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 <u>one</u> 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

1(a)	**Define the term *triple bottom line.*** **Indicative content** Responses may include: **AO1 Knowledge and understanding** **CLEAR UNDERSTANDING (2 marks)** • Triple bottom line refers to three factors 1 **–** economic/profit 2 **–** social/people 3 **–** environment/planet **(2 marks)** Clear understanding of the term (or similar) is to be awarded 2 marks. This is indicated by 2 ticks **PARTIAL UNDERSTANDING (1 mark)** • Refer to one or two of the 3 factors/social welfare as a business objective/there are 3 factors affecting business operations (without explanation)/a business not just concerned with profit (**1 mark)** A partial understanding of the term (or similar) is to be awarded 1 mark. This is indicated by 1 tick Accept all valid responses.
1(b)	**Explain <u>one</u> advantage to a business of being a social enterprise.** **NOTE:** ***Answers to this question that explain what a social enterprise does and the advantages that social enterprises may give to society are NOT acceptable.*** **Indicative content** Responses may include: **AO1 Knowledge and understanding – 1 mark for identifying ONE advantage to a business of being a social enterprise – put tick in body of script.** • Provides opportunities for growth/expansion • Has good reputation/strong public image/USP • Attracts customers • Attractive to prospective employees • Employees likely more productive and motivated • Attractive to government – gains support – grants • Attractive to investors **AO2 Application – 2 marks for DEVELOPED explanation of ONE advantage – put ticks in body of script** **– 1 mark for LIMITED explanation of an advantage – put tick in body of script.** • Profits can be reinvested into growth rather than given to owners/shareholders • Perceived as being ethical – product/services in greater demand • Customers who associate and support the distinctive values of social enterprise • Employees easier to recruit – lower recruitment costs. • Employees share the values and aspirations of a social enterprise/high level of satisfaction • Employees easier to retain – lower turnover of staff. • Government support/grants more available, e.g. social enterprises may offer employment opportunities to disabled • Ethically minded investors share values of social enterprise – access to greater funds Accept all valid responses.

1(a)(i)	**Identify <u>one</u> feature of a public limited company.** **AO1 Knowledge and understanding** **Indicative content** Identification of a feature ✓ may include: • can sell shares • has shareholders • limited liability • separate legal identity from its owners • must publish its accounts and report to its shareholders

1(a)(ii)

Explain the term *dynamic business environment*.

AO1 Knowledge and understanding **1 mark**	**AO2 Application** **2 marks**
	2 marks Developed application of **one** relevant point to a business context.
1 mark Knowledge of **one** relevant point is used to answer the question.	**1 mark** Limited application of **one** relevant point to a business context.
0 marks No creditable response.	**0 marks** No creditable response.

Indicative content

Responses may include:

AO1 Knowledge and understanding (max 1 mark), including:
- rapid / fast changing market
- requires businesses to quickly adapt / be flexible.
- changes may be internal or external

AO2 Application
Explanation of internal changes (max 1 mark), including:
- leadership or management changes
- organisational restructuring
- investment in technology

Application for internal changes (max 1 mark), including:
- a new manager may bring a different vision or management style.
- merging departments
- upgrading equipment

1(a)(ii)

Explanation of external changes (max 1 mark), including:
- technological advancements
- economic shifts
- political and legal changes
- social trends
- environmental factors
- new products /ideas/entrants
- consumer tastes

Application for external changes (max 1 mark), including:
- AI, automation
- inflation, recession
- new regulations, trade policies
- consumer preferences, demographics
- climate change, sustainability pressures
- examples of dynamic markets
- examples of factors meaning markets are dynamic e.g. competition

Accept all valid responses.

<table>
<tr><td>1(b)(i)</td><td>Refer to Table 1.1. Calculate the change in profit from 2023 to 2024.

Indicative content.
Profit = Revenue – Total costs (1)

Profit in 2023 = $44m – ($6m + $16m) = $22m (1)

OR

Profit in 2024 = $50m – ($10m + $20m) = $20m (1)

Change in profit = Profit in 2024 – Profit in 2023 = $20m – $22m = –$2m (OFR applies)

Answer = –$2 (3), $ not required. Accept text explanation, such as decreases, instead of minus sign. In brackets indicates a minus figure

No minus sign or other indication of decrease 2 marks

OFR applies</td></tr>
</table>

<table>
<tr><td>1(b)(ii)</td><td>Explain <u>one</u> use to CB of cost information.

<table>
<tr><td>AO1 Knowledge and understanding
1 mark</td><td>AO2 Application
2 marks</td></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Responses may include:

AO1 Knowledge and understanding (max 1 mark), including:
Uses may include:
• helps determine the price/set prices
• ensure it makes a profit/improve profitability
• ensures the business covers its costs and earns a margin on each sale.
• respond to rising costs
• reduce unnecessary costs
• help identify profitable/loss making products
• set budgets

AO2 Application
Explanation (max 1 mark), including:
• respond to rising costs by adjusting prices
• identifying high-cost/profitable items allows the business to streamline operations or reduce waste.
• accurate cost data helps the owner decide whether to introduce new products, offer discounts, or invest in equipment
• can be used to help obtain external finance</td></tr>
</table>

1(b)(ii)	Context (max 1 mark), including: • example of price-setting – e.g. CB calculates that the total cost of ingredients, labour, and overheads for one latte is $1.50. To make a profit, CB decides to sell the latte for $3.00. • if milk prices increase, the shop might adjust its pricing or switch suppliers. • operate in mass market • use of answer to **1(b)(i)** (OFR)/reduction in profit (OFR)/profit change between 2023 and 2024 • use of information in Table 1.1 – direct costs increased by $4m (to $10m) and indirect costs increased by $4m (to $20m) • competitive market • considering market segmentation • demand for healthy food **Accept all valid responses.**

1(c)	**Analyse <u>two</u> benefits to CB of training its employees.**

Level	AO1 Knowledge and understanding 2 marks	AO2 Application 2 marks	AO3 Analysis 4 marks
2			**3–4 marks** **Developed analysis** • Developed analysis that identifies connections between causes, impacts and/or consequences of **two** points. • Developed analysis that identifies connections between causes, impacts and/or consequences of **one** point.
1	**1–2 marks** • Knowledge of **two** relevant points is used to answer the question. • Knowledge of **one** relevant point is used to answer the question.	**1–2 marks** • Application of **two** relevant points to a business context. • Application of **one** relevant point to a business context.	**1–2 marks** **Limited analysis** • Limited analysis that identifies connections between causes, impacts and/or consequences of **two** points. • Limited analysis that identifies connections between causes, impacts and/or consequences of **one** point.
0	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.

Annotate the first benefit in the left-hand margin and the second in the right-hand margin.

1(c)

Responses may include:

AO1 Knowledge and understanding (max s)
- improve the quality and consistency of its products and services
- increase productivity
- increase efficiency
- motivate staff
- develop new skills and knowledge

AO2 Application
Max one for application in the first benefit and max on for application in the second benefit.
- working in a coffee shop is labour intensive work.
- highly paid employees would like to improve skills
- mission statement refers to a unique experience for customers
- CB face very high costs that they need to control
- train staff to be helpful, friendly and knowledgeable
- offers food as well as coffee
- located in high-income areas of major cities
- competitive/dynamic business environment
- operate in several countries

AO3 Analysis
Limited analysis – candidate shows one link in the chain of analysis.
Developed analysis candidate shows two or more links in the chain of analysis or a two-sided analysis.
Analysis may include:
- training improves the skills of employees – greater efficiency/productivity more customers served/more sales/ profit.
- empowerment – may improve motivation by allowing employees to feel more knowledgeable e.g., advising customers on different products
- can increase customer satisfaction and loyalty – enhance its reputation/revenue/profits
- improve staff morale and retention – reduce turnover/absenteeism/recruitment costs
- increased efficiency – reducing costs and increasing profits
- build its customer base – attracting customers from the competition

Accept all valid responses

1(d)

Evaluate whether CB should make greater use of market segmentation to be more successful.

Level	AO1 Knowledge and understanding 2 marks	AO2 Application 2 marks	AO3 Analysis 2 marks	AO4 Evaluation 6 marks
3				**5–6 marks** **Developed evaluation in context** • A developed judgement/conclusion is made in the business context. • Developed evaluative comments which balance some key arguments in the business context.
2	**2 marks** **Developed knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**2 marks** **Developed application** of relevant point(s) to the business context.	**2 marks** **Developed analysis** that identifies connections between causes, impacts and/or consequences.	**3–4 marks** **Developed evaluation** • A developed judgement/conclusion is made. • Developed evaluative comments which balance some key arguments.
1	**1 mark** **Limited knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**1 mark** **Limited application** of relevant point(s) to the business context.	**1 mark** **Limited analysis** that identifies connections between causes, impacts and/or consequences.	**1–2 marks** **Limited evaluation** • A judgement/conclusion is made with limited supporting comment/evidence. • An attempt is made to balance the arguments.
0	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.

1(d)	Responses may include: **AO1 Knowledge and understanding (max $\boxed{\text{K}}$ s)** • market has smaller groups/sub-groups • used to better target marketing efforts • methods include geographic, demographic and psychographic **Do not award K for product differentiation, must be market segmentation** **AO2 Application** *Limited application $\boxed{\text{APP}}$ applies knowledge of market segmentation to CB once.* *Developed application $\boxed{\text{APP}}$ - $\boxed{\text{APP}}$ applies knowledge of market segmentation to CB twice.* • customers are becoming more aware of the health effects of consuming too much caffeine or sugar in their drinks. • operates in prime areas • use fair trade coffee beans • customers environmentally conscious. • highly competitive/dynamic business environment • currently operates in the mass market. • target young professionals, students and tourists • research shows customers want healthy food options • use of answer from **1(b)(i)**/decreasing profit • use of information from table 1.1 – e.g. rising costs/increasing revenue **AO3 Analysis** *Limited analysis $\boxed{\text{AN}}$ – candidate shows one link in the chain of analysis.* *Developed analysis $\boxed{\text{DEV}}$ – candidate shows two or more links in the chain of analysis.* **Arguments for greater use of market segmentation:** • Better targeting of customer needs – tailor products and marketing more effectively. • Improved marketing efficiency – marketing campaigns can be more cost-effective and impactful when aimed at specific segments. • Become more competitive – attracting a wider customer base

1(d)	**Arguments against greater use of market segmentation:** • increased complexity and costs – may require changes in product lines, marketing strategies, and store layouts, increasing operational complexity and costs. • further investment required – causing a strain on resources. • risk of alienating existing customers – might confuse or alienate loyal customers who value the current broad appeal. • maintaining a consistent brand image across – marketing becomes expensive and challenging • limited capacity to implement segmentation – may lack the data analytics capabilities or marketing expertise needed to effectively identify and serve distinct segments. **AO4 Evaluation** *Limited evaluation $\boxed{\text{EVAL}}$ – unsupported judgement and/or a weak attempt at evaluative comment* *Developed evaluation $\boxed{\text{E}}$ – supported judgement and/or reasonable evaluative comment* *Developed evaluation in context $\boxed{\text{EE}}$ – supported judgement in context and/or reasonable evaluative comment in context.* While market segmentation offers opportunities for CB to better meet customer needs and stand out in a competitive market, it also introduces risks and costs. A balanced approach may be most suitable – CB could begin with light segmentation (e.g. offering healthier food options) while maintaining its mass market appeal. This would allow CB to test the effectiveness of segmentation without overcommitting resources. Other evaluative arguments may include: • target market – how to identify and attract a different market segment and costs involved • selling at a lower price might damage the brand reputation. • choice depends on operating costs, and customer preferences • CB would need to conduct market research to determine which method would be more effective in increasing demand for its products • a recommendation which could be that related to one method or could be that a combination is better. this helps CB to appeal to customers with different needs. • yes, it should/should not with justification *Evaluation must be clearly related to market segmentation* Accept all valid responses.

1(a)(i)

Identify <u>one</u> feature of a private limited company.

Indicative content

Identification of a feature ✓ may include:
- Owned by shareholders
- Cannot sell shares on the open market / stock market
- Sell shares for family/friends
- Can raise extra capital by selling shares
- Limited liability
- Continuity of operations
- Legal personality
- Incorporation

If more than one answer is given, only mark the first, reading from top left to bottom right.

Do not reward vague points that apply to any private sector organisation, including a private limited company, e.g. not owned by government.

1(a)(ii)

Explain the term *customer (market) orientation*

AO1 Knowledge and understanding **1 mark**	**AO2 Application** **2 marks**
	2 marks Developed application of **one** relevant point to a business context.
1 mark Knowledge of **one** relevant point is used to answer the question.	**1 mark** Limited application of **one** relevant point to a business context.
0 marks No creditable response.	**0 marks** No creditable response.

Indicative content
AO1 Knowledge and understanding
Knowledge of customer orientation K will include (max 1 mark):
- Knowledge of customer, including:
  – Purchaser/buyer (accept consumer/end-user/target audience)
  – Who they sell to
  – Demand-based (accept demand)

OR
- Knowledge of orientation, including:
  – <u>Focused</u> on customer/purchaser/buyer/consumer/end-user/market
  – Customer at the <u>heart/centre</u>
  – Satisfying their needs
  – Outward looking approach

AO2 Application
Explanation of customer orientation APP will include (1 mark):
- Knowledge of customer, including:
  – Purchaser/buyer (accept consumer/end-user/target audience)
  – Who they sell to
  – Demand-based (accept demand)

1(a)(ii)

AND
- Knowledge of orientation, including:
  - <u>Focused</u> on customer/purchaser/buyer/consumer/end-user/market
  - Customer at the <u>heart/centre</u>
  - Satisfying their needs
  - Outward looking approach

Context applied to customer orientation [APP], including (max 1 mark):
- Any example of customer orientation, including:
  - Putting the customer at the centre of decision making
  - An example of a customer orientated decision
  - Methods of identifying customer wants/needs, e.g. customer feedback / specific requests on NS's blog / sales data
  - Benefit of customer orientation, e.g. increased customer satisfaction, market leadership

Accept all valid responses.

Exemplar and annotations	**Mark**	**Rationale**
Buyers [K] are at the centre of operations [APP]. By responding to customer requests on its blog [APP] NS was able to decide what products to expand its range with.	3	An answer which starts with the knowledge and then applies it to customer demand and NS.
Basing product decisions [K] on purchaser demand [APP]. A business could decide which products to make [APP], in response to market research.	3	Again, knowledge first, followed by application to a decision (production) and to the demand (market research data).
Focused [K] on the buyer [APP].	2	Clear knowledge. Some application
Managers think about purchasers' needs [K].	1	Not a perfect definition, but enough to award the knowledge mark. No attempt to apply.
It is about choices that have to be made by a business, for example how to allocate resources.	0	No knowledge of customer orientation. Too vague.

1(b)(i)

Refer to Table 1.1. Calculate NS's capacity utilisation in 2024.

Indicative content

Rate of capacity utilisation = $\dfrac{\text{Current output level}}{\text{Maximum output level}} \times 100$ (1 mark – formula only)

NS capacity utilisation = $\dfrac{145\,000}{150\,000} \times 100$ (1 mark – use of correct figures in formula)

Answer = **96.67(%)** or **96.7** or **97** (3 marks – correct answer no working or % needed)

OFR applies

Exemplar and annotations

Marks		
3 marks	Correct answer (including minus) **96.67(%) or 96.7 or 97**	**Working and % do not matter**. **Must be three** ✓ to denote the three marks.
2 marks	**Two** of the following: • Correct formula • Correct identification of figures **OR** An incorrect answer with one mistake allowing OFR for final stage. **OR** Correct workings, but the final answer is incorrectly rounded	To award two marks, there must be • Two ✓ and a ✗ **OR** • One ✓, one ✗ and one [OFR]

1(b)(i)	<table><tr><td>Marks</td><td></td><td></td></tr><tr><td>1 mark</td><td>Correct formula</td><td>To award one mark, there must be: • One ✓ and two ✗</td></tr><tr><td>0 marks</td><td>No creditable content.</td><td>To award zero marks, there must be • One ✗</td></tr></table>

1(b)(ii)	**Explain one possible disadvantage to NS of high capacity utilisation.**

AO1 Knowledge and understanding 1 mark	**AO2 Application 2 marks**
	2 marks Developed application of **one** relevant point to a business context.
1 mark Knowledge of **one** relevant point is used to answer the question.	**1 mark** Limited application of **one** relevant point to a business context.
0 marks No creditable response.	**0 marks** No creditable response.

Indicative content
AO1 Knowledge and understanding
Identification of a disadvantage of high capacity utilisation (max. 1 mark), including:
- Pressure on employees to work at full/near capacity constantly (accept anxiety / stress / need to work overtime)
- Pressure to keep employees motivated
- No margin for production errors / scheduling mistakes
- Cannot accept increased/additional orders
- No time for maintenance of machinery / machines break down a lot
- Over-production (accept inventory going off before it can be sold)
- Low inventory of inputs/raw materials / run out of materials
- No space left for finished product
- Not sustainable in the long-term

AO2 Application
- Explanation of a disadvantage of high capacity utilisation (max 1 mark), including:
- Pressure on employees to work at full/near capacity constantly – increased employee absenteeism / demotivation / increased labour turnover – reduced productivity long-term

1(b)(ii)

- No margin for production errors / scheduling mistakes – may lead to customer dissatisfaction due to lower quality
- Cannot take on increased/additional orders – may lead to customer dissatisfaction / customers may go to competitors who are able to accept increased/additional orders
- Machines break down a lot – no output

Context applied to NS [APP] (max 1 mark), including:
- Answer to **Q1(b)(i)** (OFR)
- Market leader for natural hair care
- Five years since John's investment
- Sold in major retailer
- Private limited company operated as a social enterprise
- Focuses on customer (market) orientation
- Aim to donate to local charities and improving gender equality in the workplace

Accept all valid responses.

Exemplar and annotations	**Mark**	**Rationale**
A disadvantage would be high pressure on employees [K], due to lack of spare capacity [APP] because NS is working at 97% capacity [APP].	3	High pressure is a reasonable factor, explained in the specific context of NS by using the data in Table 1.1.
There is insufficient time for maintenance [K], as machines are always working [APP] which could cost NS the title of market leader [APP].	3	Lack of maintenance time is [K] and there are two specific pieces of context based on this so two [APP].
NS is market leader [APP] and capacity utilisation is already at 97% [APP] so NS may have to refuse other large orders [K].	3	Although the [APP] appears first, it cannot be awarded until the [K] has been found. However, there is obvious [K], so you can go back and award the [APP].

1(b)(ii)

Exemplar and annotations	**Mark**	**Rationale**
There is no margin for errors in production [K] to its major retail customers [APP].	2	No margin for error is [K]. The context to major retail customers is reasonable [APP], but only one point of application.
Regular customers cannot increase their orders [K] if demand increases which could be a huge opportunity cost in terms of future sales. [NAQ]	1	Cannot increase orders is a factor. The rest of the answer is not applying it to the context, so [NAQ] (Not Answering Question).
Capacity utilisation is the proportion of maximum output capacity currently being achieved, currently 97%. It shows the total possible sustained output of a business in a given time period. It is a major factor in determining the operational efficiency of a business which in this case is very high [TV].	0	Although there is some relevant context, there is no knowledge of a factor, so no marks can be awarded.

1(c) **Analyse <u>two</u> selection methods that NS could use to choose a new Marketing Manager.**

Level	AO1 Knowledge and understanding 2 marks	AO2 Application 2 marks	AO3 Analysis 4 marks
2			**3–4 marks** **Developed analysis** • Developed analysis that identifies connections between causes, impacts and/or consequences of **two** points. • Developed analysis that identifies connections between causes, impacts and/or consequences of **one** point.
1	**1–2 marks** • Knowledge of **two** relevant points is used to answer the question. • Knowledge of **one** relevant point is used to answer the question.	**1–2 marks** • Application of **two** relevant points to a business context. • Application of **one** relevant point to a business context.	**1–2 marks** **Limited analysis** • Limited analysis that identifies connections between causes, impacts and/or consequences of **two** points. • Limited analysis that identifies connections between causes, impacts and/or consequences of **one** point.
0	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.

Annotate Method 1 in the left hand side column, method 2 in the right hand side column

1(c) **Indicative content**

AO1 Knowledge and understanding

Identification of a method of selection (max 2 K s), including:

- Curriculum vitae (CV)
- Résumé
- Application forms
- Interviews
- References
- Testing
- Assessment centres
- Role play
- Presentations
- Appraisal records

Note: A selection method is about the candidate, rather than the process the employer uses, e.g. shortlisting, screening or sifting.

AO2 Application

Max one APP for application in the first selection method and max one APP for application in the second selection method.

Application of the selection method to NS for the new Marketing Manager (max 2 APP s), including:

- Market leader for natural hair care
- Five years since John's investment
- Sold in major retailer
- Private limited company operated as a social enterprise
- Focuses on customer (market) orientation
- Aim to donate to local charities and improving gender equality in the workplace
- Expanded its range slowly based on customer feedback, specific requests on its blog, and sales data.
- NS products are now sold in major cosmetic retailers

1(c)

AO3 Analysis

Limited analysis – candidate shows one link in the chain of analysis.
Developed analysis candidate shows two or more links in the chain of analysis or a two-sided analysis.

- Curriculum vitae shows the applicant has required skills; reduces training costs / increases productivity – increasing profitability
- Application forms show required experience; all information is on the form so managers can save time when selecting candidates – this time can be used to make other operational decisions
- Interviews show understanding of aims; candidate understands what the business is aiming to achieve to do – which helps the aims to be met
- References provide proof of experience; improves customer service leading to customer satisfaction – increased market share

Accept all valid responses.

Exemplar and annotations

AO1 Knowledge	**AO2 Application**	**AO3 Analysis**
Curriculum vitae.	Proves experience of working in a customer orientated industry	Enabled trust in candidates' abilities which can be used in promotion to approach more cosmetic retailers.
Assessment centres	Can check whether values align with the values of the social enterprise	To continue to improve gender equality and avoid costly marketing mistakes from a lack of knowledge and experience. Cost reduction will lead to increased profits.

1(d)

Evaluate the most likely reason for conflict to arise between the owners of NS

Level	**AO1 Knowledge and understanding 2 marks**	**AO2 Application 2 marks**	**AO3 Analysis 2 marks**	**AO4 Evaluation 6 marks**
3				**5–6 marks** **Developed evaluation in context** • A developed judgement/conclusion is made in the business context. • Developed evaluative comments which balance some key arguments in the business context.
2	**2 marks** **Developed knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**2 marks** **Developed application** of relevant point(s) to the business context.	**2 marks** **Developed analysis** that identifies connections between causes, impacts and/or consequences.	**3–4 marks** **Developed evaluation** • A developed judgement/conclusion is made. • Developed evaluative comments which balance some key arguments.

1(d)

Level	AO1 Knowledge and understanding 2 marks	AO2 Application 2 marks	AO3 Analysis 2 marks	AO4 Evaluation 6 marks
1	**1 mark** **Limited knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**1 mark** **Limited application** of relevant point(s) to the business context.	**1 mark** **Limited analysis** that identifies connections between causes, impacts and/or consequences.	**1–2 marks** **Limited evaluation** • A judgement/ conclusion is made with limited supporting comment/evidence. • An attempt is made to balance the arguments.
0	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.

Indicative content

AO1 Knowledge and understanding
Knowledge of likely reasons for conflict to arise (max 2 K s), may include:
- Aims / objectives / vision / mission
- Idea / suggestions
- Personal disagreements (brought into the workplace)
- Communication
- Speed of expansion
- Cultures
- Leadership styles / power
- Choice of employees
- Part-ownership / loss of control
- Change of business ownership, e.g. move from private limited to public limited company

1(d)

- Finance
- Personality (clash) / morale
- Experience / job roles
- Location

AO2 Application
Limited application APP *applies knowledge of NS aims and objectives and/or stakeholder groups once.*
Developed application APP+APP *applies knowledge of NS aims and objectives and/or stakeholder groups twice.*
- Market leader for natural hair care
- Five years since John's investment
- Sold in major retailer
- Private limited company operated as a social enterprise
- Focuses on customer (market) orientation
- Aim to donate to local charities and improving gender equality in the workplace
- Use of data from Table 1.1
- NS expanded its range slowly, based on customer feedback, sales data and specific requests on its blog
- NS products are now sold in major cosmetic retailers
- John's main aim is to increase long-term profits to maximise return on investment

AO3 Analysis
Limited analysis AN *– candidate shows one link in the chain of analysis.*
Developed analysis DEV *– candidate shows two or more links in the chain of analysis.*
- Aims/objectives; differing objectives may lead to fewer charitable donations – reduce marketing opportunities
- Idea/suggestions; longer decision making due to disagreements – competitors launch a new product before NS
- Communication; employees are given different instructions by different owners causing employee confusion and productivity reductions – leading to less profits
- Speed of expansion; one owner wants quicker expansion which the other owner does not want, leading to inefficiency – reducing profits
- Cultures; the culture of the two owners differ leading to inefficiency – increasing costs
- Choice of employees; the orientation may be lost leading to poor decision making – less profit
- Loss of control; the original owners' aims may not be considered in decision making – reducing customer satisfaction

Note: Accept answers about an impact on either the owners or NS.

1(d)

AO4 Evaluation
Limited evaluation – an unsupported judgement and/or weak attempt at an evaluative comment EVAL
Developed evaluation – supported judgement and/or reasonable evaluative comment E
Developed evaluation in context – supported judgement in context and/or reasonable evaluative comment in context EE .

- Relative importance of aims and objectives – are other issues more important, e.g. potential personal income, the opportunity to take the brand to an international market
- The likely impact on the business's performance / achievement of aims and objectives
- The likely impact on different stakeholders
- A judgement on the most likely reason for conflict between the owners of NS

Accept all valid responses.

Exemplars for awarding evaluation

L1 EVAL **(limited supporting evidence)**	**L2** E **(developed supporting evidence)**	**L3** EE **(developed supporting evidence with context)**
The most likely reason is the differing aims of the owners.	The most likely reason is the differing aims of the owners, increasing the time to make decisions.	The most likely reason is the differing aims of the owners, increasing the time to make decisions, leading to the loss of market leadership.
NS has grown very quickly which could cause the greatest conflict.	NS has grown very quickly which could cause the greatest conflict. This could lead to diseconomies of scale.	NS has grown very quickly which could cause the greatest conflict. This could lead to diseconomies of scale which could lead to reduced long-term profits disappointing John.

1(a)(i)

Identify <u>one</u> business activity within the quaternary sector.

Responses may include:
The quaternary sector consists of those industries providing **knowledge/communication and information services**, such as

- computing
- ICT
- consultancy
- research and development (R&D)
- digital marketing
- digital recruitment and selection
- Intellectual property (copyright, patents)

Allow examples of specific business', industries etc. that exist in the quaternary sector, including

- web/internet design
- Education
- Training
- Media
- Government
- Cyber security

*Note: – allow any activity that **<u>could</u>** be in the quaternary sector*

Accept all valid responses.

1(a)(ii)

Explain the term *supply chain management*.

AO1 Knowledge and understanding **1 mark**	**AO2 Application** **2 marks**
	2 marks Developed application of **one** relevant point to a business context.
1 mark Knowledge of **one** relevant point is used to answer the question.	**1 mark** Limited application of **one** relevant point to a business context.
0 marks No creditable response.	**0 marks** No creditable response.

Responses may include:
AO1 Knowledge and understanding
Knowledge of supply chain management (max 1 mark), including:
The coordination (allow management) of the flow/movement of goods and services.
Allow – management of inventory
–management of raw materials

AO2 Application
Limited application applies knowledge of supply chain management from one aspect of the supply chain (ie suppliers to a business, within a business or from the business to customers).
Developed application + applies knowledge of supply chain management in two or more aspects of a business.

Explanation of supply chain management (max 2 marks), including:
From suppliers to business
Within the business
To the customer

1(a)(ii)

- **From** suppliers – and **to** customers .
- Between different parts **within** the business – and **to** the customer.
- Raw materials **within** the business – and **to** distribution channels.
- Involves the complete chain of inventory **from** suppliers – **to** customers.
- Involves inventories, **from** raw materials – **to** finished goods.

Accept all valid responses.

Exemplar and annotations	**Mark**	**Rationale**
Coordination of the movement of products . For example, how raw materials are delivered to the business and how the business delivers products to customers .	3	Explicit knowledge of supply chain management and explanation of two elements of the supply chain.
The coordination of products from the suppliers delivering to the business and how the business moves these through its production process .	3	Poorly defined, but there is clear knowledge that the supply chain involves movement. Two elements of the movement, from the supplier to the business and then the business through the production process.
Movement of inventory around a factory , and to the customers	3	Knowledge of movement with movement around a factory and to customers, so all three marks.
Management of the raw materials being turned into products which can be sent to customers .	2	Clear knowledge, but only one type of movement.
Managing the movement of products .	1	Not a perfect definition, but enough to award the knowledge mark. No attempt to apply.
Looking after how products are offered to customers.	0	No explicit knowledge of movement. Can not award APP without K.
Managing the supply chain.	0	Tautology

1(b)(i)	**Refer to Table 1.1 and other information. Calculate TT's forecast total profit from the QZ contract.** **Formula:** Profit = TR – TC (direct costs + indirect costs) (1) **OR** Calculation of total direct costs = $5 × 5000 = $25 000 (1) **Calculation of TC:** TC = $25 000 + $9000 = $34 000(1) **Answer** $40000 – $34000 = $6000 (1 – OFR rule applies) **Ans = $6000 (3 marks)**

1(b)(i)	**Exemplars and annotations**

Marks		
3 marks	Correct answer **6000**	**Working and $ sign do not matter**. An answer of 6 is incorrect.
2 marks	Correct calculation of total costs (TC) ($34 000 – with working). **OR** Correct calculation of gross profit ($15 000 – with working) **OR** An incorrect answer with one mistake allowing OFR for final stage.	To award two marks, there must be • Two ✓ and a ✗ **OR** • One ✓ , one ✗ and one OFR **OR** • Two OFR and a ✗
1 mark	**One** of the following: • Correct formula • Correct calculation of total direct costs ($25 000)	To award one mark, there must be: • One ✓ and two ✗
0 marks	No creditable content.	To award zero marks, there must be a minimum of one ✗

1(b)(ii)

Explain <u>one</u> reason why TT needs accurate cost information.

AO1 Knowledge and understanding 1 mark	AO2 Application 2 marks
	2 marks Developed application of **one** relevant point to a business context.
1 mark Knowledge of **one** relevant point is used to answer the question.	**1 mark** Limited application of **one** relevant point to a business context.
0 marks No creditable response.	**0 marks** No creditable response.

Responses may include:

AO1 Knowledge and understanding
Identification of a reason why a business needs accurate cost information (max 1 mark), including:
- To calculate the total cost of production
- To make sure a profit is made
- To identify the profit margin
- To identify the break even point / margin of safety / target profit level
- To know how much finance is needed
- To categorise costs
- To forecast sales
- To budget/plan
- To set prices

1(b)(ii)

AO2 Application
Explanation of a reason why a business needs accurate cost information (max 1 mark), including:
- To calculate the total cost of production – to calculate profit levels
- To make sure a profit is made – which can increase dividends
- To identify the profit margin – to benchmark against other businesses
- To identify the break-even point / margin of safety / target profit level – to ensure the business sells enough to cover the costs
- To know how much finance is needed – so that a bank can see how much profit may be made
- To categorise costs – to budget for cost centres
- To forecast sales – to estimate the break-even level of sales
- To budget – so that the business can plan for future expansion
- To set prices – by knowing the total costs which need to be covered.

Context applied to **TT** (max 1 mark), including:
- TT has shareholders
- Specialises in supply chain management
- Contracts to deliver raw materials
- To secondary and tertiary sector businesses
- Agreed contract between TT and QZ
- Use of Table 1.1
- TT employs 120 drivers
- Objective to increase sales
- Targeting small, online retail businesses
- Requires a new fleet of smaller trucks

1(b)(ii)

Exemplar and annotations	Mark	Rationale
To set prices by calculating the total costs and setting a price higher than the cost per unit when delivering 5000 products for QZ .	3	A reason identified, explained and in context, so all 3 marks.
To set budgets for the 5000 QZ deliveries .	2	A reason identified, but not explained. The context about QZ is fine.
So that TT can know how much finance it needs to cover the QZ order.	1	Identification of a reason, but no explanation and the context is TV. Names are not enough for context.
So that TT can survive.	0	No specific reason identified.

- Plans to use digital promotion.

Accept all valid responses.

1(c)

Analyse <u>two</u> advantages to TT of improving diversity and equality in the workplace.

Level	**AO1 Knowledge and understanding 2 marks**	**AO2 Application 2 marks**	**AO3 Analysis 4 marks**
2			**3–4 marks** **Developed analysis** • Developed analysis that identifies connections between causes, impacts and/or consequences of **two** points. • Developed analysis that identifies connections between causes, impacts and/or consequences of **one** point.
1	**1–2 marks** • Knowledge of **two** relevant points is used to answer the question • Knowledge of **one** relevant point is used to answer the question.	**1–2 marks** • Application of **two** relevant points to a business context. • Application of **one** relevant point to a business context.	**1–2 marks** **Limited analysis** • Limited analysis that identifies connections between causes, impacts and/or consequences of **two** points. • Limited analysis that identifies connections between causes, impacts and/or consequences of **one** point.
0	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.

1(c)	*Note: Annotate the first advantage in the left-hand margin and the second advantage in the right-hand margin.* Responses may include: **AO1 Knowledge and understanding** Identification of an advantage of improving diversity and equality, including: • Increase potential supply of workers • Reduce the chance of being sued • Increase motivation • Improve reputation/ brand image • Attract more diverse employees • Reduce labour turnover **AO2 Application** Application of the advantage to TT, including: • TT is a private limited company • Specialises in supply chain management • Contracts to deliver raw materials • To secondary and tertiary sector businesses • Works with one of the largest manufacturers in country J • Agreed contract between TT and QZ • Use of Table 1.1 • TT employs 120 drivers • Objective to increase sales • Targeting small, online retail businesses • Requires a new fleet of smaller trucks • Plans to use digital promotion • Industry has been criticised for not having diversity and equality

1(c)	**AO3 Analysis** • Limited analysis of an advantage of improving diversity and equality to a business – developed analysis , including: • Increase potential supply of workers: reduce labour costs – increase profitability. • Reduce the chance of being sued – decrease business costs – increase profit. • Increase motivation – increase efficiency of the business – increase profitability. • Improve reputation – increase sales / contracts – increase profit. • Attract more diverse employees – brings new ideas into the business – increase sales / profit. • Reduce labour turnover – reduce business costs – increase profitability. Accept all valid responses. **Exemplar and annotations**

AO1 Knowledge	AO2 Application	AO3 Analysis
Motivate drivers ,	as there are 120 of them ,	so this might lead to more productive employees leading to lower average costs .
Attract better employees .	Which will help TT reach its objective to increase sales ,	by having more skilled employees, TT can increase the number of deliveries and therefore increase the profit .

1(d)

Evaluate the usefulness of digital promotion to TT when targeting small online retailers.

Level	**AO1 Knowledge and understanding 2 marks**	**AO2 Application 2 marks**	**AO3 Analysis 2 marks**	**AO4 Evaluation 6 marks**
3				**5–6 marks** **Developed evaluation in context** • A developed judgement/conclusion is made in the business context. • Developed evaluative comments which balance some key arguments in the business context.
2	**2 marks** **Developed knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**2 marks** **Developed application** of relevant point(s) to the business context.	**2 marks** **Developed analysis** that identifies connections between causes, impacts and/or consequences.	**3–4 marks** **Developed evaluation** • A developed judgement/conclusion is made. • Developed evaluative comments which balance some key arguments.
1	**1 mark** **Limited knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**1 mark** **Limited application** of relevant point(s) to the business context.	**1 mark** **Limited analysis** that identifies connections between causes, impacts and/or consequences.	**1–2 marks** **Limited evaluation** • A judgement/conclusion is made with limited supporting comment/evidence. • An attempt is made to balance the arguments.
0	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.

1(d)

Responses may include:

AO1 Knowledge and understanding – knowledge of digital promotion
Knowledge of digital promotion (max 2 marks), including:
- Social media
- Email
- Using the internet /technology (marketing)
- Online (marketing)
- Spam
- Influencer
- Search engine optimisation
- Mobile/smartphone/ app-based (marketing)
- Viral (marketing)
- Pay per click

AO2 Application
Application to TT, including:
- TT is a private limited company
- Specialises in supply chain management
- Contracts to deliver raw materials
- To secondary and tertiary sector businesses
- Works with one of the largest manufacturers in country J
- Agreed contract between TT and QZ
- Use of Table 1.1
- TT employs 120 drivers
- Objective to increase sales
- Requires a new fleet of smaller trucks

1(d)

AO3 Analysis
Analysis of the usefulness of digital promotion, including

- Limited analysis of the use of digital promotion AN – developed analysis DEV , including:
- To communicate: relatively inexpensive which reduces business costs – increases profit.
- To inform: digital promotion can be very fast with messages reaching customers instantly, this is likely to increase customer knowledge of a business and increase sales – increasing profit.
- To persuade: people spend vast amounts of time on digital devices so digital promotion is likely to target these customers more than other types of promotion, increasing sales – increasing profit.

Always on: especially with the increase in wearable technology, digital promotion increases the chances of customers seeing the promotion and being persuaded to make a purchase – increasing profit.

AO4 Evaluation
Limited evaluation of the usefulness of digital promotion EVAL – developed E – developed in context EE , including:

- Relative usefulness of digital promotion in targeting smaller online retailers.
- Comparison with non-digital types of promotion
- Comparison of different digital promotion methods.
- Use of digital methods may depend upon; cost of method, target market of customers for the online retailers, advances in technology (speed, influence etc.), budget available, geographical spread of market etc.
- The impact of the chosen digital promotion methods method(s) and the impact of the methods themselves.
- The likely response from competitors.
- A judgement of the most useful method of digital promotion.

Accept all valid responses.

1(d)

Exemplars for awarding evaluation

Evaluate the usefulness of digital promotion to TT when targeting small online retailers.

L1 EVAL **(limited supporting evidence)**	**L2** E **(developed supporting evidence)**	**L3** EE **(developed supporting evidence with context)**
Digital promotion is very useful for TT.	Digital promotion is very useful for TT because it is a low-cost way to change customers opinion about the business.	Digital promotion is very useful for TT because it is a low-cost way to change customers opinion about the business. Low cost is important so that TT can make the new QZ contract successful.
Digital promotion is not useful for TT.	Digital promotion is not useful for TT because it is more likely to be ignored by customers as spam.	Digital promotion is not useful for TT because it is more likely to be ignored by customers as spam because of the newspaper criticism.