2(a)	**Explain <u>one</u> objective each of the following TSE stakeholder groups might have.** • **Shareholders** • **Suppliers** • **Employees** • **Customers** Award 1 mark for each objective (max 4). Award a maximum of 1 additional mark for **each** explanation of the objective **applied to this context.** Relevant objectives might include: Shareholders: • To receive dividends – from increased profit when more tennis balls are sold • To increase the price of their shares • To increase profit • To increase market share • To increase revenue/sales Suppliers: • To increase sales/revenue/profits from selling its raw materials – such as plastic to make the rackets • To be paid on time/paid back Employees: • To receive higher wages – when working full-time in the factory • To have a secure job / no risk of being made redundant • To have good working conditions • To have opportunities for promotion – as looking into a new market in another country Customers: • To receive a quality product / doesn't break easily – when playing badminton • To pay a low price for the product • To get it delivered on time For example: To receive dividends (1) from increased profit when more sports equipment is sold (app). **Application** could include: sports equipment; skilled and full-time workers; sells in 30 countries; factories in 10 countries; two companies that may be taken over; want to increase market share; a well-motivated workforce is important; uses new technology and automation for flow production; rubber; plastic; high-quality products.

2(b)	**Consider the following <u>two</u> ways TSE could use to increase efficiency. Which way should TSE use? Justify your answer.** • **Improving labour skills** • **Increasing automation and technology**

Level	Description	Marks
3	Sound application of knowledge and understanding of relevant business concepts using appropriate terminology. Detailed discussion of **both** ways. Well-justified recommendation. Candidates discussing both ways in detail, in context and with a well-justified recommendation, including why the alternative way is rejected, should be rewarded with the top marks in the band.	9–12
2	Sound application of knowledge and understanding of relevant business concepts using appropriate terminology. Detailed discussion of at least **one** way. Judgement with some justification / some evaluation of choices made. Candidates discussing at least one way in detail and applying it to the case should be rewarded with the top marks in the band.	5–8
1	Limited application of knowledge and understanding of relevant business concepts. Limited ability to discuss the ways with little/no explanation. Simple judgement with limited justification / limited evaluation of choices made. Candidates outlining both ways in context should be rewarded with the top marks in the band.	1–4
0	No creditable response.	0

<table>
<tr><td>2(b)</td><td>Relevant points might include:

<table>
<tr><th></th><th>Advantages</th><th>Disadvantages</th></tr>
<tr><td>Improving labour skills</td><td>Increases motivation of skilled production employees – made to feel more valued as training given to them – investment in the employees
Increases skills of employees so may enable them to work more quickly – output of sports equipment is produced in a shorter time
Output per worker increases – increases productivity – fewer inputs for a given output
Employees may become more flexible – with training they could possibly move around the factory covering for absent colleagues – keeps the factory running smoothly/fewer interruptions in output</td><td>Increases costs of making footballs – in the short-term may reduce profitability – if increase in costs is greater than increase in output when the employees are being trained
Output of sports equipment may be reduced whilst employees are being trained – amount of decrease in output depends on whether it is off-the-job or on-the-job training
Skilled employees may be tempted to leave and work for a competitor that makes high-quality products – then costs of training wasted</td></tr>
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2(b)

	Advantages	Disadvantages
Increasing automation and technology	• May require fewer **full-time employees** on the production line – reduces wage costs • Output can be produced more quickly – reduces unit costs • Changes in design of **badminton equipment** may be made more quickly – quicker to react to changes in customer preferences • Lower unit costs of **footballs** – may allow prices to be reduced – price may be more competitive – increases sales	• May result in redundancy payments for the **skilled employees** – increases costs in the short-term – legal requirements for redundancy payments may be high • Maintenance costs of the technology may be high – increases total costs of making **tennis balls** • Increased training costs if employees need training how to use the equipment • May need to employ new skilled workers to operate the equipment on the **flow production line** – increased recruitment costs
Recommendation	Justification might include: • Improving labour skills is the best way to increase efficiency at TSE's factories. The **skilled production employees** will learn more skills which will enable them to produce more output per worker than previously. This will also motivate the workers to work harder and produce more output. Automation is very expensive to purchase the new equipment, and TSE may find it difficult to raise sufficient funds for the investment in many factories. • Introducing automation and technology in the factory to make **tennis balls** in the best way to increase efficiency. Technology will mean fewer production workers will be needed so saving on wage costs and greatly increasing output for each remaining employee in the factories.	