

Past-paper walk-through

Motivating employees ■ 2.1

eXercise

Questions in this set

- 0450/13 N25 Q4 ■ 20 marks
- 0450/12 M25 Q1 ■ 20 marks
- 0450/11 N24 Q1 ■ 20 marks
- 0450/13 N24 Q4 ■ 20 marks
- 0450/11 J24 Q1 ■ 20 marks

Reading the mark scheme

- **B1** a mark that stands on its own – the point is either made or not.
- **M1** a *method* mark: the right approach, even if the number is wrong.
- **A1** an *answer* mark, and it usually needs its M mark first.
- **C1** a working mark on the way to the answer.
- **//** separates answers the examiner accepts equally.
- **ecf** = error carried forward: a later part is marked on your own earlier answer.
- **owtte** = “or words to that effect” – the wording need not match.

Question 4

0450/13 N25 ■ Q4 ■ 20 marks

- 4** ZPR is a business in the tertiary sector. It has 1 restaurant which has 20 employees. The Human Resources Manager is preparing a job description as ZPR needs 2 new chefs. He said: 'I need to advertise the job vacancies externally. ZPR will use a range of financial rewards as it can be difficult to recruit employees.' The manager knows there are many factors for a business to consider when deciding who to recruit.

(a) Define 'tertiary sector'.

Question 4

(b) Define 'job description'.

Question 4

(c) Identify **four** financial rewards a business could use.

Question 4

Question 4

Question 4

Question 4

Question 4

Question 4

Question 4

Question 4

(d) Explain **two** ways ZPR could use to advertise its job vacancies externally.

Question 4

Question 4

Question 4

Question 4

Question 4

- (e) Explain **two** factors a business should consider when deciding who to recruit. Which factor is likely to be the most important for a tertiary sector business? Justify your answer.

Solution 4

(a) Mark scheme

- Define 'tertiary sector'.
- Award 2 marks for a full definition. Award 1 mark for a partial
- definition.
- ■
- Industry/industries which provide services to
- consumers/customers and/or other sectors of the
- economy [2]
- ■

Solution 4

- Businesses that supply a service to consumers and/or
- other businesses [2]
- Partial definition e.g.
- ■
- Provide services [1]
- 2 Who the services are sold to is +1 only.
- Do not award:
- ■
- Examples of businesses such as delivery business,
- accountant, shops as these does not explain the term.

Solution 4

- ■

- Names of shops/retailers.

Solution 4

(b) Mark scheme

- Define 'job description'.
- Award 2 marks for a full definition. Award 1 mark for a partial
- definition.
- ■
- Outlines the responsibilities and duties to be carried out
- by someone to do a (specific) job [2]
- ■
- A list of the key points about a job, job title, key duties,

Solution 4

- responsibilities and accountabilities [2]
- ■
- A description of the tasks, roles, and responsibilities of a
- particular position [2]
- Partial definition e.g.
- ■
- States what the job involves [1]
- 2 1 mark for what includes e.g. examples of elements.
- 1 mark for link to job/position.
- Explain plus e.g. of content can get 2 marks.

Solution 4

- Examples can be 1 OR +1.
- Max 1 if there is any reference to skills/qualifications.
- 0450/13
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- Guidance

Solution 4

(c) Mark scheme

- Identify four financial rewards a business could use.
- Award 1 mark per financial reward (max 4).
- Points might include:
 - ■
 - Time-rate
 - ■
 - Piece-rate
 - ■

Solution 4

- Salary
 - ■
- Bonus
 - ■
- Commission
 - ■
- Profit sharing
 - ■
- Fringe benefits or examples e.g. discounts on business
- goods

Solution 4

- ■
- Share ownership
- Other appropriate responses should be credited.
- 4 Only award the first four responses given.
- 0450/13
- October/November 2025
- Guidance

Solution 4

(d) Mark scheme

- Explain two ways ZPR could use to advertise its job vacancies externally.
- Award 1 mark for identification of each relevant way (max 2).
- Award 1 mark for each relevant reference to this business (max 2).
- Award 1 mark for each relevant explanation (max 2).
- Points might include:
 - ■

Solution 4

- National newspapers [k] especially as it is difficult to
- recruit employees [app] so could attract people from a
- wider area/whole country [an]
- ■
- Recruitment agencies [k] as need 2 chefs [app] and the
- agency will do all the work for the business (saving
- time) [an]
- ■
- Specialist magazines [k] such as one aimed at
- restaurants [app] as potential employees are more likely

Solution 4

- to see it [an]

- ■

- Company website [k] of this tertiary sector business

app as there is likely to be no fee/free [an]

- ■

- Online recruitment sites [k] which can reach a large

- number of people [an]

- ■

- (Government run) job centres [k]

- ■

Solution 4

- Visiting universities/colleges [k]
- ■
- Local newspapers [k]
- Other appropriate responses should be credited.
- 6 To use words from the stem as application, the reference
- must be appropriate (i.e. make sense) in relation to the point
- being made.
- The following words are likely to be appropriate for this
- question:
- ■

Solution 4

- Tertiary sector
 - ■
- Restaurant
 - ■
- 20 (employees)
 - ■
- Job description
 - ■
- (2) chefs/cooks
 - ■

Solution 4

- Difficult to recruit employees
- ■
- Financial rewards
- Other appropriate examples can be credited.
- Analysis can focus on explaining the way or an advantage of
- using the way.
- Some analysis can be used for different points but only
- award once.
- 0450/13
- October/November 2025

Solution 4

- Guidance

Solution 4

(e) Mark scheme

- Explain two factors a business should consider when
- deciding who to recruit. Which factor is likely to be most
- important for a tertiary sector business? Justify your
- answer.
- Award up to 2 marks for identification of relevant points.
- Award up to 2 marks for relevant development of points.
- Award up to 2 marks for a justified decision as to which
- factor is likely to be the most important for a tertiary sector

Solution 4

- business to consider when deciding who to recruit.
- Points might include:
 - ■
 - Experience/skills [k] as this shows the person is able to
 - do the job [an] AND/OR may expect higher wages [an]
 - ■
 - Education/qualifications [k] as person is likely to make
 - less mistakes / provide better service [an]
 - ■
 - Personality/attitude/whether trustable [k] as may want

Solution 4

- someone willing to learn [an]
- ■
- Punctuality/disciplinary record [k] as if they are late, it
- could cause delays [an]
- Other appropriate responses should be credited.
- Justification might include:
 - One factor is skills [k] as this shows that the person is able
 - to do the job [an]. Another factor is personality [k] as
 - someone with the right personality may be more willing to
 - learn [an]. Skills are the most important as fewer mistakes

Solution 4

- can lead to a better reputation [eval] which is especially
- important for a tertiary sector business, whereas simply
- being willing to learn does not mean they can do the job

eval .

- 6 This is a general question so there are no marks for
- application.
- Some analysis could work for more than one factor, but only
- award once.
- To access evaluation must discuss two factors.
- For evaluation to be awarded justification will usually follow

Solution 4

- on from relevant analysis of points.

Question 1

0450/12 M25 ■ Q1 ■ 20 marks

- 1 Amir and Carla are business partners. They own a luxury hotel which operates in a niche market. The business has a short hierarchical structure. Amir and Carla use Herzberg's theory of motivation to keep their 5 employees well motivated. Amir and Carla are considering opening another hotel in a different city. They will need to identify a suitable source of finance if they decide to expand. Secondary market research can be used to help a business decide whether it should expand.
 - (a) Identify **two** motivators from Herzberg's theory of motivation.

Question 1

Question 1

Question 1

Question 1

(b) Identify **two** features of a short hierarchical structure.

Question 1

Question 1

Question 1

Question 1

(c) Outline **two** advantages to Amir and Carla of operating in a niche market.

Question 1

Question 1

(d) Explain **two** sources of finance Amir and Carla could use if they decide to expand.

Question 1

Question 1

Question 1

Question 1

Question 1

- (e) Do you think secondary market research is the most appropriate type of market research for a business to use when deciding whether it should expand? Justify your answer.

Solution 1

(a) Mark scheme

- Identify two motivators from Herzberg's theory of motivation.
- Award 1 mark for each relevant motivator [max 2].
- Points might include:
 - ■
 - Achievement
 - ■
 - Recognition
 - ■

Solution 1

- Personal growth
 - ■
- Advancement
 - ■
- The work itself
- Other appropriate responses should be credited.
- 2 Only award the first two responses given.

Solution 1

(b) Mark scheme

- Identify two features of a short hierarchical structure.
- Award 1 mark for each relevant feature [max 2].
- Points might include:
 - ■
 - Short(er) chain of command
 - ■
 - Wide(r) span of control
 - ■

Solution 1

- Quick(er)/fast(er) communication
- ■
- Top managers are less remote from employees
- Other appropriate responses should be credited.
- 2 Only award the first two responses given.
- 0450/12
- February/March 2025
- Guidance

Solution 1

(c) Mark scheme

- Outline two advantages to Amir and Carla of operating in a niche
- market.
- Award 1 mark for each relevant advantage [max 2].
- Award 1 mark for each relevant reference to this business [max 2].
- Points might include:
 - ■
 - Can charge higher prices [k] for its luxury service [app]
 - ■

Solution 1

- Fewer competitors [k] for the hotel [app]
- ■
- Focus on meeting the needs of customers / can target customers k through its 5 employees [app]
- ■
- Can survive in markets dominated by larger firms [k] which may
- increase the chance of expanding [app]
- ■
- Builds up specialist skills/knowledge [k]
- Other appropriate responses should be credited.

Solution 1

- 4 To use words from the stem as application, the
- reference must be appropriate (i.e. make sense)
- in relation to the point being made.
- The following words are likely to be appropriate
- for this question:
 - ■
 - Hotel or related words such as rooms
 - ■
 - Luxury
 - ■

Solution 1

- 5 (employees)
- ■
- Expand / new hotel / growth
- ■
- Different city
- ■
- (2) partners/partnership
- Other appropriate examples can be credited.

Solution 1

(d) Mark scheme

- Explain two sources of finance Amir and Carla could use if they
- decide to expand.
- Award 1 mark for each relevant source of finance [max 2].
- Award 1 mark for each relevant reference to this business [max 2].
- Award 1 mark for each relevant explanation [max 2].
- Points might include:
 - ■
- Retained profits [k] from the hotel [app] as does not need to pay it

Solution 1

- back [an]
- ■
- Bank loans [k] to obtain a large amount of money/varying length of
- time to repay/quick to arrange [an] for the luxury service [app]
- ■
- Own(er) savings [k] from the 2 partners [app] as may be readily
- accessible/no interest to pay [an]
- ■
- Crowdfunding [k] as no interest to pay [an]
- Other appropriate responses should be credited.

Solution 1

- 6 To use words from the stem as application, the
- reference must be appropriate (i.e. make sense)
- in relation to the point being made.
- The following words are likely to be appropriate
- for this question:
 - ■
 - (New) hotel or related words such as rooms
 - ■
 - (2) partners/partnership
 - ■

Solution 1

- Luxury
 - ■
- Niche market
 - ■
- Different city
 - ■
- Market research
- Other appropriate examples can be credited.
- 0450/12
- February/March 2025

Solution 1

- Guidance

Solution 1

(e) Mark scheme

- Do you think secondary market research is the most appropriate
- method of market research for a business to use when deciding
- whether it should expand? Justify your answer.
- Award 1 mark for each relevant point [max 2].
- Award 1 mark for each relevant explanation [max 2].
- Award up to 2 marks for a justified decision as to whether secondary
- market research is the most appropriate method of market research for
- a business to use when deciding whether it should expand.

Solution 1

- Points might include:
- Secondary market research:
- ■
- Low cost [k] so more funds to spend in other areas of the business

an

- ■
- Quick to obtain [k] so may speed up decision-making [an]
- ■
- Data may be out of date [k] so may not make appropriate decisions

an

Solution 1

- ■
- Wide range of data [k]
- ■
- Data may not be relevant [k]
- ■
- Data is available for all businesses [k]
- Primary market research [k]
- ■
- More in-depth information [an]
- ■

Solution 1

- Specific / only available to the business [an]
- ■
- Up to date [an]
- ■
- May not have the necessary skills to collect data [an]
- ■
- Expensive [an]
- ■
- Takes time to collect [an]
- Other appropriate responses should be credited.

Solution 1

- 6 This is a general question so there are no marks
- for application.
- Some points can be [k] or [an] but do not accept
- the same point twice.
- Some points can be written as advantages or
- disadvantages of each method, but only award
- once.
- For evaluation to be awarded justification will
- usually follow on from relevant analysis of points.
- 0450/12

Solution 1

- February/March 2025
- Guidance
- Justification might include:
 - Secondary market research is cheap [k] so more funds can be
 - invested into other areas of the business [an]. However, the data may
 - be out of date [k] so may make inappropriate decisions [an]. Secondary
 - market research is not the most appropriate method to use because
 - although it is cheap, the wrong decisions about expansion can cost the
 - business even more money in the long run [eval] [eval].
- Guidance

Question 1

0450/11 N24 ■ Q1 ■ 20 marks

- 1 RSL manufactures paint using flow production. Last year it produced 10 million litres of paint. RSL has 6 managers and 80 employees working in its factory. The managers use different leadership styles. RSL uses email and telephone calls as its methods of internal communication. The Operations Manager wants to understand why some manufacturing businesses are relocating their operations to other countries.
 - (a) Identify **two** benefits to a business of using flow production.

Question 1

Question 1

Question 1

Question 1

(b) Identify **two** reasons why people work.

Question 1

Question 1

Question 1

Question 1

- (c) Outline **one** advantage of RSL using each of the following methods of internal communication.

Question 1

Question 1

(d) Explain **two** leadership styles RSL's managers might use.

Question 1

Question 1

Question 1

Question 1

Question 1

- (e) Explain **two** factors a manufacturing business should consider when relocating its operations to another country. Which factor is likely to be the most important? Justify your answer.

Solution 1

(a) Mark scheme

- Identify two benefits to a business of using flow
- production.
- Award 1 mark per benefit (max 2).
- Points might include:
 - ■
 - High output / large number of products made
 - ■
 - (Purchasing) economies of scale / discounts for bulk

Solution 1

- buying / low average/unit costs
- ■
- Lower labour cost / less workers needed
- ■
- Increased efficiency/productivity / goods are produced
- quickly
- ■
- No need to move goods from one part of the factory to
- another
- ■

Solution 1

- Consistent/standardised quality.
- Other appropriate responses should be credited.
- 2 Only award the first two responses given.
- Do not award:
 - Vague comments such as saves time, cheaper, quicker,
 - faster on their own.

Solution 1

(b) Mark scheme

- Identify two reasons why people work.
- Award 1 mark per reason (max 2).
- Points might include:
 - ■
 - (Earn) money/wage/salary/improve standard of living
 - ■
 - Job satisfaction / feel as if you have done a good job
 - ■

Solution 1

- Safety/security for example job security
- ■
- Social or examples such as feel part of a
- group/company
- ■
- Esteem/recognition/status/feel important/valued
- ■
- Opportunity to reach potential / challenge self to do new
- things
- ■

Solution 1

- Help people/provide a service to community/others.
- Other appropriate responses should be credited.
- 2 Only award the first two responses given.
- Do not award:
- Vague answers such as relieve boredom, something to do,
- like what they do.
- 0450/11
- October/November 2024
- Notes

Solution 1

(c) Mark scheme

- Outline one advantage of RSL using each of the
- following methods of internal communication.
- Award 1 mark for identification of each relevant advantage
- (max 2).
- Award 1 mark for each relevant reference made to this
- business (max 2).
- Points might include:
- Email:

Solution 1

- ■
- A lot of information/detail/documents can be shared [k]
- with the 80 employees [app]
- ■
- Can send information/message to multiple people at the
- same time [k] about the paint [app]
- ■
- Keep a copy (to refer to) [k]
- ■
- Can communicate with people in a different location [k]

Solution 1

- ■
- Low cost/cheap [k]
- ■
- Can check if the message has been read [k]
- Telephone calls:
- ■
- Quick [k] if there is a problem using flow production

app

- ■
- Opportunity for (instant) questions/discussion/decisions

Solution 1

k with one of the 6 managers [app]

-

- Feedback (straightaway) [k]

- Other appropriate responses should also be credited.

- 4 To use words from the stem as application, the reference

- must be appropriate (i.e. make sense) in relation to the point

- being made.

- The following words are likely to be appropriate for this

- question:

-

Solution 1

- Paint
- ■
- 10 million litres
- ■
- Flow production
- ■
- Relocate (to another country)
- ■
- 80/86 employees
- ■

Solution 1

- 6 managers
 - ■
- Factory
 - ■
- Manufacturer
 - ■
- Different leadership styles.
- Other appropriate examples can be credited.
- Award only once in the answer:
- Low cost/cheap [k]

Solution 1

- Fast/quick [k]
- 0450/11
- October/November 2024
- Notes

Solution 1

(d) Mark scheme

- Explain two leadership styles RSL's managers might
- use.
- Award 1 mark for each relevant leadership style (max 2).
- Award 1 mark for each relevant reference to this business
- (max 2).
- Award 1 mark for each relevant explanation (max 2).
- Points might include:
 - ■

Solution 1

- Autocratic [k] when the manager instructs/ tells workers
- what to do [an] when using flow production [app]
- ■
- Democratic [k] when one of its 6 managers [app] asks
- employees for their ideas/opinions before making a
- decision [an]
- ■
- Laissez-faire [k] when the managers leave it up to the
- employees to make decisions/decide what to do [an]
- when making paint [app]

Solution 1

- Other appropriate responses should be credited.
- 6 To use words from the stem as application, the reference
- must be appropriate (i.e. make sense) in relation to the point
- being made.
- The following words are likely to be appropriate for this
- question:
- ■
- Paint
- ■
- 10 million litres

Solution 1

- ■
- Flow production
- ■
- Relocate (to another country)
- ■
- 80/86 employees
- ■
- 6 managers
- ■
- Email

Solution 1

- ■
- Telephone calls
- ■
- Factory
- ■
- Manufacturer
- Other appropriate examples can be credited.
- 0450/11
- October/November 2024
- Notes

Solution 1

(e) Mark scheme

- Explain two factors a manufacturing business should
- consider when relocating its operations to another
- country. Which factor is likely to be the most important?
- Justify your answer.
- Award up to 2 marks for identification of relevant points.
- Award up to 2 marks for relevant development of points.
- Award up to 2 marks for a justified decision as to which
- factor is likely to be the most important for a manufacturing

Solution 1

- business when relocating its operations to another country.
- Points might include:
 - ■
 - Access to raw materials [k] as without materials it can
 - delay/stop production [an] so not able to meet orders

an

- ■
- Labour issues e.g. cost/access to
- suitable/skilled/enough employees [k] as lower wage
- rates could help lower labour costs [an] increasing its

Solution 1

- profit margin [an]
- ■
- Land issues e.g. availability/cost of suitable land [k]
- which could increase/lower fixed costs [an]
- ■
- Trade restrictions such as tariffs/quotas [k] as quotas
- could limit the amount of goods allowed into a country

an

- ■
- Availability of government grants / rates of taxation [k]

Solution 1

- which could reduce the amount of finance needed [an]
- ■
- Legal controls [k] as this could stop/determine where
- the business can operate [an]
- ■
- Infrastructure (accept only once) e.g. access to utilities,
- communications [k] as without suitable power it would
- be difficult to operate (efficiently) [an]
- ■
- Available market/demand for the product/level of

Solution 1

- competition [k] which may reduce transport costs [an]
- ■
- Language/cultural problems [k]
- 6 This is a general question so there are no marks for
- application.
- Some analysis could be used for different points, but only
- award once.
- Accept costs [k] once if there is no specific reason for the
- costs given.
- 0450/11

Solution 1

- October/November 2024
- Notes
- Other appropriate responses should be credited.
- Justification might include:
 - Access to raw materials [k] without materials there may be
 - delays in production [an]. Another factor is employees [k] as
 - a lack of skills could lead to lower quality products [an].
 - Access to raw materials is the most important because
 - without materials there is nothing to sell, lowering potential
 - revenue [eval]. However, a business could train employees

Solution 1

- to produce quality products [eval].
- Notes

Question 4

0450/13 N24 ■ Q4 ■ 20 marks

- 4** RHN is a clothing retailer. It has 50 shops and 290 employees. All RHN's employees are provided with training. Commission is used as one method of financial reward. The business often uses internal recruitment when there is a job vacancy. Last year RHN made a profit of \$1.5 million. The Managing Director, as an internal user of accounts, has been analysing RHN's statement of financial position.

(a) Define 'commission'.

Question 4

(b) Identify **two** external users of accounts.

Question 4

Question 4

Question 4

Question 4

(c) Identify **four** ways the information in a statement of financial position can be used.

Question 4

Question 4

Question 4

Question 4

Question 4

Question 4

Question 4

Question 4

(d) Explain **two** possible reasons why providing training for its employees is important to RHN.

Question 4

Question 4

Question 4

Question 4

Question 4

- (e) Do you think the advantages for a business of using internal recruitment are greater than the disadvantages? Justify your answer.

Solution 4

(a)

Mark scheme

- Define 'commission'.
- Award 2 marks for a full definition. Award 1 mark for a partial definition.
- Payment to employees relating to the number/value of sales made [2]
- Partial definition e.g. money based on sales / what sold [1]
- 2

Solution 4

(b) Mark scheme

- Identify two external users of accounts.
- Award 1 mark per user of external accounts (max 2).
- Points might include:
 - ■
 - Banks/lenders
 - ■
 - Suppliers
 - ■

Solution 4

- Government
 - ■
- Potential investor
 - ■
- Local community/pressure groups
- Other appropriate responses should be credited.
- 2 Only award the first two responses given.
- 0450/13
- October/November 2024
- Notes

Solution 4

(c) Mark scheme

- Identify four ways the information in a statement of financial position
- can be used.
- Award 1 mark per way (max 4).
- Points might include:
 - ■
 - Calculate working capital
 - ■
 - Calculate current ratio

Solution 4

- ■
- Calculate acid test ratio
- ■
- Shows how the business finances its activities / shareholders can see how
- any expansion has been funded
- ■
- Shows the assets the business owns / what the business owns
- ■
- Show value of liabilities / what the business owes
- ■

Solution 4

- Support loan application / raise finance / show investors
- ■
- Show value of the business / what the business is worth
- ■
- Compare performance over time
- ■
- Compare performance against competitors
- Other appropriate responses should be credited.
- 4 Only award the first four responses given.
- 0450/13

Solution 4

- October/November 2024
- Notes

Solution 4

(d) Mark scheme

- Explain two possible reasons why providing training for its employees is
- important to RHN.
- Award 1 mark for identification of each relevant reason (max 2).
- Award 1 mark for each relevant reference to this business (max 2).
- Award 1 mark for each relevant explanation (max 2).
- Points might include:
 - ■
- More skilled / flexible employees [k] so can cover absences of others [an]

Solution 4

- in its 50 shops [app]
- ■
- Fewer mistakes / better quality (service) [k] from its 290 employees [app]
- which could improve its reputation [an]
- ■
- Increases motivation [k] which can help reduce labour turnover [an] which
- is helpful as uses internal recruitment [app]
- ■
- Fewer customer complaints [k] about its clothing [app] increasing
- customer loyalty [an]

Solution 4

- ■
- Less supervision needed [k], so managers have time to focus on other
- activities [an]
- ■
- Improves efficiency/productivity [k]
- ■
- Fewer accidents / ensure safe working conditions [k]
- ■
- Able to train others [k] reducing training costs [an]
- ■

Solution 4

- Provide new ideas / improves innovation [k]
- ■
- Helps attract (potential) employees [k]
- ■
- Helps introduce a new process [k]
- Other appropriate responses should be credited.
- 6 To use words from the stem as application,
- the reference must be appropriate (i.e.
- make sense) in relation to the point being
- made.

Solution 4

- The following words are likely to be
- appropriate for this question:
- ■
- Clothing
- ■
- Shops/retailer
- ■
- 290 (employees)
- ■
- Commission (financial reward)

Solution 4

- ■
- Internal recruitment
- ■
- \$1.5m (profit)
- ■
- 50 (locations)
- Other appropriate examples can be
- credited.
- Some points can be [k] or [an] but only
- award once.

Solution 4

- The following are [an] only:
 - ■
 - Better reputation
 - ■
 - Increase sales
 - ■
 - Employee loyalty / lower labour
 - turnover
 - ■
 - Customer loyalty

Solution 4

- 0450/13
- October/November 2024
- Notes

Solution 4

(e) Mark scheme

- Do you think the advantages for a business of using internal recruitment
- are greater than the disadvantages? Justify your answer.
- Award up to 2 marks for identification of relevant points.
- Award up to 2 marks for relevant development of points.
- Award up to 2 marks for a justified decision as to whether the advantages of
- internal recruitment for a business are greater than the disadvantages.
- Points might include:
- Advantages:

Solution 4

- ■
- Employees know the business [k] so can start work more quickly / less
- training needed [an]
- ■
- Low cost/cheaper [k] which reduces cash outflows / as do not have to
- spend funds on job advertisements [an]
- ■
- Less time-consuming / quicker [k] which means time can be used for
- other purposes [an]
- ■

Solution 4

- Can motivate employees [k] so reducing labour turnover / encourages
- employee loyalty / improve efficiency [an]
- ■
- Company knows the employee [k] which reduces risk / likelihood of
- employing someone who is not appropriate for the job [an]
- Disadvantages:
- ■
- Suitable candidates may not be available / employees may not have
- experience / skills needed [k] which could lead to mistakes / wrong actions
- taken [an]

Solution 4

- ■
- Reduces pool / fewer potential candidates [k]
- ■
- Would create another vacancy for the business to fill [k]
- ■
- Could create resentment / jealousy among those not selected [k] which
- could demotivate these employees [an]
- ■
- Lack of new ideas [k] so business may become less competitive [an]
- 6 This is a general question so there are no

Solution 4

- marks for application.
- Some analysis could be used for more than
- one point, but only award once.
- 0450/13
- October/November 2024
- Notes
- Other appropriate responses should be credited.
- Justification might include:
 - Internal recruitment is cheaper [k] which reduces cash outflows [an]. However,
 - the current employees may not have skills needed [k] leading to mistakes

Solution 4

- being made [an]. The potential disadvantages are greater because those
- mistakes could damage the businesses reputation [eval] which is likely to cost
- the business more money in the long term. [eval]

Question 1

0450/11 J24 ■ Q1 ■ 20 marks

- 1 FBM is a boat building business. It has 100 skilled employees. The Operations Director is concerned that FBM holds a high level of inventory. She is also concerned that the business is starting to experience diseconomies of scale. The Finance Director has been asked to analyse FBM's cost and output data. An extract is shown in Table 1.1.

Table 1.1

Extract from FBM's cost and output data	
Variable costs per unit	\$5000
Fixed costs per year	\$600 000
Number of boats made each year	300

- (a) Define 'diseconomies of scale'.

Question 1

(b) Identify **two** ways a business can use cost data to help make decisions.

Question 1

(c) Identify **four** fixed costs a business might have.

Question 1

(d) Explain **one** advantage and **one** disadvantage to FBM of holding a high level of inventory.

Question 1

- (e) Do you think customers have a more important role in the success of a business than its employees? Justify your answer.

Solution 1

(a) Mark scheme

- Define 'diseconomies of scale'.
- Award 2 marks for a full definition. Award 1 mark for a partial definition.
- Factors that lead to an increase in average costs as a business grows beyond a certain size [2]
- OR
- Factors that cause average costs to increase as the scale of operations increases [2]

Solution 1

- OR
- The disadvantages of a business growing (too large) that
- result in an increase in costs per unit [2]
- Partial definition e.g. when costs increase because business
- grows [1]
- OR increase in average unit cost [1]
- 2 For two marks candidates must have the idea that 'business
- grows' and it 'increases average/unit costs'.
- Do not award examples as this does not define the term.

Solution 1

(b) Mark scheme

- Identify two ways a business can use cost data to help
- make decisions.
- Award 1 mark for each relevant way (max 2).
- Points might include:
 - ■
 - Setting prices
 - ■
- Decide whether to stop/continue production/change

Solution 1

- production
- ■
- Decide on the best location
- ■
- Decide if finance is required/set budgets
- ■
- Decide which costs need to be reduced/whether to
- change suppliers
- ■
- Setting objectives

Solution 1

- Other appropriate responses should be credited.
- 2 Only award the first two responses given.
- Allow 'carry out break-even analysis'.
- 0450/11
- May/June 2024
- Notes

Solution 1

(c) Mark scheme

- Identify four fixed costs a business might have.
- Award 1 mark per fixed cost (max 4).
- Points might include:
 - ■
 - Rent/rates/storage costs
 - ■
 - Insurance
 - ■

Solution 1

- Advertising
 - ■
- Salaries
 - ■
- Interest (on loans)/finance payments
 - ■
- Cleaning/maintenance
- Other appropriate responses should be credited.
- 4 Only award the first four responses given.
- Do not award: wages/direct labour costs.

Solution 1

- Allow heating/lighting/electricity/water/utilities once.
- 0450/11
- May/June 2024
- Notes

Solution 1

(d) Mark scheme

- Explain one advantage and one disadvantage to FBM of
- holding a high level of inventory.
- Award 1 mark for identification of each relevant reason (max
- 2).
- Award 1 mark for each relevant reference to this business
- (max 2).
- Award 1 mark for each relevant explanation (max 2).
- Points might include:

Solution 1

- Advantages:

- ■

- Maintain production [k] so able to meet orders on time

an of boats [app]

- ■

- Benefit from (purchasing) economies of scale [k] leading

- to lower average/unit cost [an]

- ■

- Able to respond quickly to unexpected order [k]

- increasing customer loyalty [an]

Solution 1

- Disadvantages:
 - ■
 - Space needed to store products [k] increasing (storage)
 - costs [an] so costs increase above \$600 000 [app]
 - ■
 - Cash/money tied up in inventory [k] leading to cash
 - flow/liquidity problems [an]
 - ■
 - Risk of damage/waste[k]
 - ■

Solution 1

- Opportunity cost [k]
- ■
- Insurance [k]
- Other appropriate responses should be credited.
- 6 To use words from the stem as application, the reference
- must be appropriate (i.e. make sense) in relation to the point
- being made.
- The following words are likely to be appropriate for this
- question:
- ■

Solution 1

- Boat (building) or related words
- ■
- 100 employees
- ■
- Skilled (workers)
- ■
- Diseconomies of scale
- ■
- \$5000 (variable cost)
- ■

Solution 1

- \$600 000 (fixed costs)
- ■
- 300 (boats)
- ■
- Total cost 2 100 000
- Other appropriate examples can be credited.
- The same analysis can be used for different points but only
- award once.
- 0450/11
- May/June 2024

Solution 1

- Notes

Solution 1

(e) Mark scheme

- Do you think customers have a more important role in
- the success of a business than its employees? Justify
- your answer.
- Award up to 2 marks for identification of relevant points.
- Award up to 2 marks for relevant development of points.
- Award up to 2 marks for a justified decision as to whether
- customers have a more important role in the success of a
- business than its employees.

Solution 1

- Points might include:
- Customers:
 - ■
 - Buy the products [k] and if ignores their needs the
 - business will lose revenue/won't survive [an]
 - ■
 - Can share opinions to help improve products [k] which
 - can help increase market share [an]
 - ■
 - Provide recommendations/word of mouth advertising [k]

Solution 1

- Employees:

- ■

- Make the products [k] otherwise there is nothing to sell

an

- ■

- Employees can affect quality [k] which could

- damage/improve its reputation [an]

- ■

- Employees provide customer service [k] which is

- important for brand image [an]

Solution 1

- ■
- Without sufficient employees the business may not be
- able to meet demand [k]
- ■
- Workers can be replaced by machines [k]
- Other appropriate responses should be credited.
- 6 This is a general question so there are no marks for
- application.
- For evaluation to be awarded justification will usually follow
- on from relevant analysis of points.

Solution 1

- 0450/11
- May/June 2024
- Notes
- Justification might include:
 - Customers are important, they buy the products [k] which
 - generates revenue [an]. Employees make the goods [k]
 - without them, there is nothing to sell [an]. However,
 - customers are more important as without revenue, the
 - business cannot cover its costs and survive in long term

eval . A business can use automation reducing the

Solution 1

- importance of employees [eval].
- Notes