

3(a)	Define the term <i>labour productivity</i>. Indicative content Responses may include: AO1 Knowledge and understanding CLEAR UNDERSTANDING (2 marks) - the ratio of outputs to labour input during production (2) - output per worker (2) $\frac{\text{Total output}}{\text{Number of employees}}$ (2) Clear understanding of the term <i>labour productivity</i> is worth 2 marks. This is indicated by 2 ticks ✓✓. PARTIAL UNDERSTANDING (1 mark) Partial understanding of the term <i>labour productivity</i> is worth 1 mark. This is indicated by 1 tick ✓. - output of labour/workforce (1) - how much employees are able to do/how productive workers are (1) Accept all valid responses.
3(b)	Explain <u>one</u> way that a business can improve labour productivity. Indicative content Responses may include: AO1 Knowledge and understanding 1 mark for identifying ONE WAY that a business can improve labour productivity. - motivate employees - train employees - employ experienced workers - increase hours worked - change way work is done - invest in equipment and technology AO2 Application 2 marks for DEVELOPED application/explanation of ONE way 1 mark for LIMITED application/explanation of ONE way - effort and productivity may increase if employees are offered financial or non-financial rewards – they may feel more valued and work harder e.g. piece rate pay - training/experience increases employee output by helping them to gain more skills and learn new and better ways of doing things - working more hours may mean an individual employee could produce more products i.e. increase their own total output - team working, altering the layout of the workplace, implementing employee recommendations on how they could work more effectively could improve the speed of production and productivity - if employees have modern and more efficient machinery, they should be able to have higher output than employees who are using outdated equipment. (NOTE: suggesting replacing employees with machines to improve business productivity is not answering the question) Accept all valid responses.

3(a)	Define the term capital intensive operations. Indicative content Responses may include: AO1 Knowledge and understanding Clear understanding - Capital intensive operations involve business processes/production that require large amounts of capital expenditure/machinery/equipment (1) compared to labour (1) Partial understanding - Production/business processes that need capital (1) Accept all valid responses.
3(b)	Explain <u>one</u> limitation to a business of labour intensive operations. There are 3 marks for this question: 1 mark for K 2 marks for APP Indicative content Responses may include: AO1 Knowledge and understanding 1 mark for identifying one limitation of using labour intensive operations - Expertise, experience of employees can vary - Skilled workers may take time to train. - It can be more expensive - Relatively inefficient and inconsistent/unreliable levels of effort/not as fast as machines - Labour relations problems. - Difficulty of replacing/recruiting staff.

3(b)	AO2 Application 2 marks for developed APP of the limitation given 1 mark for limited APP of the limitation given Production processes that have a high level of labour input and a low level of capital input may have the following limitations: - Variable levels of labour expertise and experience may lead to variable levels of product quality. - The training and re-training of employees may be very expensive and may disrupt the production process. - Due to lower productivity the unit cost may be higher than capital intensive operations - Unable to reach the consistency levels of machine production-employees fall ill and take holidays. - Employees may seek better conditions leading to disputes, strikes, unionisation. - Labour turnover may be high, competitive markets for labour may mean labour shortages-growth targets threatened. Accept all valid responses
------	---

Answer	Marks
Explain <u>one</u> advantage to a business of data collected using primary research methods. Follow the point-based marking guidance at the top of this mark scheme and use Table B to give marks for each candidate response. AO1 out of 1 mark. AO2 out of 2 marks. Indicative content Responses may include: AO1 Knowledge and understanding • Primary research methods produce first-hand data directly related to the needs of a business. • Advantage of primary data which shows knowledge of the term. • Method of primary research which shows knowledge of the term. AO2 Application • Primary research methods may produce data that will be more up-to-date than data from secondary sources – may therefore be more useful to a business. • Primary research methods may produce data that will be more relevant to a business than secondary sources – data will be collected for a specific business purpose. • A business has direct control as opposed to secondary sources – over what and how data is collected using primary research methods. • The data collected will be confidential unlike secondary sources – and can be hidden from competitors. Accept all valid responses.	3
AO1	1
AO2	2

Marks	Answer
2	Define the term 'sustainability'. Follow the point-based marking guidance at the top of this mark scheme and use Table A to give marks for each candidate response. AO1 out of 2 marks. Indicative content Responses may include: AO1 Knowledge and understanding • Production systems that prevent waste – by using the minimum of non-renewable resources. • Production levels that can be sustained in the future – by using renewable resources. • Production levels which have minimum impact on society – by creating minimum levels of waste. Accept all valid responses.

Answer	Marks
Define the term 'zero budgeting'. Follow the point-based marking guidance at the top of this mark scheme and use Table A to give marks for each candidate response. AO1 out of 2 marks. Indicative content Responses may include: AO1 Knowledge and understanding • An approach to budgeting that sets budgets to zero each year – not from the current year's levels. • Requires budget holders to justify their budgets each year – in order to gain financial resources. Accept all valid responses.	2

Answer	Marks
Explain <u>one</u> benefit to a business of using budgets. Follow the point-based marking guidance at the top of this mark scheme and use Table B to give marks for each candidate response. AO1 out of 1 mark. AO2 out of 2 marks. Indicative content Responses may include: AO1 Knowledge and understanding • A budget is a detailed financial plan for the future. • Any benefit of using budgets, e.g. allocating resources, assessing performance, giving managers authority. AO2 Application • Budgets are set for both sales revenue and business costs – allowing a business to create and monitor profit centres and cost centres. • Budgets require budget holders to consider their future financial requirements – and to set realistic financial targets. • A system of budgets facilitates financial performance measurement – and increases budget holder accountability. • Budgets require careful financial planning – that should lead to a more efficient allocation of resources. • Budgets may well serve to motivate budget/profit and cost centre managers – creating an incentive to perform. • Budgets throughout a business may encourage co-operation and co-ordination of business activities – helping to avoid conflict. • Budgets are a measure of control – and allow monitoring to provide financial discipline within a business. • Budgets may indicate the need for change – by signalling the unrealistic nature of financial plans in the light of changed situations. • Budgets allow for the use of variance analysis – which indicate major areas for management action. Accept all valid responses.	
AO1	1
AO2	2

Answer	Marks										
influence the activities of a business.	4										
at the top of this mark scheme and use this table to give marks for each candidate <table> <tr> <th>AO2 Application 2 marks</th><th>AO3 Analysis 2 marks</th></tr> <tr> <th>Description</th><th>Description</th></tr> <tr> <td> 2 marks Developed application of one relevant point to a business context. </td><td> 2 marks Developed analysis that identifies connections between causes, impacts and/or consequences of one relevant point. </td></tr> <tr> <td> 1 mark Limited application of one relevant point to a business context. </td><td> 1 mark Limited analysis that identifies connections between causes, impacts and/or consequences of one relevant point. </td></tr> <tr> <td> 0 marks No creditable response. </td><td> 0 marks No creditable response. </td></tr> </table>		AO2 Application 2 marks	AO3 Analysis 2 marks	Description	Description	2 marks Developed application of one relevant point to a business context.	2 marks Developed analysis that identifies connections between causes, impacts and/or consequences of one relevant point.	1 mark Limited application of one relevant point to a business context.	1 mark Limited analysis that identifies connections between causes, impacts and/or consequences of one relevant point.	0 marks No creditable response.	0 marks No creditable response.
AO2 Application 2 marks	AO3 Analysis 2 marks										
Description	Description										
2 marks Developed application of one relevant point to a business context.	2 marks Developed analysis that identifies connections between causes, impacts and/or consequences of one relevant point.										
1 mark Limited application of one relevant point to a business context.	1 mark Limited analysis that identifies connections between causes, impacts and/or consequences of one relevant point.										
0 marks No creditable response.	0 marks No creditable response.										
ay a business behaves – distinguishing between ‘right’ and ‘wrong’ and then making											

Answer	Marks
AO2 Application - The objectives of a business may include survival, growth, market domination, profit and the pursuit of any of these may well involve ethical dilemmas. - Ethical decisions will be required when pressures or demands develop which suggest that business performance can be improved through unethical actions. AO3 Analysis - A business may decide not to engage in unethical practices such as employing child labour, using inferior raw materials, engaging in questionable advertising or promotion activities. - A business could reject cheap production methods that pollute the environment and add to social costs. - A business could decide to be more responsible and avoid locating in countries with low inferior employment conditions. - A business could avoid supplying or promoting products that might damage health. - A business could avoid exploiting suppliers and develop strong, more trusting partnerships. - A business could subscribe to corporate socially responsible practices and objectives. - Such ethical decisions and practices will likely build and maintain a positive reputation and prevent financial and legal problems. - A commitment to ethical business activities will enrich the business culture and encourage more productive relations between customers, managers, and employees. Accept all valid responses.	
AO1	1
AO2	2
AO3	2

Marks	Answer
	Analyse <u>two</u> reasons why it is important for a business to set SMART objectives. Use Table D to mark each candidate response. AO1 out of 2 marks. AO2 out of 2 marks. AO3 out of 4 marks. Indicative content Responses may include: AO1 Knowledge and understanding • An objective is a statement of what a business hopes to achieve. • SMART is an acronym used as a guide for setting objectives. • It has come to mean objectives that are: - SPECIFIC - MEASURABLE - ACHIEVABLE - REALISTIC - TIME-LIMITED. AO2 Application • SMART is considered to be an effective business tool and helps to measure business performance. • It provides the clarity, focus, and motivation that is required if business goals are to be met. AO3 Analysis • Effective business decisions require SMART objective setting to allow business to measure whether it has met its original objectives. • A SPECIFIC approach requires objective setters to ask the correct questions: what needs to be accomplished in this business, why it is important, what resources are involved. • A focus on a MEASURABLE approach focusses on questions such as when it will be accomplished, so that progress can be tracked and decisions based on that.

Answer	Marks
- A concern with REALISTIC asks whether the timing is right and the conditions in the external environment are appropriate. - TIME-LIMITED provides discipline and ensures that short-term tasks do not take priority over longer term-objectives. - Could SMART become inflexible and stifle creativity? Accept all valid responses.	
AO1	2
AO2	2
AO3	4
Evaluate the view that a mission statement is only important to a bank if it significantly influences the strategy and tactics of that business. Use Table E to mark each candidate response. AO1 out of 2 marks. AO2 out of 2 marks. AO3 out of 2 marks. AO4 out of 6 marks. Indicative content Responses may include: AO1 Knowledge and understanding - Mission statements define the core purpose and focus of a business. - Internally they are designed to motivate employees and provide a context for all business activity. - Strategy is about the long-term business decisions affecting the whole of the business and the focus of senior managers. - Tactics are short to medium-term decisions taken by less senior managers in departments or divisions of a business. AO2 Application - Mission statements can be devised by the directors of the bank and referred to by all bank employees. - Mission statements are devised to become part of the operating focus of all the bank employees.	12

Answer	Marks
AO3 Analysis • A mission statement may provide direction which allows a business to develop tactics and strategy and meet objectives such as profit and sales. • Without the direction a business' stakeholders may pull in different directions leading to inefficiency, increased costs, failure. • If mission statements did not work they would not be used by so many businesses. • A business may spend significant time formulating a mission statement which is so general that it has little relation to actual direction of the business and does not provide focus. • A business may be so focused on a 'pre-set' mission that it misses new opportunities which could allow the business to diversify. • A mission statement might add no value to the business, increasing costs with no increase in profit/profitability. AO4 Evaluation • What are the most important factors that could affect the impact of a mission statement on a bank? • Changes in the dynamic business environment can make a mission statement set several years ago seem irrelevant. • Are mission statements often little more than vague statements or wish lists that few believe in? • Can mission statements really influence strategic and tactical business decisions when most banks are trying to maximise profits? • To what extent might factors such as exceptional leadership in a bank or a carefully crafted bank mission statement affect the importance and influence of a bank mission statement? • Mission statements can also have an external impact and allow businesses to be made accountable to stakeholders. • Judgement made on the significance or importance of mission statements. Accept all valid responses.	
AO1	2
AO2	2
AO3	2
AO4	6

Marks	Answer
{	Analyse <u>two</u> possible disadvantages to a business of using performance-related pay to motivate its employees. Use Table D to mark each candidate response. AO1 out of 2 marks. AO2 out of 2 marks. AO3 out of 4 marks. Indicative content Responses may include: AO1 Knowledge and understanding • Performance-related pay (PRP) links salaries/wages to an assessment of performance measured against pre-agreed performance criteria. • PRP may set non-achievable targets. • May lead to conflict between employees. AO2 Application • Often used to remunerate employees whose output is not measurable in quantitative terms such as management/supervisory/clerical posts. • An optional reward/motivation method for employees who are considered to have given exceptional performance. AO3 Analysis • For some employees PRP is seen as a device to intensify work demands, increase productivity leading to worker exploitation and high stress. • It can lead to rifts and divisions in teams if some are not included in a PRP scheme – they will feel their work is less valued. • There are problems in deciding how to measure ‘above average’ performance – employees’ views will differ from managers’ views. • PRP can put power into the hands of managers leading to favouritism or discrimination. • It requires detailed information about employees and their jobs.