# GCSE (9–1)

# Business

**J204/01:** Business 1: business activity, marketing and people

General Certificate of Secondary Education

## Mark Scheme for June 2019

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This mark scheme is published as an aid to teachers and students, to indicate the requirements of the examination. It shows the basis on which marks were awarded by examiners. It does not indicate the details of the discussions which took place at an examiners' meeting before marking commenced.

All examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes should be read in conjunction with the published question papers and the report on the examination.

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**Annotations**

| Annotation | Meaning |
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| ✓ and ✗ | for correct and incorrect responses |
| **BOD** | benefit of doubt |
| **TV** | vague |
| **NUT** | no use of text/context/application |
| **REP** | repetition |
| **NAQ** | not answering question |
| **REP** | repeat |
| **K** | knowledge |
| **U** | understanding |
| **APP** | application of knowledge/understanding |
| **AN** | analysis |
| **EVAL** | evaluation |
| **BP** | blank page |

Highlighting is also available to highlight any particular points on the script.

**ARA** – Any Reasonable Answer

Where ARA is indicated within the Guidance column for any item on this mark scheme, examiners must accept any reasonable answer that in their professional opinion is as worthy of merit as those indicated on the final mark scheme. However, examiners should liaise with their Team Leaders/Principal Examiner wherever there remains any doubt as to whether or not a response (or part-response) should be awarded.

| Question | Answer | Marks | Assessment Objective |
|---|---|---|---|
| **SECTION A** | | | |
| **1** | **B** | 1 | 1a |
| **2** | **C** | 1 | 2 |
| **3** | **D** | 1 | 1a |
| **4** | **A** | 1 | 1b |
| **5** | **B** | 1 | 2 (Q) |
| **6** | **B** | 1 | 1b |
| **7** | **C** | 1 | 2 (Q) |
| **8** | **D** | 1 | 1a |
| **9** | **C** | 1 | 2 |
| **10** | **C** | 1 | 1b |
| **11** | **C** | 1 | 2 (Q) |
| **12** | **A** | 1 | 2 |
| **13** | **D** | 1 | 1a |
| **14** | **B** | 1 | 2 (PS) |
| **15** | **A** | 1 | 1b |

| Question | | | Answer | Marks | Guidance |
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| | | | **SECTION B** | | |
| **16** | **a** | | **State two secondary market research sources which Ford Motors could use.**<br><br>**Answers may include:**<br>• Newspapers<br>• Magazines<br>• Trade journals<br>• Census<br>• Internet e.g. websites/online/social media<br>• Library<br>• Government<br>• Competitor/other business<br>• Internal<br>• Books<br><br>**ARA** | **2**<br><br>AO1a 2 | 1 mark for identification of a relevant source, up to a maximum of 2 sources.<br><br>Annotate as:<br>First source ✓<br>Second source ✓<br><br>Award marks for 'sources' of data and **not** the type of data collected.<br><br>Do **not** allow vague answers e.g. old graphs, reports, articles; please annotate TV .<br><br>Do **not** award 'questionnaire', 'survey', 'forum', 'customer survey/reviews' as these are either primary sources or types of data. |

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| 16 | b | | **Explain the purpose of marketing within Ford Motors.**<br><br>**Answers may include:**<br>• Increase sales/sell more<br>• Inform customers<br>• Improve corporate/brand image/reputation<br>• Raise awareness/advertise/promote<br>• Attract customers<br>• Gain/increase brand loyalty<br>• To identify gaps in the market<br>• Identify customer needs<br>• Understand customer needs<br>• Meet customer needs<br><br>**Exemplar responses:**<br><br>One purpose of marketing at Ford is to tell customers about the availability ✓ of a new model of car ✓ APP.<br><br>The purpose of marketing within Ford is to increase the number of car ✓ APP sales ✓.<br><br>Marketing helps Ford Motors increase its sales ✓.<br><br>**ARA** | **2**<br><br>AO1a 1<br>AO2 1 | 1 mark for the identification of a purpose of marketing plus one mark for application.<br><br>Annotate as:<br>Purpose of marketing ✓<br>Application to Ford ✓ APP<br><br>Accept purposes of market research.<br><br>'Sales', 'sell', 'make sales' too vague TV. As this is the role of the sales function rather than the marketing function. If referring to 'sales' the answer must refer to more/increase/extra/ additional, etc.<br><br>Application is likely to include a reference to cars, vans, trucks, buses, names of models, vehicles, petrol, mpg, acceleration, eco-friendly models, driver, etc.<br><br>Do **not** accept 'model', annotate TV. |

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| 16 | c | | **Explain one way that preparing a business plan may be useful to Ford Motors.**<br><br>**Answers may include:**<br><br>• Secure finance/investment<br>• Helps to achieve/focus on aims/objectives<br>• Helps to identify markets<br>• Identify the resources a business may need<br>• Reduce risk<br>• Helps with scheduling tasks<br>• Helps to forecast financial achievement<br>• Helps to set budgets<br>• Helps to monitor progress<br>• Provides guidance for implementation<br><br>**Exemplar responses:**<br>Preparing a business plan should help Ford Motors to secure finance ✓ for the manufacture of its new car ✓ APP designs.<br><br>Risk will be reduced ✓ as a result of the careful thought that will has been put in.<br><br>**ARA** | **2**<br><br>AO1b 1<br>AO2 1 | 1 mark for understanding why preparing a business plan may be useful to a business plus one mark for application.<br><br>Annotate as:<br>Use of business plan ✓<br>Application to Ford ✓ APP<br><br>Accept uses or benefits of a business plan.<br><br>Do **not** accept purposes of business planning in general e.g. helping a business to succeed/stopping it from failing.<br><br>Do **not** award 'helps **set** objectives'.<br>Do **not** award 'communicate with employees'.<br><br>Do **not** allow vague answers e.g. being organised; improves performance, etc please annotate TV.<br><br>Application is likely to include a reference to cars, vans, trucks, buses, names of models, vehicles, transport, etc.<br><br>Do **not** accept 'model', annotate TV. |

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| 16 | d | | **Explain how Ford Motors could use market segmentation when deciding where to place an advert for its new car models.**<br><br>**Answers may include:**<br>• To target the advertising<br><br>**Exemplar responses:**<br>The company could then advertise the cars ✓ APP in the way that would appeal to its target market ✓.<br><br>It allows Ford Motors to advertise in a way which directs its adverts ✓ at high income sports car ✓ APP owners.<br><br>It allows Ford Motors to target its advertising at different age groups ✓.<br><br>**ARA** | **2**<br><br>AO1b 1<br>AO2 1 | 1 mark for understanding of how market segmentation may be used when placing an advert plus one mark for application.<br><br>Annotate as:<br>Use of market segmentation for advertising ✓<br>Application to Ford ✓ APP<br><br>Application is likely to include a reference to cars, vans, trucks, buses, names of models, vehicles, transport, etc.<br><br>Do not accept 'model', annotate TV. |

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| 16 | e | | **Analyse one disadvantage to Ford Motors of manufacturing and selling such a large range of products.**<br><br>**Answers may include:**<br>• Increased workload<br>• Bad publicity from one product may affect the others<br>• More difficult to control and coordinate<br>• Focus is diluted<br>• Diseconomies of scale e.g. increased advertising, unable to bulk buy<br><br>**Exemplar response:**<br><br>Ford Motors may experience diseconomies of scale ✓ because different car ✓ APP models require different parts. This increases the cost of production ✓.<br><br>If one car ✓ APP model develops a bad reputation, it may damage the reputation of Ford's other models . ✓ This may lead to a decrease in sales revenue ✓<br><br>Ford's workload may be too high ✓ because there is a wide range of car ✓ APP models to coordinate.<br><br>**ARA** | **3**<br><br>AO1b 1<br>AO2 1<br>AO3a 1 | 1 mark for showing understanding of large range of products by giving a disadvantage, plus one mark for application and/or one mark for analysis.<br><br>Annotate as:<br>Disadvantage to business ✓<br>Application to Ford ✓ APP<br>Analysis of disadvantage ✓<br><br>NB Analysis must be a business-facing impact of the disadvantage awarded.<br><br>Application is likely to include a reference to cars, vans, trucks, buses, names of models, vehicles, transport, etc.<br><br>Do not accept 'model', annotate TV. |

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| 16 | f | i | **State one advantage to a business of using the product lifecycle to plan the marketing of its products.**<br><br>**Answers may include:**<br>• Indicates when/whether to change marketing spend/activities/introduce extension strategies.<br><br>**Exemplar response:**<br><br>Can see when the most marketing is needed ✓ .<br>**ARA** | **1**<br><br>AO1a 1 | 1 mark for identification of an advantage of using the product lifecycle to plan the marketing of products<br><br>Annotate as:<br>Beneficial use of product lifecycle to plan marketing ✓<br><br>Do **not** award answers relating to Price, Product or Place. |
| 16 | f | ii | **State one disadvantage to a business of using the product lifecycle to plan the marketing of its products.**<br><br>**Answers may include:**<br>• Does not consider external factors e.g. competitor activities, social trend<br>• Past performance is not a good indicator of future performance.<br><br>**Exemplar response:**<br>It does not take into account external factors ✓ .<br>**ARA** | **1**<br><br>AO1a 1 | 1 mark for identification of a disadvantage of using the product lifecycle to plan the marketing of products.<br><br>Annotate as:<br>Drawback of using product lifecycle to plan marketing ✓<br><br>Do **not** award 'it is only a forecast/prediction or 'inaccurate''.<br><br>Do **not** accept vague answers e.g. cost time and money unless reason given. |
| 16 | f | iii | **Evaluate whether or not Ford Motors should continue to use the product lifecycle when planning the marketing of its products.**<br><br>**Application could include:**<br>Cars, vans, trucks, buses, names of models, vehicles, transport, etc.<br><br>**Analytical points could include:**<br>**Positive:** indicates when/whether to change marketing spend/activities/introduce extension strategies. | **7**<br><br>AO2 2<br>AO3a 2<br>AO3b 3 | **Use marking grid to assess skill levels.**<br><br>Annotate as:<br>Up to 2 marks for application to Ford APP<br>Up to 2 marks for analysis AN<br>Up to 3 marks for evaluation EVAL<br><br>Do **not** award answers relating to Price, Product or Place. |

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| | | | **Negative:** does not consider external factors e.g. competitor activities, social trend, past performance is not a good indicator of future performance.<br><br>**Evaluation:** Candidate can justify going ahead or not going ahead and gain full marks.<br><br>**Exemplar response:**<br>When a car model is first launched and it is at the introduction stage of the product lifecycle, the model is unknown and Ford Motors will need to advertise the car APP significantly to make people aware of it. This will help Ford Motors increase sales revenue AN .<br><br>However, the product lifecycle only provides an indication on how much Ford Motors should advertise its vehicles , APP es not provide details on how, where and what should be advertised so the advertising spend would be wasted . AN<br><br>Overall, Ford Motors should continue to use product lifecycle EVAL would allow the business to increase its sales of the new vehicles during the product launch EVAL EVAL<br><br>**ARA** | | |

**Evaluate whether or not Ford Motors should continue to use the product lifecycle when planning the marketing of its products.**

| | **Application**<br>(2 marks) | **Analysis**<br>(2 marks) | **Evaluation**<br>(3 marks) |
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| **Strong** | **2 marks**<br><br>Two advantage(s)/disadvantage(s) of using/not using the product lifecycle with application to Ford Motors.<br>**[APP]**<br>**[APP]** | **2 marks**<br><br>Two benefit(s)/drawback(s) to a business of using/not using the product lifecycle when planning the marketing of its products analysed.<br>**[AN]**<br>**[AN]** | **3 marks**<br><br>A **justified contextual** decision as to whether Ford Motors should continue to use the product lifecycle when planning the marketing of its products.<br>**[EVAL]**<br>**[EVAL]**<br>**[EVAL]** |
| **Good** | | | **2 marks**<br><br>A **justified** decision as to whether the business should continue to use the product lifecycle when planning the marketing of its products.<br>**[EVAL]**<br>**[EVAL]** |
| **Limited** | **1 mark**<br><br>One advantage/disadvantage of using/not using the product lifecycle with application to Ford Motors.<br>**[APP]** | **1 mark**<br><br>One benefit/drawback to a business of using/not using the product lifecycle when planning the marketing of its products analysed.<br>**[AN]** | **1 mark**<br><br>A decision as to whether the business should continue to use the product lifecycle when planning the marketing of its products.<br>**[EVAL]** |

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| 17 | a | | **Explain one method Redrow Homes' head office employees could use to communicate with staff working on one of its building sites.**<br><br>**Answers may include:**<br><br>• Email e.g. can send lots of information, attachment, links, instant, no travelling, multiple recipients at once, record of communication<br>• Text e.g. multiple recipients at once, information received instantly, no travelling, record of communication<br>• Phone/mobile e.g. two-way communication, can discuss, clarify, can be instantaneous, no travelling<br>• Face to face/onsite e.g. can discuss in detail, body language, not affected by technology, deliver hard copies/materials<br>• Messaging systems e.g. instant messaging, intranet, Whatsapp<br>• Radio/walkie talkie e.g. inexpensive, free of charge<br><br>**Exemplar responses:**<br>Texts ✓ do not have to be read immediately ✓ whilst a plumber ✓ is soldering pipes in the loft.<br><br>Head office employees may use email ✓ to communicate with multiple employees at the same time ✓.<br><br>**ARA** | **3**<br>AO2 3 | 1 mark for the identification of an appropriate communication method, plus one mark for contextual reference and/or one mark for appropriate explanation.<br><br>Annotate as:<br>Appropriate communication method ✓<br>Contextual reference to Redrow Homes ✓<br>Why method is appropriate ✓<br><br>Do **not** award any marks if method identified is inappropriate e.g. letter/presentation too vague, e.g. digital communication, online, etc.<br><br>Do not accept 'meeting', 'call/calling', 'quick and easy' without explanation, annotate TV.<br><br>Application is likely to include a reference to construction, builders, plumbers, electricians, garden designers, carpenters, etc.<br><br>'Site' and 'trades people', 'workers', are too vague for application.<br><br>NB Do **not** accept 'building site' as application as it is in the question. |

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| 17 | b | | **Identify two reasons why employee motivation is important to Redrow Homes.**<br><br>**Answers may include:**<br>• Improved quantity of properties<br>• Improved quality of houses<br>• Low absenteeism of construction workers<br>• Punctuality of carpenters<br>• High retention of customer service administrators<br>• Low turnover of landscape designers<br>• Less supervision required of bricklayers<br>• More sales will be made by sales advisors<br>• Ease of recruitment of construction workers<br>• Increased custom of house buyers<br><br>**Exemplar response:**<br><br>More beautiful homes will be built ✓ .<br>**ARA** | **2**<br><br>AO2 2 | 1 mark for identification of a contextual reason, up to a maximum of 2 contextual reasons.<br><br>Annotate as:<br>First contextual reason ✓<br>Second contextual reason ✓<br><br>If response cannot be awarded due to lack of application, annotate NUT rather than a cross.<br><br>Application of knowledge to Redrow Homes required for marks to be awarded.<br><br>Contextual references include houses, homes, build/builders, construct, apprentices, electrical work/electrician, carpentry/carpenter, plumbing/plumber, bricklaying/bricklayer, landscape design(er), etc.<br><br>Do **not** accept vague references as being contextual e.g. site, trades, workers, employees, sales staff, administrators etc. |
| 17 | c | i | **State one example of a financial method to motivate employees**<br><br>**Answers may include:**<br>• Pay rise/increased rate of pay<br>• Bonus<br>• Profit sharing<br>• Fringe benefits e.g. car allowance, childcare vouchers, private medical insurance, subsidised canteen meals<br>• Performance related pay<br>**ARA** | **1**<br><br>AO1a 1 | 1 mark for the identification of a financial method of motivation.<br><br>Annotate with a ✓.<br><br>Do not award 'gift vouchers'. |

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| 17 | c | ii | **State one example of a non- financial method to motivate employees**<br><br>**Answers may include:**<br>• Praise<br>• Promotion<br>• Improved working environment e.g. redecoration, new furniture<br>• Award schemes, e.g. employee of the week<br>• Extra holidays<br>• Job enrichment/rotation/enlargement<br>• Consulting with workers<br>• Employee participation schemes<br>• Certificates<br>• Gifts/gift vouchers<br>• Team bonding sessions<br><br>**ARA** | **1**<br><br>AO1a 1 | 1 mark for the identification of a non-financial method of motivation.<br><br>Annotate with a ✓ . |
| 17 | d | | **State one reason why a business may need to recruit new employees.**<br><br>**Answers may include:**<br>• Existing staff leave<br>• To ensure sufficient staff are available<br>• Maternity cover<br>• Cover for long-term absences<br>• To fill a skill shortage or gap<br>• To cope with increased workload/business expansion<br>• Higher demand/more customers<br>• To gain new/additional skills/perspectives/ideas<br><br>**ARA** | **1**<br><br>AO1a 1 | 1 mark for the identification of a reason for recruiting new employees.<br><br>Annotate with a ✓ . |

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| 17 | e | i | **Analyse one way in which Redrow Homes could use each of the following methods when selecting new apprentices.**<br>**- Interviews**<br><br>**Answers may include:**<br>• One to one conversation<br>• Can ask candidates the (same) questions verbally<br>• Can see how well candidates present themselves<br>• Can judge how well candidates communicate<br>• Two way interaction<br>• Can observe how well they perform under pressure<br><br>**Exemplar response:**<br><br>Interviews allow one to one conversations ✓ to take place which Redrow can use to have an in depth assessment ✓ of applicants' knowledge of building-related ✓ APP matters.<br><br>Face to face interviews can be arranged for Redrow to meet the applicant for a discussion ✓. This allows Redrow to assess how well the applicant can communicate ✓.<br><br>**ARA** | **3**<br><br>AO1b 1<br>AO2 1<br>AO3a 1 | 1 mark for showing understanding of interviews as a selection method, plus one mark for application and/or one mark for analysis.<br><br>Annotate as:<br>Understanding/benefit of interview ✓<br>Application to Redrow Homes ✓ APP<br>Advantage of interviews as a selection method ✓<br><br>NB Analysis must be a business-facing impact.<br><br>Contextual references include houses, homes, build/builders, construct, electrical work/electrician, carpentry/carpenter, plumbing/plumber, bricklaying/bricklayer, landscape design(er), etc.<br><br>Do **not** award 'apprentice' as context. |

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| 17 | e | ii | **- Group activities**<br><br>**Answers may include:**<br>• Applicants are asked to work together<br>• Teamworking task<br>• Work together on a task<br>• Assess interpersonal skills<br>• Assess ability to lead/ be a team player<br><br>**Exemplar response:**<br>Redrow Homes can assign a task where all the applicants work together ✓ to solve a problem relating to a scenario on a building site ✓ APP . This allows the interviewers to observe candidates' interpersonal skills ✓.<br><br>This is where applicants are put into teams ✓ to work on a task together. The interviewers can then assess each applicant's leadership skills . ✓<br>**ARA** | **3**<br><br>AO1b 1<br>AO2 1<br>AO3a 1 | 1 mark for showing understanding of group activities as a selection method, plus one mark for application and/or one mark for analysis.<br><br>Annotate as:<br>Understanding/benefit of group activities ✓<br>Application to Redrow Homes ✓ APP<br>Advantage of group activities as a selection method ✓<br><br>NB Analysis must be a business-facing impact.<br><br>Contextual references include houses, homes, build/builders, construct, electrical work/electrician, carpentry/carpenter, plumbing/plumber, bricklaying/bricklayer, landscape design(er), etc.<br><br>Do **not** award 'apprentice' as context. |
| 17 | e | iii | **Recommend whether interviews or group activities is the best selection method for Redrow Homes' managers to use when selecting new apprentices. Give reasons for your answer.**<br><br>Candidate can justify either method and gain full marks. Justification can include benefit of chosen method or drawback of rejected method.<br><br>**Exemplar responses:**<br><br>Interviews are the best way ✓ because they can discuss with candidates about their experience of working on a building site ✓ ✓ .<br><br>Group activities are a better way ✓ to select apprentices as witnessing how well candidates work with others is a more accurate assessment than just asking questions in an interview ✓ .<br>**ARA** | **3**<br><br>AO3b 3 | 1 mark for recommendation, plus up to two marks for a justification.<br><br>Annotate as<br>Decision ✓<br>Plus:<br>Non contextual justification ✓<br>**<u>or</u>** Contextual justification ✓ ✓<br><br>Contextual references include houses, homes, build/builders/building site, construct, electrical work/ electrician, carpentry/carpenter, plumbing/ plumber, bricklaying/bricklayer, etc.<br><br>Do **not** award 'apprentice' as context as it is in the question. |

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| 17 | f | | **Analyse one benefit to Redrow Homes of using apprenticeships as a method of staff development.**<br><br>**Answers may include:**<br>• Training is tailored to the needs of business<br>• Low cost method of training<br>• On the job training<br>• Possible government funding<br>• Apprentices contribute by working whilst they are training<br>• Increased employee loyalty<br>• High retention levels.<br><br>**Exemplar response:**<br>Apprenticeship can be tailored to the needs of the business ✓ so Redrow can train them to build houses ✓ APP to the specification the company requires so that the quality of the houses remains high ✓ .<br><br>By offering apprenticeship Redrow Homes can obtain government funding ✓ thereby reducing business costs ✓ .<br>**ARA** | **3**<br><br>AO1b 1<br>AO2 1<br>AO3a 1 | 1 mark for showing understanding of apprenticeships by giving a benefit, plus one mark for application and/or one mark for analysis.<br><br>Annotate as:<br>Benefit to business ✓<br>Application to Redrow Homes ✓ APP<br>Analysis of benefit ✓<br><br>NB Analysis must be a business-facing impact.<br><br>Do **not** award 'money' - TV. Reference to costs, revenue, profit, loss, cash flow required.<br><br>Contextual references include houses, homes, build/builders, construct, electrical work/electrician, carpentry/carpenter, plumbing/plumber, bricklaying/bricklayer, etc.<br><br>Do **not** award 'apprentice' as context as it is in the question. |

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| 18 | a | | **Analyse two benefits for Beautiful Buds plc of growing externally.**<br><br>**Understanding may include:**<br>Merger, merging, takeover, taking over, buy out, joint with another, business joint venture, being a part of another business, vertical integration, horizontal integration, buying a business, etc.<br><br>**Benefits may include:**<br>• Quick way to grow/quicker than inorganic/internal methods of growth<br>• Can help the business to expand into the markets/increase product ranges of other business<br>• Benefits from the reputation of the other business<br>• Acquires the skills, technology and processes of the other business<br>• Secure the potential supply of raw materials or retail opportunities for the business<br>• Gaining reputation/positive brand image of other business<br>• More well known due to popularity of other business<br><br>**Exemplar responses:**<br><br>Merging U will allow Beautiful Buds to increase its sales revenue AN selling plants . APP<br><br>External growth allows a business to gain an enhanced reputation from the business it takes over .. U s will improve Beautiful Buds plc's image . AN<br><br>Beautiful Buds plc will benefit from acquiring the other business' U assets and skills AN .<br>**ARA** | 6<br><br>AO1b 2<br>AO2 2<br>AO3a 2 | In each of two cases:<br>One mark for showing an understanding of external growth externally plus one mark for application and/or one mark for analysis.<br><br>In each case:<br>Annotate as:<br>Explicit understanding of external growth U<br>Application to Beautiful Buds APP<br>Benefit of growing externally AN<br><br>NB Analysis must be a business-facing impact.<br><br>**Do not award 'money' - TV. Reference to costs, revenue, profit, loss, cash flow required.**<br><br>Contextual references include plants, garden, garden centres, 12%, country's largest, directors, senior managers, middle managers, team leaders, supervisors, operatives, £110,000 etc.<br><br>'Managers' and 'Leaders' are too vague for application. |

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| 18 | b | | **Identify one way that Beautiful Buds plc could have grown organically.**<br><br>**Answers may include:**<br>• Increasing output of plants<br>• Gaining new customers at garden centres<br>• More/Improved marketing/sales of flowers<br>• Offering improved trade deals to garden centres<br>• Reducing prices of gardening equipment<br>• Developing new types of plants<br>• Extending the range and variety of plants<br>• Enter a new market, possibly garden tools<br>• Sell at more/other garden centres<br>• Selling plants online<br>• Increasing market share in the gardening industry<br><br>**ARA** | **1**<br><br>AO2 1 | 1 mark for a contextual identification of a method of growing organically.<br><br>Annotate as:<br>Contextual method ✓<br><br>If response cannot be awarded due to lack of application, annotate NUT rather than a cross.<br><br>Application of knowledge to Beautiful Buds plc required for marks to be awarded.<br><br>Do **not** award 'open more garden centres' but do award 'open a garden centre'.<br><br>Contextual references include plants, garden, garden centres, 12%, country's largest, directors, senior managers, middle managers, team leaders, supervisors, operatives, £100,000 etc. |

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| 18 | c | i | **Analyse the impact on two stakeholder groups of the proposed vertical merger between Beautiful Buds plc and Green Gardens plc.**<br><br>**Stakeholder groups include:**<br><br>Employees<br>• job losses, job (in)security, new opportunities, career progression, etc<br><br>Competitors<br>• may lose orders, face stronger competition, forced out of business, need to reduce prices, etc<br><br>Customers<br>• increased availability, increased choice, wider product range, lower prices, etc<br><br>Shareholders<br>• share buy backs, change in share prices/profit/dividends, etc<br><br>**Exemplar response:**<br><br>Customers U . Prices may be cheaper AN, so they would be able to buy more plants APP<br><br>Employees U. The merger may lead to greater job opportunities for more employees AN ,.<br><br>**ARA** | **6**<br><br>AO1b 2<br>AO2 2<br>AO3a 2 | <u>In each of two cases:</u><br>One mark for showing an understanding of the stakeholder groups by giving an example, plus one mark for application and/or one mark for analysis.<br><br><u>In each case:</u><br>Annotate as:<br>Example of stakeholder group U<br>Application to Beautiful Buds APP<br>Impact on stakeholder group AN<br><br>Impacts may be positive or negative.<br><br>NB Analysis must be a stakeholder-facing impact<br><br>Accept any appropriate stakeholder group.<br><br>Accept any specific job role as a separate stakeholder group e.g. Directors/Managers/Team Leaders/Supervisors, Operatives.<br><br>**NB if 'employee' is given as the stakeholder group, then all specific job roles are REP.**<br><br>Accept 'community' for 'local community/local residents', etc. Accept 'government'.<br><br>Contextual references include plants, garden, garden centres, 12%, country's largest, 2 layers, 124 employees, directors, senior managers, middle managers, team leaders, supervisors, operatives, shareholders, £110,000, etc.<br><br>'Managers' and 'Leaders' are too vague for application. |

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| 18 | c | ii | **Recommend which stakeholder group will be most impacted by the vertical merger between Beautiful Buds plc and Green Gardens plc. Give reasons for your answer.**<br><br>Candidate can choose any stakeholder group and gain full marks.<br><br>**Exemplar response:**<br><br>Customers would be most affected ✓ because they would be able to buy Beautiful Bud's plants ✓ at more locations ✓ .<br><br>Employees are likely to be the stakeholder group most affected ✓ by the change because it may lead to some of them losing their job ✓ .<br><br>**ARA** | **3**<br><br>AO3b 3 | 1 mark for recommendation, plus up to two marks for a justification.<br><br>Annotate as<br>Decision ✓<br>Plus:<br>Non contextual justification ✓<br>**<u>or</u>** Contextual justification ✓ ✓<br><br>Contextual references include plants, garden, garden centres, 12%, country's largest, 2 layers, 124 employees, directors, senior managers, middle managers, team leaders, supervisors, operatives, shareholders, £110,000, etc.<br><br>'Managers' and 'Leaders' are too vague for application. |
| 18 | d* | | **Discuss, with reference to the data in Text 3, whether Beautiful Buds plc should go ahead with the plan to change its organisational structure.**<br><br>**Knowledge could include:**<br>hierarchical, tall, flat, layers/tiers/levels, delayering, span of control, chain of command etc<br><br>**Application could include:**<br>A saving of £600,000 of salaries of middle managers per year, saving of £700,000 per year from losing the Team Leaders, combined saving of £1.3m. £300,000 extra costs for the 10 new supervisors, total net saving per year of £1m. 32 current staff will be lost (loss of over 25% of employees). 10 additional supervisors will be gained. Overall 22 fewer staff will be lost. | **9**<br><br>AO1a 1<br>AO1b 1<br>AO2 2<br>AO3a 2<br>AO3b 3 | **Use marking grid to assess skill levels.**<br><br>Annotate as:<br>1 mark for knowledge K<br>1 mark for understanding U<br>Up to 2 marks for numerical application* APP<br>Up to 2 marks for analysis AN<br>Up to 3 marks for evaluation EVAL<br><br>*Application refers to the **use** of **data** only.<br><br>Analysis must be a business facing impact<br><br>For strong evaluation i.e. the full three marks, the evaluation must be contextual.<br><br>Do **not** award £85 000. |

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| | | | **Analytical point could include:**<br>**Positive:** improved communication, increased employee motivation, reduced costs, improve profit, senior management closer to customers, etc<br>**Negative:** negative PR, damaged reputation, demotivated workforce, etc<br><br>**Evaluation:** Candidate can justify going ahead or not going ahead and gain full marks.<br><br>**Exemplar response:**<br>Moving from a tall K to a flat organisational structure involves delayering, which means staff will lose their jobs U. This will enable the business to reduce the amount spent AN on salaries by £600,000 APP for Middle Managers and by £700,000 APP for Team Leaders because two layers of management will disappear. The total saving can be used to improve the business to support future growth AN<br><br>I think that the change should go ahead EVAL because in the long term they save wage bills which they can reinvest in developing new varieties of plants EVAL EVAL . | | |

**18d. Discuss, with reference to the data in Text 3, whether Beautiful Buds plc should go ahead with the plan to change its organisational structure.**

| | **Knowledge**<br>(1 mark) | **Understanding**<br>(1 mark) | **Application**<br>(2 marks) | **Analysis**<br>(2 marks) | **Evaluation**<br>(3 marks) |
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| **Strong** | | | **2 marks**<br><br>Two uses of the data in Text 3.<br>**[APP]**<br>**[APP]** | **2 marks**<br><br>Two benefit(s)/drawback(s) of tall/flat/changing organisational structures analysed.<br>**[AN]**<br>**[AN]** | **3 marks**<br><br>A **justified contextual** decision as to whether Beautiful Buds plc should go ahead with the suggested change in organisational structure.<br>**[EVAL]**<br>**[EVAL]**<br>**[EVAL]** |
| **Good** | **1 mark**<br>One or more uses of organisational structure terminology.<br>**[K]** | **1 mark**<br>One or more benefit(s)/drawback(s) of tall/flat/changing organisational structure<br>**[U]** | | | **2 marks**<br><br>A **justified** decision as to whether the Beautiful Buds plc should go ahead with the suggested change in organisational structure.<br>**[EVAL]**<br>**[EVAL]** |
| **Limited** | | | **1 mark**<br><br>One use of the data in Text 3.<br>**[APP]** | **1 mark**<br><br>One benefit/drawback of tall/flat/changing organisational structures analysed.<br>**[AN]** | **1 mark**<br><br>A decision as to whether the business should go ahead with the suggested change in organisational structure.<br>**[EVAL]** |

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