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

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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.

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.

3(a)

Define the term *hostile takeover.*

Indicative content

Responses may include:

AO1 Knowledge and understanding

CLEAR UNDERSTANDING (2 marks)

- Buying another business against the company's wishes/consent (2)

Clear understanding of the term *hostile takeover* is worth 2 marks. This is indicated by 2 tic✓✓ .

PARTIAL UNDERSTANDING (1 mark)

- taking control of another business (1)

Partial understanding of the term *hostile takeover* is worth 1 mark. This is indicated by 1 ti✓ .

Accept all valid responses.

3(b)

Explain <u>one</u> importance to a business of having objectives.

Indicative content

Responses may include:

AO1 Knowledge and understanding - 1 mark for identifying ONE importance to a business of having objectives

- set out what the business wants to achieve / gives direction
- gives a clear sense of direction to all in the business / improves decision making
- sets out clearly what the business wants to achieve
- provide a focus for all decisions
- motivated employees know exactly what is expected of them
- these objectives allow work to be defined, measured, and monitored
- measures business performance
- increases efficiency / enables better resource allocation

AO2 Application
2 marks for DEVELOPED application/explanation of ONE importance to a business of having objectives
1 mark for LIMITED application/explanation of ONE importance to a business of having objectives

- when the objective is clear there can be a plan on how to achieve it
- all relevant parts of the business can be co-ordinated to work towards the same objective
- employees can be given achievable individual targets which help motivate them to meet the objectives
- SMART objectives can be assessed in several ways to check that progress towards achieving them is going to plan

Accept all valid responses.

1(a) **Define the term *mission statement.***

Indicative content

Responses may include:

AO1 Knowledge and understanding

Clear understanding (2 marks)

- A business statement/sentence/document (1) that sets out the purpose/goals/aims/values of a business (1), an example is often given – 'To be carbon neutral by 2030' (1)

Partial understanding (1 mark)

- What a business stands for (1)
- The goals/values of a business (1)

Accept all valid responses.

1(b) **Explain <u>one</u> disadvantage to a business of having corporate social responsibility (CSR) as a business objective.**

There are 3 marks for this question – 1 mark for knowledge and understanding and 2 marks for application/explanation

Indicative content

Responses may include:

AO1 Knowledge and understanding – 1 mark for identifying one disadvantage of CSR as a business objective

- May add to business costs
- May reduce profits
- May result in stakeholder conflict
- Business operations more transparent
- Business may be deflected from bottom line objective
- Competitors may take advantage

AO2 Application

2 marks for a **developed** APP of **one disadvantage** of CSR as a business objective

1 mark for a **limited** APP of **one disadvantage** of CSR as a business objective

- CSR objectives may well involve additional costs for a business – profit not the sole objective.
- CSR objectives may well mean stakeholder conflicts – shareholders concern for maximum dividends versus management commitment to ethical suppliers.
- CSR businesses are in the public eye and likely to be scrutinised for all that they do – subject to criticism over the smallest acts or operations.
- CSR implies more accountability and responsibility and requires sustainable actions – rather than 'window dressing' PR campaigns.
- Sustainable resources may be more expensive
- CSR companies may lose sight of their fundamental commercial/economic role as business organisation

Accept all valid responses.