, creating dynamism in an economy

5(a)	**AO2 Application** 1 mark for APP of a **one** chosen way identified - repeat this for the application of a second identified way. • In market economies, business enterprise acts as the wheels of economic growth and development. Un-utilised resources, labour and capital are utilised efficiently. • Entrepreneurs stimulate a business enterprise culture and thrive within it, creating new products and services, stimulating new employment and accelerate economic growth and development. Stimulates and improves social welfare – such as electricity for all **AO3 Analysis** 2 marks for **developed** AN of **one** chosen way – repeat for second identified way 1 mark for **limited** AN of **one** chosen way – repeat for second identified way • Business enterprise stimulates new business formation, providing choice, dynamism, competition and employment, often locally owned and committed to local areas, and act as seedbeds for further development. • Business enterprise cultures lead to the creation of new jobs and opportunities – often entry level jobs to turn unskilled job holders into skilled ones and prepares and provides experienced works for larger industries. • Business enterprise initiatives bring innovation and creativity to countries – resources are used effectively as new and improved products, services, and technologies are developed, leading to the generation of new wealth, higher tax revenues, allowing governments to offer citizens more benefits. • Business enterprise encourages research and development to solve problems that existing products and technology have not yet solved – bring innovation to existing products – secure new finance and experiment with new approaches to business functions, such as HRM, Operations, Finance, and Marketing. • The economic benefit of business enterprise may create the income and wealth for social change and development by reducing a dependency on obsolete methods, systems and technologies – the opportunity for improved lifestyles and better economic choice. Accept all valid responses.

5(b)	**'Intrapreneurship is the most important factor that will ensure the success of a computer entertainment business.'** **Evaluate this view.** There are 12 marks for Q5(b) 2 marks for K 2 marks for APP 2 marks for AN 6 marks for EVAL **Indicative content** Responses may include: **AO1 Knowledge and understanding** 2 marks for **developed** knowledge and understanding L2 K 1 mark for **limited** knowledge and understanding L1 K • Intrapreneurs are part of a business system and environment that allows employees to act like entrepreneurs within a business, who promote new ideas, inspire creativity, and take proactive steps to improve business operations – a source of innovation within an organisation. • The risks taken by intrapreneurs are absorbed by the business as the formal and informal structures and processes are exploited by intrapreneurs to introduce new ideas, carve out new paths, initiate new ventures and drive organisational change. • The success of a business refers to an ability to survive the uncertainty and volatility of business environments and continue to exist as a viable, productive and sustainable business organisation. • There are many factors that might lead to success e.g. marketing, finance, operations, HRM

5(b)	**AO2 Application** 2 marks for **developed** application/context L2 APP 1 mark for **limited** application/context L1 APP • As the lifespan of the average business organisation continues to shrink, even the most resilient and successful businesses who apply sound business management principles to operations, are not immune to gradual erosion of their positions of growth and dominance. • Intrapreneurs are seen to have the skillset to challenge the 'business as usual' mindset and so allow a business to respond to the disruptive changes in the external market environment by inducing change in the organisational internal environment. • It is increasingly recognised that 'business as usual' operating decisions and procedures are no guarantee of 'ongoing success for a business'. In order to succeed in local, national or global markets, it is asserted that it is necessary to develop new products and do business better and faster than competitors. These developments, it is argued, require distinctive organisational cultures within which intrapreneurs have a vital role to play. • Computer entertainment businesses use computers to allow us to watch movies online, play games online, act as virtual entertainers in playing games, listening to music, videos can be fed from computers to full screen TVs. • Computers have a major effect on the entertainment industry- using technology/software to create striking special effects in movies, creation of animated features and creation of multi-media presentations.

5(b)	**AO3 Analysis** 2 marks for **developed** analysis L2 AN 1 mark for **limited** analysis L1 AN • Ongoing success may well depend on 'going back to the garage' – Steve Jobs, – to recapture the innovative and creative spirit of the past – there is severe competition and new starters abound in the computer entertainment market. • The impact of an intrapreneur can lead to the re-invention of a business – any delay in such re-invention can increase the risk of a business failing – intrapreneurs can drive this reinvention, e.g. change a letter-delivery business to a parcel-delivery business – the British Post Office is cited as an example where the ongoing success has been put at risk with too little intrapreneurial impact on strategic decisions. • Intrapreneurs can generate new ideas and identify new business opportunities and detect success-threatening problems. They can critically evaluate existing organisational and market structures, make use of existing sound commercial infrastructures, sales networks, and financial stability to develop new products and make existing ones more competitive. • Intrapreneurs can provide a longevity to business operations and stimulate new growth opportunities if they can inculcate intrapreneurial thinking and behaviour among managers and employees. • Sony Playstation happened as a junior employee tinkered with his daughter's Nintendo to improve the sound quality – this tinkering convinced Sony of the value of computer gaming systems – Sony now has 2/3rds of market share of the console operating system market. • Agile companies create and support intrapreneurial cultures to ensure that the business does not become too comfortable with past success – the focus is not so much on next quarter's profit as the next decade's worth of revenue growth. • Intrapreneurship is encouraged and supported to ensure that there is a focus on the future (technological developments and consumer trends) – a focus on 'emerging business/product opportunities'. • Intrapreneurship is mainstream as intrapreneurs are supported with capital and allowed to take advantage of the existing customer base, cross-functional expertise, the brand name, the business infrastructure, the stability of a corporate job, and mentorship and guidance. • Intrapreneurs provide the skills for recognising and solving important problems within a business and have the independence and authority to suggest changes for planning the future of a business – they determine methods for staying ahead of the competition and in so doing, contribute to the ongoing survival and success of a business.

5(b)	**AO4 Evaluation: Up to 6 marks for evaluation:**

Descriptor	Level	Marks
Developed/Supported judgement in context	L3 EVAL	6 marks
Developed/Reasonable evaluative comments in context	L3 EVAL	5 marks
Developed/Supported judgement without context	L2 EVAL	4 marks
Developed/Reasonable evaluative comments without context	L2 EVAL	3 marks
Limited supported judgement	L1 EVAL	2 marks
An attempt to balance the arguments/Weak attempt at evaluative comments	L1 EVAL	1 mark

- Any judgements, conclusions, or evaluative comments can be made at any point in an essay, not just in a concluding session.
- A supported judgement may be made that while the role of an intrapreneur is critical to the ongoing success of a business, it is not the only, or the most important, influence on the continuing success/viability of a business.
- It might be concluded that intrapreneurship is very important for the ongoing success of a computer entertainment business, whether the business is large – to recapture the spirit that initially put it on the road to success, or small – to maintain the entrepreneurial spirit that gave it birth.
- The judgement may be made that intrapreneurship will ensure that working environments remain innovative and creative, rather than become rigid and stifling.
- The judgement may be made that the role of intrapreneurship is critical if computer entertainment businesses are to remain agile and customer-driven, and take full advantage of new opportunities in consoles, software and accessories that will ensure their ongoing success.
- It might be argued that more important is the quality of management and leadership in a business, especially if the role and importance of intrapreneurship is recognised and given the investment and support by those managers and leaders – effective strategic thinking and management.
- It might also be judged that the effective delivery of key business functions is as, or more, important than intrapreneurship, e.g. effective financial management – finance for growth, new equipment, effective HRM, productive and high morale working environments – effective marketing – developing the brand – effective operations – cutting edge technology.

Accept all valid responses.