

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have modern and more efficient machinery, they should be able to have higher output than employees who are using outdated equipment.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.

4	Analyse <u>one</u> reason why a business might hold low levels of inventory. NOTE: No marks can be awarded if a valid reason is not given. Indicative content. Responses may include: AO1 Knowledge and understanding – 1 mark for identifying ONE reason why a business might hold low levels of inventory - A business needs to avoid too high costs - Low inventory levels avoid many costs - Business may not afford high levels of inventory - Business operating JIT – no need for inventory - Concern for cash flow management - Concern for high profit - Avoiding waste
4	AO2 Application – 2 marks for DEVELOPED application/explanation of ONE reason - put ticks in body of script. – 1 mark for LIMITED application/explanation of ONE reason – put tick in body of script. - Too high costs include storage damage, theft, costs - Businesses may be able to avoid these costs - Opportunity cost possibilities - Low inventory costs provide business flexibility - Some businesses may have little choice of high or low inventories - Perishable goods become out of date AO3 Analysis – 2 marks for DEVELOPED analysis of ONE reason – put ticks in body of script – 1 mark for LIMITED analysis of ONE reason – put tick in body of script. - The avoidance of costs involved in holding high levels – storage costs – obsolescence costs – spoilage, theft, damage, shifts in demand etc. - Opportunity cost of high levels – limitation of business flexibility. - Less pressure on cash flow and profitability. - Business might be involved in specialised work requiring only low levels of inventory. - Business (new) might only be able to afford a low level of inventory. - JIT inventory opportunities may exist that allows low levels to be carried. - Wasted goods have to be thrown away costing money and reducing profit Accept all valid responses.

4	Analyse <u>one</u> impact on a business of outsourcing. <i>Note: no marks can be awarded if a relevant impact on a business of outsourcing has not been identified</i> Indicative content Responses may include: AO1 Knowledge and understanding 1 mark for identifying ONE impact on a business of outsourcing - Increases business capacity - Improves business flexibility - Allows focus on core business skills - Allows a business to access specialist expertise - could solve capacity problems - could reduce business costs - could add to costs - could reduce profit - could lead to a demotivated workforce / impact on employee morale - could lead to control issues / quality control problems - lower quality of product - customer satisfaction decreases
---	--

4	AO2 Application 2 marks for a DEVELOPED application/explanation of ONE impact on a business of outsourcing 1 mark for LIMITED application/explanation of ONE impact on a business of outsourcing - take on extra work / respond to increased demand quickly - concentrate / focus on its own strengths / let experienced/specialist business take on other tasks e.g. marketing, accounting - use own resources / workforce more productively - motivation may decrease / job insecurity / redundancy - profits may increase due to saved costs but reduce by paying the other business - errors in lower quality outsourcing may affect quality and customer loyalty - knowledge and processes are available to other businesses AO3 Analysis 2 marks for DEVELOPED analysis of ONE impact on a business of outsourcing 1 mark for LIMITED analysis of ONE impact on a business of outsourcing - increase output, more sales, more revenue, potential for profit, increased market share, competitive advantage - more efficient to focus on core strengths e.g. school on teaching and learning not catering or maintenance. Outsource to specialist catering firms to get economies of scale and better service - free up space, equipment and staff within the business to be better used on key activities, so more productive overall - employees may be positively or negatively affected. Could concentrate on tasks which they are good at or could feel demotivated due to job insecurity. Will affect HR activities - effect on costs and profits could be beneficial or detrimental, but business should benefit overall even if final profits are less than previously - no in-house quality assurance/visiting team may need to be set up, associated costs - customers may stop purchasing and move to competitors so reducing market share - security risk especially involving IT and innovative techniques, business ideas may be stolen - any impact must be logically developed as a consequence to the business Accept all valid responses.
---	---

1(a)(i)	Identify <u>one</u> stage of the transformational process. Responses include: The stages of the transformational process: - Inputs - Adding value / production / manufacturing / operations / process - Outputs <i>Do not accept examples of inputs and outputs</i>								
1(a)(ii)	Explain the term <i>multinational business</i>. <table border="1"> <thead> <tr> <th>AO1 Knowledge and understanding 1 mark</th><th>AO2 Application 2 marks</th></tr> </thead> <tbody> <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> </tbody> </table> Responses may include: AO1 Knowledge and understanding Knowledge of a multinational businesses (max 1 mark). <i>Must be knowledge that shows clear distinction between a national and international business</i> including: - Capital in more than one country - Operates in more than one country	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.
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.								

1(a)(ii)	AO2 Application <i>Limited application</i> (max 1 mark) applies knowledge of a multinational business to a business context. <i>Developed application</i> (max 2 marks) applies knowledge of a multinational business to a business context. - Any exemplification of a multinational business (not just naming a MNC) - A business might have production factories in country F and another country - Can take advantage of lower cost production in low-income countries - Benefits of lower transport costs and better market information about consumer tastes etc - Can bring the business closer to their main markets - Can take advantage of relatively weak government restrictions. - May avoid import restrictions by producing in the local country. - Gain access to natural resources which might not be available in their base country. - Communication links with headquarters may be poor. - Language, legal and culture differences could make communications difficult. - Coordination with other plants in the multinational group will become more difficult. - Skill levels of the local employees may be low, requiring substantial investment in training programmes. Do not expect, but reward - Can take advantage of comparative/absolute advantage in countries - To gain economies of scale Accept all valid responses.
----------	---

1(a)(ii)	Exemplar and annotations	Mark	Rationale
	A business with capital in more than one country [✓]. For example, a business that has factories in two countries [✓] to take advantage of lower production costs abroad [✓].	3	Clear distinction between MN and international/national business. Example of factories in two countries and a benefit.
	Headquarters in one country, but with operating branches in another [✓]. This can allow the business to operate within other markets [✓] to reduce transportation cost: [✓].	3	Knowledge of an MNC and a reason and a benefit.
	Own shops in two or more countries [✓] so that it can take advantage of lower transportation cost: [✓].	2	Distinction shown by shops in more than one country (capital) and understanding of a feature of MN.
	Operating in different countries: [✓] by selling goods abroad.	1	A definition, but 'selling abroad' is an international business, not a multi-national.
	A business that sells in other countries.	0	No credit – this is an international business.

1(b)(i)	Refer to Fig 1.1 and other information. Calculate the combined total number of potential consumers who would prefer lemon or strawberry flavoured water. Formula: Number of potential customers = number who prefer lemon + number who prefer strawberry (1 – formula may be inferred by correct use of numbers) Calculation: 34% of 8000 = 2720 (1) 28% of 8000 = 2240 (1) 2720 + 2240 = 4960 (1 – OFR applies) Ans = 4960 (3 marks) OR 34% + 28% = 62% (1) 62% of 8000 (1) = 4960 (1)
---------	---

1(b)(i)	Examples and annotations		
	Marks Awarded	Explanation	Annotations
	3 marks	Correct answer 4960	Working and \$ do not matter. Allow one ✓ to denote the three marks next to correct answer.
	2 marks	Two of the following: - Correct formula - Correct calculation of number who prefer lemon (2720) - Correct calculation of number who prefer strawberry (2240) 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
	1 mark	One of the following: - Correct formula - Correct calculation of number who prefer lemon (2720) - Correct calculation of number who prefer strawberry (2240)	To award one mark, there must be: One ✓ and two ✗
	0 marks	No creditable content.	To award zero marks, there must be One ✗

1(b)(ii)	Explain <u>one</u> reason why TRA uses sampling.	
	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 uses sampling ✓ (max 1 mark), including:

- Cheaper/low cost
- Quicker/less time
- More representative

AO2 Application
 Explanation of a reason why a business uses sampling ✓ (max 1 mark), including:

- Explanation of how this affects market research
- More practical, for example than asking the entire population
- Opportunity cost

1(b)(ii) Context applied to TRA (max 1 mark), including:

- Quaternary sector business
- Market is to provide social media data (vast amounts of data)
- To food manufacturers in country F (large industry)
- TRA is the market leader in country F to provide this data
- Market has grown by over 40% over the last year
- Sample size is 8000 potential consumers
- 65 researchers
- All work from home
- Use of Fig 1.1

Accept all valid responses.

Exemplar and annotations	Mark	Rationale
Cheaper [x] which keeps the cost of market research low [x] by only asking 8000 potential consumers [x] .	3	A reason identified, explained and in context, so all 3 marks.
Faster [x] to find out Lemon is the most preferred flavor [x] .	2	A reason identified, but not explained. The context about TRA/DF is fine.
Makes it cheap [x] for TRA.	1	Identification of a reason, but no explanation or context. Names are not enough for context.
It allows TRA to find out information about the market. This means that it can let DF know that Lemon is the most preferred flavour and DF is likely to be able to sell more products.	0	This is a reason to use market research – not sampling.

1(c)

Refer to Fig 1.1 and other information. Analyse two reasons why the data collected for DF may not be reliable.

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 reason in the left-hand margin and the second reason in the right-hand margin

1(c)	Responses may include: AO1 Knowledge and understanding – reasons why data collected may not be reliable, including: Identification of a reason why market research data may not be reliable [x], including: • Bias • Sample size • Sample not representative of the market • Wrong/poor questions • Wrong media used • Human error • Poorly defined objectives • Time lag between research and implementation <i>This is not secondary market research, so do not credit answers about why secondary market research may not be reliable. However, answers which suggest the data may have changed (time lag) are acceptable.</i> AO2 Application Application of the reason to DF [ape], including: • TRA is the market leader in providing social media data to food manufacturers in country F • Market has grown by over 40% over the last year • DF specialises in non-alcoholic drinks • DF is a multinational business • TRA sampled 8000 potential customers • Sampled on social media • Asked about favourite fruity flavours • Use of data in Fig 1.1 • TRA employs 65 researchers • All of TRA's researchers work from home • TRA's workers have poor motivation • TRA has high labour turnover • Suggestion that some TRA employees are not working very hard.
------	--

1(c)

AO3 Analysis
Limited analysis of a reason why market research data may not be reliable [an] – developed analysis [ape], including:

- Bias; may mean that potential customers are persuaded to give a wrong answer leading to launching the wrong product – low sales.
- Sample size; not enough people asked which may mean it launches the product with few sales – leading to a loss.
- Sample representation; not enough different views sought leading to the wrong product being launched – no profit.
- Wrong/poor questions; potential customers may not know what is being asked, leading to the product not being purchased – makes a loss.
- Wrong media used; if the customers do not tend to use that medium then the results will not transform into sales – leading to it not making a profit.
- Human error; if the results are inaccurate this could lead to the wrong products being launched – ruining the brand image of the business.
- Poorly defined objectives; if the reason for the research is unclear this can lead to the questions not representing what the business needs to know – leading to launch of the wrong product and weak sales.

Accept all valid responses.

Exemplar and annotations

AO1 Knowledge	AO2 Application	AO3 Analysis
The wrong questions were asked [x],	Of the 8000 potential customers [ape],	Which could lead to DF launching the wrong flavour [an] leading to lower sales [ape].
Sampling bias [x],	By only asking young people about their favourite fruity flavour [ape],	So the flavours only appeal to the young, which may lead to lower sales of the drink [an] and therefore decrease DF's profit [ape].

1(d)	Evaluate the most effective way for TRA to improve the motivation of the home working employees.				
	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.

1(d)	Responses may include: AO1 Knowledge and understanding Knowledge of ways to improve motivation (K) (max 2 marks), including: • Payment (financial) methods: time based, salary, piece rates, commission, bonuses, profit sharing, performance-related pay, fringe benefits • Non-financial motivators: training, opportunities for promotion, development, status, job re-design, team working, empowerment, participation, job enrichment • Use of the main motivation content theories (Taylor, Mayo, Maslow, Herzberg and McClelland) and motivation process theory (Vroom). AO2 Application Application to TRA (A), including: • TRA is the market leader in providing social media data to food manufacturers in country F • Market has grown by over 40% over the last year • Samples using social media • TRA employs 65 researchers • High speed internet connection • TRA's workers have poor motivation • TRA has <u>high</u> labour turnover • Suggestion that some TRA employees are not working very hard. • Data from Fig 1.2 – I hate being so isolated – I never get to speak to any other employees. – I have to use my own electricity, and the cost has doubled in the last two years. – I know some employees are not working very hard, but they get paid the same as me. It's not fair!
------	---

1(d)	AO3 Analysis Limited analysis of ways to improve motivation (A) – developed analysis (A), including: • Payment methods: may increase costs – however may make employees work harder for higher pay, leading to improved productivity. • Non-financial methods; may be less cost or free – leading to higher productivity without impacting the costs of the business. • Content theories: likely to improve working conditions for the employees leading to increased productivity – however may have a significant cost increase leading to lower profit. • Process theory: increased productivity for workers who expect increased rewards – however if the employees do not believe the promises, then this may increase costs for no benefit. AO4 Evaluation Limited evaluation of the most effective way to improve motivation (A) – developed (E) – developed in context (EE), including: • Relative importance of motivation to TRA – how important is the productivity of employees – likely to be highly important due to the quaternary nature of the business. • Choice of method depends on; cost of method, likely increases in productivity, finance available, future forecasts in market changes, how skilled the researchers job actually is and what training is involved. • The impact of the chosen motivation method(s) and the impact of poor motivation / high labour turnover. • The extent to which this is a matter of working from home and is inherent in the whole country, as opposed to just TRA employees. • A judgement that other issues may be more important than motivation of the employees. <i>A valid judgement must identify one way to motivate the employees (a 'depends upon' may include more than one because it is not a judgement as such). If the candidate gives more than one judgement, only reward the best judgement and put SEEN next to the other(s).</i> Accept all valid responses.
------	--

1(d)

Exemplars for awarding evaluation		
Evaluate the most effective way for TRA to improve the motivation of the home working employees.		
L1 ☐ (limited supporting evidence)	L2 ☐ (developed supporting evidence)	L3 ☐☐ (developed supporting evidence with context)
Money is the most effective way.	Money is the most effective way, because it will allow all of TRA's employees to fix the issues which they are complaining about.	Money is the most effective way, because it will allow all of TRA's employees to fix the issues which they are complaining about, such as their rising electricity bills.
TRA should use teamworking as it is the best solution.	TRA should use teamworking as it is the best solution because it will motivate the employees, without adding significantly to the costs of the business.	TRA should use teamworking as it is the best solution because it will motivate the isolated employees, without adding significantly to the costs of the business.
The most effective way depends on the type of employees at TRA.	The most effective way depends on the type of employees at TRA. If the employees are Theory X, then money is more likely to be the best way. However, if they are Theory Y, then teamworking may be better.	The most effective way depends on the type of employees at TRA. If the employees are more concerned about their electricity bills, then money is more likely to be the best way. However, if they are more concerned about being isolated, then teamworking may be better.