

1(a)

**Define 'trade union'.**

Award 2 marks for a full definition. Award 1 mark for a partial definition.

- Group of workers who join together to ensure their interests are protected [2]
- An organisation of employees aimed at improving pay and working conditions [2]
- An organisation that exists to provide workplace support for its members [2]

Partial definition e.g.

- Group of workers/employees (who join together) [1]
- People/organisation who fight for employee/worker rights [1]
- Stand for worker`s rights/protect workers [1]
- Group of people who protect workers [1]
- An organisation that ensures workers' rights are not violated [1]

1(b)

**Define 'secondary sector'.**

Award 2 marks for a full definition. Award 1 mark for a partial definition.

Businesses that:

- Process/manufacture goods from natural resources [2]
- Manufacture goods using the raw materials provided by the primary sector [2]
- Use manufacturing to transform the raw materials generated in the primary sector into a product [2]
- Converts raw materials into manufactured goods [2]

Partial definition e.g.

- Makes products [1]
- Manufactures goods [1]
- Refines/processes raw materials [1]

1(c)

**Identify four reasons why a business might remain small.**

Award 1 mark per reason (max 4).

Points might include:

- Limited access to/lack of capital (to expand)
- Limited access to/lack of suitable labour
- Limited access to/lack of suitable land
- Limited access to/lack of suitable resources/raw materials
- Personal preference / owners' choice / owner does not want the responsibility / wants to keep control
- Lack of skills/knowledge/experience (to expand)
- Size of the market / amount of customers / level of demand / small market
- To maintain close customers relationships / provide a personal service / type of industry
- Some large firms dominate the market / low market share / too much competition
- Can be flexible / respond quickly to changes in customer tastes
- No economies of scale / to avoid diseconomies of scale
- Operating at maximum possible output

Other appropriate responses should be credited.

1(d)

**Explain two possible effects of WMH introducing new technology.**

Award 1 mark for identification of each relevant effect (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:

Positive effects:

- Improve quality / less waste / fewer mistakes [k] leading to a better reputation [an] for its furniture [app]
- Increases productivity / efficiency / quicker production [k] leading to lower (average) costs [an] for this small business [app]
- Improved communication [k] leading to fewer mistakes / better efficiency [an] in the factory [app]
- Can design new products [k] which may increase sales / access new markets [an]
- Greater job satisfaction/motivation [k] reducing absenteeism/lowering labour turnover [an]
- Employees may gain new skills [k] leading to higher pay/chances of promotion [an]
- Reduces time/costs to design new products [k]
- Increase output [k]
- Safer workplace [k]

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| 1(d) | <p>Negative effects:</p> <ul style="list-style-type: none"> <li>• Purchasing new equipment / expensive to buy/set up [k] increasing cash outflows/debt [an]</li> <li>• Need to train workers [k] which can increase costs [an]</li> <li>• If technology is rapidly changing it will need to change often to remain competitive [k] which will increase costs [an]</li> <li>• Some employees may lose their jobs/made redundant [k]</li> <li>• May demotivate employees [k]</li> </ul> <p>Other appropriate responses should be credited.</p> |
| 1(e) | <p><b>Explain <u>two</u> factors a manufacturing business should consider when deciding on a suitable location for a factory. Which factor is likely to be the most important? Justify your answer.</b></p> <p>Award up to 2 marks for identification of relevant points.<br/>Award up to 2 marks for relevant development of points.<br/>Award up to 2 marks for justified decision as to which location factor is likely to be the most important for a manufacturing business.</p>                                                        |

1(e)

Points might include:

- Access to skilled labour [k] as may be difficult to find/recruit / could increase recruitment/labour costs [an]
- Access to raw materials/components [k] so production is not delayed [an]
- Availability / rent of suitable land [k] which could restrict size of factory / increase fixed costs [an]
- Good transport links [k] to ensure materials arrive / products sent when needed [an]
- Proximity to market [k] to ensure sales/revenue can be made [an]
- Type of product [k] a fragile/heavy product may need to be closer to customers to reduce risk of damage/cost [an]
- Government grants [k] which could help reduce costs [an]
- Legal controls [k] which may prevent the business from locating in certain areas [an]
- Access to utilities/power/water [k] as needed for production [an]
- Trade barriers [k]
- Security of the area/level of crime [k]

Other appropriate responses should be credited.

Justification might include:

Skilled labour [k] if difficult to find could increase recruitment costs [an]. Another factor is availability of suitable land [k] which could restrict the size of the factory [an]. Having suitable land is more important because this might limit output which could reduce its ability to meet demand [eval] whereas a business can train employees, and the extra cost might be covered by the additional revenue gained [eval].

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| 3(a) | <p><b>Define ‘partnership’.</b></p> <p>Award 2 marks for a full definition. Award 1 mark for a partial definition.</p> <ul style="list-style-type: none"> <li>• Two (or more) people agree to jointly own a business (together) [2]</li> <li>• A business formed by two or more people [2]</li> </ul> <p>Partial definition e.g.</p> <ul style="list-style-type: none"> <li>• A business run/operated/managed/controlled/lead by two (or more) people [1]</li> </ul>                                 |
| 3(b) | <p><b>Identify <u>two</u> ways to measure the size of a business.</b></p> <p>Award 1 mark per way (max 2).</p> <p>Points might include:</p> <ul style="list-style-type: none"> <li>• (Number of) employees / size of workforce / (amount of) labour</li> <li>• Value of sales/revenue</li> <li>• Number/amount of customers / volume of output / number of sales</li> <li>• Value of output</li> <li>• (Value of) capital employed</li> </ul> <p>Other appropriate responses should be credited.</p> |

3(c)

**Outline two pricing methods Miguel could use.**

Award 1 mark for each relevant method (max 2).

Award 1 mark for each relevant reference to this business (max 2).

Points might include:

- Cost-plus pricing [k] to cover the costs of the gym [app]
- Penetration pricing [k] as it is a new business [app]
- Competitive / competition pricing [k] based on the location [app]
- (Price) skimming [k] for some of the classes [app]
- Promotional pricing [k] based on its market research results [app]

Other appropriate responses should be credited.



3(d)

**Explain one advantage and one disadvantage to Miguel of using secondary market research.**

Award 1 mark for identification of each relevant advantage/disadvantage (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:

Advantages:

- Low cost/free [k] which is important for a new business [app] so has funds for other activities [an]
- Readily available [k] so saves time / has time to focus on other issues [an] such as deciding a pricing method [app]
- More/wide(r) range of information [k] about classes/yoga [app] which could help increase demand/sales [an]

Disadvantages:

- Out-of-date information [k] for the gym [app] leading to wrong decisions being taken [an]
- Data is available for all businesses [k] so may not help create competitive advantage [an] so may not help the partnership [app]
- May not be relevant/specific to business needs [k] for this small business [app] which could result in customer needs not being met reducing customer loyalty [an]
- May not be reliable [k] as not up to date [an]

Other appropriate responses should be credited.

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| 3(e) | <p><b>Do you think access to employees is the most important factor for a new business to consider when deciding on a suitable location? Justify your answer.</b></p> <p>Award up to 2 marks for identification of relevant points.<br/>Award up to 2 marks for relevant development of points.<br/>Award up to 2 marks for a justified decision as to whether access to employees is the most important factor for a new business to consider when deciding on a suitable location.</p> <p>Points might include:<br/>Access to employees:</p> <ul style="list-style-type: none"> <li>• Availability/number of employees [k] as if high employment may be difficult to find enough employees / if many available could pay lower wages [an] helping to lower costs [an]</li> <li>• Distance/proximity from workers/workplace [k] as if far may <u>increase</u> transport costs / if many close it may be easier to recruit [an]</li> <li>• May need skilled/trained workers [k] to provide a good level of service/high(er) output / may not be suitable workers nearby [an]</li> <li>• Level of wages/salary (in local area) [k] if high wages need to be paid it could increase costs [an]</li> </ul> <p>Other factors might include:</p> <ul style="list-style-type: none"> <li>• Access to customers/demand / proximity to market [k] to increase sales [an] AND/OR revenue [an]</li> <li>• Availability of suitable premises/rent [k] as high rent will increase fixed costs [an]</li> <li>• Number of competitors [k] may lead to high/low footfall [an]</li> <li>• Distance to/from suppliers/transport links [k] which could increase transport costs [an]</li> <li>• Access to raw materials [k]</li> <li>• Legal controls [k]</li> <li>• Government grants [k]</li> <li>• Local infrastructure e.g. internet/water/electricity [k]</li> <li>• Personal preference [k]</li> </ul> |
| 3(e) | <p>Other appropriate responses should be credited.</p> <p>Justification might include:<br/>Availability of employees as if high employment may be difficult to find enough employees [k] reducing level of output [an]. Another factor is government grants [k] which could help pay the start-up costs [an].<br/>The grant is likely to be the most important factor for a new business because without enough finance, there may be no business [eval] and there would be no need to worry about recruiting employees [eval].</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

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| 3(a) | <p><b>Define ‘external benefits’.</b></p> <p>Award 2 marks for a full definition. Award 1 mark for a partial definition.</p> <ul style="list-style-type: none"> <li>• Gains to the rest of society other than the business as a result of business activity [2]</li> </ul> <p>Partial definition e.g.</p> <ul style="list-style-type: none"> <li>• Gains to the rest of society / third party [1]</li> </ul>                                                                                              |
| 3(b) | <p><b>Identify <u>two</u> ways legal controls over location might affect a business.</b></p> <p>Award 1 mark per way (max 2).</p> <p>Points might include:</p> <ul style="list-style-type: none"> <li>• Affect where they can/cannot locate</li> <li>• Affect how they produce or examples e.g. change production methods, change / restrict (raw) materials used</li> <li>• Affect when / hours can operate</li> <li>• Increased costs</li> </ul> <p>Other appropriate responses should be credited.</p> |

3(c)

**Outline two advantages to GAE of introducing new technology.**

Award 1 mark for each relevant advantage (max 2).

Award 1 mark for each relevant reference to this business (max 2).

Points might include:

- Motivate employees [k] as have 2400 workers [app]
- Fewer employees needed [k] in the 4 countries [app]
- Increases productivity / efficiency / quicker (rate of) production [k] in its factories [app]
- Improved quality / consistent quality / less waste / fewer mistakes [k] when making steel [app]
- Increase output [k] for this multinational company [app]
- Can work 24/7 / no need to have breaks in production [k]
- Help design / make new products [k]
- Improved communication [k]

Other appropriate responses should be credited.

3(d)

**Explain two reasons why holding inventory might be important for GAE.**

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:

- To benefit from economies of scale / discounts for bulk buying / to benefit from special offers / \*gain supplier discounts [k] reducing average / unit cost [an] for this multinational company [app]
- To maintain / not delay production / provide backup materials in case of breakdowns [k] at the factories [app] so can meet orders / demand (on time) [an]
- To protect against delays from suppliers / shortage of materials [k] which otherwise could delay production [an] in the 4 countries [app]
- To meet / satisfy demand / customer orders [k] of steel [app] which can increase revenue [an]
- To meet sudden order / unexpected changes in demand [k] helping maintain its reputation [an]
- To meet seasonal changes in demand [k]

Other appropriate responses should be credited.

3(e)

**Explain two benefits to a business of being a multinational company. Which benefit 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 benefit of being a multinational company is likely to be the most important.

Points might include:

- Spreading risk [k] so a fall in sales / revenue in one country can be offset by an increase in sales / revenue in another country [an]
- Access new / wider markets / sales / customers [k] increasing revenue / (global) market share [an]
- Improve brand image / reputation [k] to help increase / maintain customers AND/OR could allow them to set higher prices / provide competitive advantage [an]
- Economies of scale [k] lowering average/unit costs [an]
- Cheaper / access (better quality) raw materials [k] reducing transport costs [an] OR access better quality / wider range of raw materials [k] allowing the business to produce new products [an]
- Access to cheap labour [k] which can lower costs / increase profit margin [an] OR Access to skilled labour [k] which could increase efficiency [an]
- Avoid import quotas [k] so no/fewer limits on the number of products the business can import into a country [an]

3(e)

- Avoid import tariffs [k] so does not make products more expensive [an]
- Reduced tax liability / benefit from favourable / lower tax rates [k]
- Access government support/grants [k]

Other appropriate responses should also be credited.

Justification might include:

One benefit is spreading risk [k] so a fall in sales in one country can be offset by sales in another country [an]. It also allows for easier access to raw materials [k] reducing transport costs [an]. Access to raw materials is likely to be the most important benefit because this could reduce production costs leading to lower prices helping the business remain competitive [eval] and ensuring the extra sales are achievable [eval].

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| 1(a) | <p><b>Identify <u>two</u> benefits to a business of using flow production.</b></p> <p>Award 1 mark per benefit (max 2).</p> <p>Points might include:</p> <ul style="list-style-type: none"> <li>• High output / large number of products made</li> <li>• (Purchasing) economies of scale / discounts for bulk buying / low average/unit costs</li> <li>• Lower labour cost / less workers needed</li> <li>• Increased efficiency/productivity / goods are produced quickly</li> <li>• No need to move goods from one part of the factory to another</li> <li>• <u>Consistent</u>/standardised quality.</li> </ul> <p>Other appropriate responses should be credited.</p>                            |
| 1(b) | <p><b>Identify <u>two</u> reasons why people work.</b></p> <p>Award 1 mark per reason (max 2).</p> <p>Points might include:</p> <ul style="list-style-type: none"> <li>• (Earn) money/wage/salary/improve standard of living</li> <li>• <u>Job</u> satisfaction / feel as if you have done a good job</li> <li>• Safety/security for example job security</li> <li>• Social or examples such as feel part of a group/company</li> <li>• Esteem/recognition/status/feel important/valued</li> <li>• Opportunity to reach potential / challenge self to do new things</li> <li>• Help people/provide a service to community/others.</li> </ul> <p>Other appropriate responses should be credited.</p> |



1(c)

**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:

- 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]
- 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 [k] with one of the 6 managers [app]
- Feedback (straightaway) [k]

Other appropriate responses should also be credited.

1(d)

**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:

- 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]

Other appropriate responses should be credited.

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.**

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 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 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] 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 competition [k] which may reduce transport costs [an]
- Language/cultural problems [k]

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| 1(e) | <p>Other appropriate responses should be credited.</p> <p>Justification might include:<br/>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].<br/>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 to produce quality products [eval].</p> |
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