

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]

1(d)	Negative effects: • Purchasing new equipment / expensive to buy/set up [k] increasing cash outflows/debt [an] • Need to train workers [k] which can increase costs [an] • If technology is rapidly changing it will need to change often to remain competitive [k] which will increase costs [an] • Some employees may lose their jobs/made redundant [k] • May demotivate employees [k] Other appropriate responses should be credited.
1(e)	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. 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 justified decision as to which location factor is likely to be the most important for a manufacturing business.

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].

3(a)	Identify <u>X</u> and <u>Y</u>. Award 1 mark for each correct answer. X: Break-even (point) Y: (Total) revenue
3(b)	Define ‘margin of safety’. Award 2 marks for a full definition. Award 1 mark for a partial definition. • The difference between the <u>current level</u> of output/sales and break-even output/sales [2] • The amount by which <u>sales</u> exceed the break-even point [2] Partial definition e.g. • Difference between total output and break-even point [1] • Number of units that exceed break-even output [1]

3(c)

Outline two advantages of Vicki delegating tasks to her employees.

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] helping increase sales above 900 units [app]
- Develop employee skills / increase flexibility of workforce [k] when making burgers [app]
- Builds trust between the owner and her employees / better working relations [k]
- The owner cannot do all tasks alone / reduces her workload / she has time to focus on other tasks [k] such as completing the break-even chart [app]
- Quality of the owner's work is often improved / she is less likely to make mistakes [k] at the restaurant [app]
- She can measure performance/success of employees [k]

Other appropriate responses should be credited.

3(d)

Explain two possible effects of an economic recession on Vicki's business.

Award 1 mark for identification of each relevant method (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:

- Lower/fewer sales [k] leading to lower revenue [an] from selling burgers [app]
- May need to lower costs [k] as revenue is likely to be falling [an] for the restaurant [app]
- More workers available to select from [k] so may be able to lower labour costs [an] of the 14 employees [app]
- Workers may be made redundant / reduce workforce / downsize [k] which could demotivate other workers [an]
- Low business confidence [k] so less willing/likely to invest [an]
- The business may fail / hard to survive [k] so may lose their investment [an]
- May have cash flow problems [k] so cannot pay day-to-day costs [an]
- May have to lower prices [k]
- May delay any expansion plans [k]
- Banks may not be willing to lend [k]
- May change objective to survival [k]
- Lower profit [k] so less funds to invest [an]

Other appropriate responses should be credited.

3(e)

Explain two methods of training a business might use. Which is likely to be the best method for a service business to use? 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 is likely to be the best method for a service business to use.

Points might include:

On-the-job training [k]

- Being trained in the workplace [an]
- Watching a more experienced worker doing the job [an]
- Allows business specific training to be given [an]
- Low(er) cost [an]
- Some work completed during training [an]
- May learn bad habits from trainer [an]
- Trainer may not be as productive as usual [an]

Off-the-job training [k]

- Being trained away from the workplace [an]
- Allows employees to be trained by experts [an]
- New/up-to-date skills/knowledge can be taught [an]
- High(er) cost [an]
- Wages paid but no work is being done [an]
- Induction training [k]
- Can help new employees understand / familiarise with the work/workplace/job role [an]
- New workers settle into their job quickly [an]
- Delays when start work [an]

Other appropriate responses should be credited.

3(e)

Justification might include:

On-the-job training [k] is where trainees watch a more experienced worker [an]. Alternatively, off-the-job training [k] will teach up to date skills [an]. Off-the-job training is the best method as the business is more likely to improve productivity by learning the ideas [eval] whereas on-the-job training may lead to employees picking up bad habits so would have limited value [eval].