<table>
<tr><td>6(a)</td><td>Analyse <u>two</u> advantages to a business of making ethical decisions.

There are 8 marks in total for Q6(a)
4 marks for each advantage given.

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 advantage

• Enhanced business reputation
• Increased employee morale
• Improved customer trust/loyalty
• Mitigate legal risks/pressure group criticism
• Positive social impact
• May give competitive advantage
• Ensures long term sustainability
• Ensures business success
• Attracts more investors
• Government support
• Higher sales
• Attracts employees
• Reduce costs
• Reduce conflict between employees</td></tr>
<tr><td>6(a)</td><td>AO2 Application

1 mark for APP of the chosen way. Repeat this for the chosen advantage

• Paying fair/living wages – not employ child labour
• Committing to sustainability – reduce carbon footprint, recycle, energy efficiency
• Using Fairtrade suppliers – pay fair price for goods
• Reducing workforce without layoffs – through consultation with unions
• Reduce pollution – use more eco-friendly machines
• Limit advertising to children/parents – ‘pester power’
• Not take bribes – written into code of conduct
• Investors feel that their money is being used in a responsible way

AO3 Analysis

2 marks for developed analysis of the chosen analysis L2 AN

1 mark for limited analysis of the chosen analysis L1 AN

• Can lead to good publicity and brand image/usp – customers may become loyal
• Attract ethical customers – a potentially increasing customer base in today’s market
• Ethical businesses are more likely to be awarded government contracts – increase revenue
• Well qualified staff may be attracted to work for businesses who are the most ethical – competitive advantage.
• Fosters a culture of fairness and respect within the business – help reduce labour turnover and increase efficiency.
• Improves the public image of the business – people want to work there, customers want to purchase goods, investment
• Improves the bottom line of the business – loyal customers – increased profits
• Appeals to shareholders as there is a growing number of ethical investors – greater investment

Accept all valid responses.</td></tr>
</table>

6(b)

‘Employees are the most important stakeholder group in a primary sector oil and gas business.’

Evaluate this view.

There are 12 marks for Q6(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

- Stakeholders are persons who have an interest in/are affected by a business, such as owners, shareholders, customers, suppliers, employees, local communities, government, special interest groups
- Primary sector oil and gas businesses exist in the energy sector and often span many countries with huge revenues and profits.
- They engage in the exploration and extraction of oil and gas.

6(b)

AO2 Application

2 marks for **developed** application/context L2 APP

1 mark for **limited** application/context L1 APP

- Employees are important as they provide skilled labour and without them the business would not be able to operate and make profits.
- Employees ensure new sites are found, oil and gas is extracted efficiently and safely.
- Primary sector oil and gas industries can be dangerous and risky- health and safety policies needed to protect employees
- Oil and gas sector produce energy services to power vehicles, heat homes and manufacture steel
- Sold to petrol/gas stations

AO3 Analysis

2 marks for **developed** analysis L2 AN

1 mark for **limited** analysis L1 AN

- If the workforce is unhappy about a change in work practices though it might reduce costs in the short run, it may be detrimental if a demotivated workforce affects the quality of production.
- If there is strong trade union membership then strike action may occur if demands are not met – this would affect image, stop production, delay deliveries.
- Good relationships with employees would improve morale and motivate – lead to improved productivity and lower staff turnover
- Skilled employees ensure that the business is able to locate and extract the raw materials (oil) thus ensuring sales revenue and profits.

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

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 the view that the main reason for new business failure is the pursuit of growth too quickly. Such judgements/conclusions may be made at any point in the essay, not just in a concluding section.

- A judgement is made that there are a number of factors that impact on the importance of employees as stakeholders such as how strong trade unions are, how skilled they are and how easy it is to find new employees.
- If employees are easy to recruit i.e. unemployment is high, then employee's importance might not be too significant.
- Business might place more importance on keeping shareholders happy with dividends.
- A judgement is made that most businesses need to balance the needs of all stakeholders for a successful business especially a business as large and complex as those in the oil and gas primary sector.
- A judgement is made that in the modern era local communities are more willing to protest if their local community will potentially be polluted and the resulting negative impact in the news. This however may depend on which country the business is operating in.
- A judgement is made that pressure groups are becoming more visible and any business would be foolish not to take them seriously as the impact on brand image and the ability to operate can be significant especially in light of global warming.
- A judgement is made to that very often compromises need to be made in business with negotiations occurring with all stakeholder groups.
- How important are other stakeholders such as shareholders, local communities, suppliers, governments?

Accept all valid responses.