

4(a)	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] • Businesses that supply a service to consumers and/or other businesses [2] Partial definition e.g. • Provide services [1]
4(b)	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, 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]

4(c)	Identify <u>four</u> financial rewards a business could use. Award 1 mark per financial reward (max 4). Points might include: • Time-rate • Piece-rate • Salary • Bonus • Commission • Profit sharing • Fringe benefits or examples e.g. discounts on business goods • Share ownership Other appropriate responses should be credited.
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4(d)	Explain <u>two</u> 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: • 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 to see it [an] • <u>Company</u> 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] • Visiting universities/colleges [k] • Local newspapers [k] Other appropriate responses should be credited.
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4(e)	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 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 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 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].
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2(a)	Explain <u>two</u> benefits of ES having a short chain of command. Award 1 mark for each benefit (max 2). Award a maximum of 3 additional marks for each explanation of the benefit of having a short chain of command – one of which must be in context. Relevant benefits might include: • Communication is quick – as there are few levels for messages to be passed through – queries can be answered straight away • The owners are not remote from the employees – therefore they will be more in touch with the opinions of the employees if there is a problem – making it easier to solve the problem and maintain motivation • Span of control may be wider – leading to more delegation and less control of each worker – making them feel motivated as trusted to get on with the job • Decision-making may be faster • Messages are less likely to get distorted For example: Communication in the business is quick (1) as there are few levels of hierarchy for messages to pass through (1). Therefore, queries can be answered straight away (1) as they passed on from the one owner of ES (app). Application might include: boats; 20 years' experience; sole trader; sailing; 12 skilled employees; 4 new employees; high quality; well-established brand; voted 3rd best in the country; flat organisational structure; information from Appendix 2 or Appendix 3.
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2(b)

Using Appendix 2 and other information, consider the two new products ES could produce. Which product should Tim choose? Justify your answer using break-even calculations.

- Product A
- Product B

Level	Description	Marks
3	Sound application of knowledge and understanding of relevant business concepts using appropriate terminology. Detailed discussion of both products. Well-justified recommendation. Candidates discussing both products, in context and with a well-justified recommendation, including why the alternative product was 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 product. Judgement with some justification / some evaluation of choice made. Candidates discussing both products in detail and applying them 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 products with little/no explanation. Simple judgement with limited justification / limited evaluation of choice made. Candidates outlining the two products in context should be rewarded with the top marks in the band.	1–4
0	No creditable response.	0

2(b)	Relevant points might include: <table border="1"> <tr> <td data-bbox="282 156 465 488">Product A</td><td data-bbox="465 156 981 488"> - Has potential to export this product in the future – may lead to higher revenue if sales are high in other countries - Price is \$300 000 higher than for Product B at a price of \$500 000 per boat - Break even number of boats is 8 in the first year - Margin of safety is 1 boat in the first year - Contribution is \$50 000 per boat - Total revenue for 9 boats is \$4 500 000 - Total cost for 9 boats is \$4 450 000 - Profit for the first year from this product is \$50 000 - Fixed costs are the same for both products at \$400 000 </td></tr> <tr> <td data-bbox="282 488 465 804">Product B</td><td data-bbox="465 488 981 804"> - Sales are forecast to grow in country X and ES familiar with this market – may better meet the needs of this target market - Price for Product B is price of \$200 000 per boat which is lower than Product A - Break even number of boats is 20 in the first year - Margin of safety is 4 boats in the first year - Contribution is \$20 000 per boat - Total revenue for 24 boats is \$4 800 000 - Total cost for 24 boats is \$4 720 000 - Profit for the first year from this product is \$80 000 - Profit is higher by \$30 000 in the first year </td></tr> <tr> <td data-bbox="282 804 465 1110">Recommendation</td><td data-bbox="465 804 981 1110"> Justification might include: - ES should choose to start producing Product A which is a larger boat with a higher price. The contribution per boat is higher than Product B by \$30 000 so if in the future ES can successfully export more of these boats to customers in other countries and is forecast to break even with a fewer number of boats sold at 8 in the first year. - ES should choose to start producing Product B which is a small boat and makes a higher profit by \$30 000 in the first year and has a higher margin of safety by 3 boats than Product A. </td></tr> </table>	Product A	- Has potential to export this product in the future – may lead to higher revenue if sales are high in other countries - Price is \$300 000 higher than for Product B at a price of \$500 000 per boat - Break even number of boats is 8 in the first year - Margin of safety is 1 boat in the first year - Contribution is \$50 000 per boat - Total revenue for 9 boats is \$4 500 000 - Total cost for 9 boats is \$4 450 000 - Profit for the first year from this product is \$50 000 - Fixed costs are the same for both products at \$400 000	Product B	- Sales are forecast to grow in country X and ES familiar with this market – may better meet the needs of this target market - Price for Product B is price of \$200 000 per boat which is lower than Product A - Break even number of boats is 20 in the first year - Margin of safety is 4 boats in the first year - Contribution is \$20 000 per boat - Total revenue for 24 boats is \$4 800 000 - Total cost for 24 boats is \$4 720 000 - Profit for the first year from this product is \$80 000 - Profit is higher by \$30 000 in the first year	Recommendation	Justification might include: - ES should choose to start producing Product A which is a larger boat with a higher price. The contribution per boat is higher than Product B by \$30 000 so if in the future ES can successfully export more of these boats to customers in other countries and is forecast to break even with a fewer number of boats sold at 8 in the first year. - ES should choose to start producing Product B which is a small boat and makes a higher profit by \$30 000 in the first year and has a higher margin of safety by 3 boats than Product A.
Product A	- Has potential to export this product in the future – may lead to higher revenue if sales are high in other countries - Price is \$300 000 higher than for Product B at a price of \$500 000 per boat - Break even number of boats is 8 in the first year - Margin of safety is 1 boat in the first year - Contribution is \$50 000 per boat - Total revenue for 9 boats is \$4 500 000 - Total cost for 9 boats is \$4 450 000 - Profit for the first year from this product is \$50 000 - Fixed costs are the same for both products at \$400 000						
Product B	- Sales are forecast to grow in country X and ES familiar with this market – may better meet the needs of this target market - Price for Product B is price of \$200 000 per boat which is lower than Product A - Break even number of boats is 20 in the first year - Margin of safety is 4 boats in the first year - Contribution is \$20 000 per boat - Total revenue for 24 boats is \$4 800 000 - Total cost for 24 boats is \$4 720 000 - Profit for the first year from this product is \$80 000 - Profit is higher by \$30 000 in the first year						
Recommendation	Justification might include: - ES should choose to start producing Product A which is a larger boat with a higher price. The contribution per boat is higher than Product B by \$30 000 so if in the future ES can successfully export more of these boats to customers in other countries and is forecast to break even with a fewer number of boats sold at 8 in the first year. - ES should choose to start producing Product B which is a small boat and makes a higher profit by \$30 000 in the first year and has a higher margin of safety by 3 boats than Product A.						

3(a)	Explain four benefits to a business of using social media as its method of promotion. Award 1 mark for each benefit (max 4). Award a maximum of 1 additional mark for each explanation of the benefit of using social media for promotion. There are no application marks available for this question. Benefits could include: - Can target specific demographic groups who can then share the information on social media with friends – at no cost to the business - Can target customers who will see the advert when they log on to social media – reaches existing customers to encourage repeat sales - Information can be updated quickly – so can change quickly in response to market changes - Low or no cost to advertise on social media – if not paying to have the advert on specific sites - It can be used to reach groups that are difficult to reach in any other way – particularly if they live in other countries - It can be interactive which can be attractive – possibly leading to higher sales - Can provide more information in adverts than some other forms of advertising - Links can be attached to adverts to take customers to other products the customer may be interest in - May link to a website where the product can be easily ordered For example: Can target specific demographic groups who may be interested in your products (1). They can then share the information on social media with friends at no cost to the business (1).
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3(b)

Consider the advantages and disadvantages of ES using on-the-job or off-the-job training for its new employees. Which method should Tim use? Justify your answer.

- On-the-job training
- Off-the-job training

Level	Description	Marks
3	Sound application of knowledge and understanding of relevant business concepts using appropriate terminology. Detailed discussion of both training methods. Well-justified recommendation. Candidates discussing both training methods in detail, in context and a with well-justified recommendation, including why the alternative training method was 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 training method. Judgement with some justification / some evaluation of choices made. Candidates discussing one or more training method 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 training methods with little/no explanation. Simple judgement with limited justification / limited evaluation of choices made. Candidates outlining both training methods in context should be rewarded with the top marks in the band.	1–4
0	No creditable response.	0

3(b)

Relevant points might include:

	Advantages	Disadvantages
On-the-job training	• Individual tuition is given – tailored to the specific needs of the tasks of manufacturing boats in the exact way ES wants the tasks to be carried out • Ensures some production takes place – helps to supply more high-quality boats when ordered • It is relatively cheap compared to off-the-job training – as no need to pay expenses - such as course fees for the two days a week of training	• Trainer may pass on bad habits – leading to more errors when carrying out the tasks required to manufacture boats – damaging its well-known brand image • Trainer will not be as productive whilst training – slows down output of tasks toward making the boats from the experienced worker doing the training • Employees might not learn the most up-to-date methods – hence may be less efficient – making ES less competitive against large boat companies • Employees may make mistakes whilst learning – creating faulty products – increases costs from part-finished boats as component parts are being thrown away • If mistakes are made, then its reputation is likely to be damaged

3(b)		Advantages	Disadvantages
	Off-the-job training	- A broad range of skills can be taught for boat production - Often uses expert trainers – gives better training to the 4 new employees – may be more efficient at carrying out tasks for boat manufacturing - Most up-to-date techniques are learnt – makes ES more competitive than other large boat manufacturers	- May be no output of boats whilst training - so wages may be paid but no work done whilst training - May make it easier for employee to find alternative employment as may have a recognised qualification – employee leaves and increases cost to recruit and train a new employee - Costs are usually higher than on-the-job training
	Recommendation	Justification may include: - On-the-job training may be better to choose as it will allow workers to keep working at the same time as being trained and therefore will still be producing some output of boats. This will save ES training costs as it uses some of its existing 12 skilled workers to carry out the training. It may not be able to afford to send all 4 workers on training courses as it is likely to be expensive and may not be specific to ES's needs. - Off-the-job training may be better to choose as it may lead to higher quality training being given to the 4 new employees. These are skilled jobs, and the employees need to maintain the brand image of high-quality workmanship of ES.	