Oxford Cambridge and RSA

A Level Business

H431/02 The UK business environment

Sample Resource Booklet Version 1.1

Time allowed: 2 hours

Instructions to candidates

- This is a resource booklet.
- You should refer to it when answering the examination questions which are printed in a separate booklet.
- The business described in this Case Study is a real business.

Information

- This document consists of **4** pages. Any blank pages are indicated.

Morrisons

[1]A price war has started between Britain's main supermarkets leading to a fall in share prices. These share price falls were prompted by Morrisons' commitment to cut prices aggressively and reduce its profit margin in order to stop a decline in sales. As well as wiping 12% off its own share price, it knocked 8.5% off Sainsbury's, 5% off Tesco's and 3% off Marks & Spencer's share prices.

[1]The results from Morrisons made it obvious that the most pessimistic predictions about food retailing could become true. Selling food in Britain is never going to be as profitable as it once was. Morrisons forecast that underlying profits in 2014 will be between £325m and £375m – less than half of what was achieved in 2013.

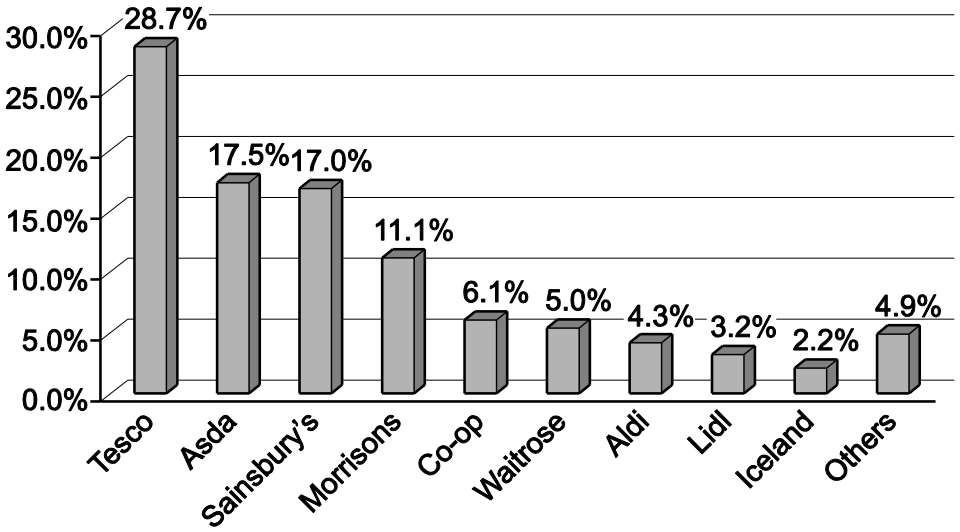
[1]This is partly because the company made a series of strategic mistakes – including investing in convenience stores and the Internet later than its rivals. It also focused on developing premium products when most of its northern customer base wanted lower prices.

[1]However, Morrisons is also reacting proactively to the dramatic changes taking place in how British families buy food. Morrisons says the growing popularity of the discounters, Aldi and Lidl, is to blame for the downward pressure on profit margins.

[1]These two discount chains have focused on improving the quality and reputation of their food, while also opening small stores in convenient locations. Their rise is similar to the emergence of low-cost airlines, such as EasyJet. Morrisons feels the need to act before it is too late. Morrisons' Chief Executive said: 'There is a new expectation on price…set by the discounters.'

[1]Aldi and Lidl control just 7.5% of the £26.1bn UK grocery market in 2014, compared with nearly 75% for the 'Big Four' (see Fig.1). Morrisons claims it is winning sales from Tesco, Asda and Sainsbury's, but losing even more to the discounters.

Fig. 1 – UK Supermarket – Market Share 2014



[1]But it is not just the discounters which are squeezing profit margins. The changing habits of families are also posing a problem for food retailers. When the self-service supermarket was launched in the 1950s, it was the most efficient way of distributing food ever created. However, encouraged by high fuel prices, the economic downturn and technological innovations, customers are switching their grocery spending from a weekly shop in an out-of-town supermarket to an online shop and a series of trips to local

convenience stores. Both these channels are seen as major growth opportunities for grocery retailers, although they put profit margins under pressure.

[1]As Ocado (an online-only supermarket) has shown, it is incredibly difficult to make online retailing as profitable as the out-of-town supermarket. A high proportion of the costs of selecting, packing and delivering the order to the customer is borne by the retailer.

[1]Not only that, but retailers are effectively encouraging customers away from a more profitable source of business, the out-of-town supermarkets. Out-of-town supermarkets have significant fixed costs, so this trend is damaging.

[1]It is a coincidence of the 21st century retail revolution that grocery shopping is moving to a less profitable form of business. It is a sure sign that the revolution is customer-led. Customers are likely to enjoy more price cuts and promotions, as retailers battle for sales.

[2]Even more frighteningly for the 'Big Four', the middle classes are moving their buying power. 25% of Lidl shoppers and 19% of Aldi's (up from 13% a year ago) are from the AB socio-economic groups, with new shops opening in affluent locations. Being seen with a discount carrier bag shows you know the value of a bargain – even if you do live in Chelsea.

[3]Aldi and Lidl have ambitious store opening plans for the UK, with Aldi opening 50 stores a year and Lidl looking to expand from 600 shops at present to as many as 1500. If this expansion is reflected in an increase in market share, then the UK grocery market will change dramatically over the next few years. IGD, the food and grocery industry body, has forecast that the discount sector will almost double in size, with sales growing from £9.5bn to £18.6bn between April 2013 and April 2018.

[3]Aldi and Lidl stores are also typically smaller than a traditional supermarket, with these retailers only stocking a limited range of products which allows them to keep prices low. Morrisons' idea of the future can be found in Preston.

[2]There, the company has built a new 'innovations' store with half of the range of products, compared to one of its traditional supermarkets. It offers an opportunity for customers to buy in bulk at 'warehouse prices' with quicker check-outs and TV screens advertising foods. It also has a new supply system which ensures availability of goods more of the time. However, Morrisons is playing catch-up. It has only recently launched an online delivery service, years after its main competitors. Too much of its business is still done by staff writing things down on bits of paper. Its data on its own customers is poor.

Adapted from the following sources:

[1]Supermarkets draw up battle lines to ward off the German invasion by Graham Ruddick (Daily Telegraph, 14 March 2014)

[2]Milk wars – a symptom of supermarkets in crisis by Kamal Ahmed (Daily Telegraph, 8 March 2014)

[3]Is Aldi doing to Tesco what Ryanair did to British Airways? by Graham Ruddick (SPECIMEN Daily Telegraph, 13 February 2014)

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Summary of updates

Date	Version	Change
February 2021	1.1	Updated copyright acknowledgements.

Copyright Information:

Kantar Worldpanel.

Supermarkets draw up battle lines to ward off the German invasion by Graham Ruddick (Daily Telegraph, 14 March 2014)

Milk wars – a symptom of supermarkets in crisis by Kamal Ahmed (Daily Telegraph, 8 March 2014)

Is Aldi doing to Tesco what Ryanair did to British Airways? by Graham Ruddick (Daily Telegraph,13 February 2014)

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A Level in Business
H431/02 The UK business environment
Sample Question Paper

Date – Morning/Afternoon
Time allowed: 2 hours

You must have:
- the Resource Booklet

You may use:
- a scientific or graphical calculator

First name	
Last name	
Centre number	
Candidate number	

SPECIMEN

INSTRUCTIONS
- Use black ink.
- Complete the boxes above with your name, centre number and candidate number.
- Answer **all** the questions.
- Write your answer to each question in the space provided.
- If additional space is required, use the lined page(s) at the end of this booklet. The question number(s) must be clearly shown.
- Do **not** write in the bar codes.
- The Resource Booklet is required for Section B only.

INFORMATION
- The total mark for this paper is **80**.
- The marks for each question are shown in brackets **[ ]**.
- Quality of extended responses will be assessed in questions marked with an asterisk (*).
- This document consists of **4** pages.

Section A

Answer **all** the questions.

1 Explain what is meant by the term 'total quality management (TQM)'.

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2 Identify **two** reasons why a business may use a network analysis.

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…….. **[2]**

3 Complete the unshaded boxes in the cash flow statement below.

Item	May (£)	June (£)
Inflows		
Sales revenue	230	210
Outflows		
Wages	128	120
Raw materials	84	
Other costs	22	25
Net cash flow		5
Opening balance	160	
Closing balance		

[4]

SPECIMEN

A business is considering purchasing a new piece of machinery at a cost of £80 000. The machinery is expected to last for five years and produce annual net cash flows as shown in the table below.

Year	Net cash flow (£)	Discount rate (5%)	Present value (£)
0	(80 000)	1.00	
1	20 000	0.95	
2	20 000	0.91	
3	20 000	0.86	
4	20 000	0.82	
5	20 000	0.78	
Total present value			
Net present value			

Complete the unshaded boxes in the table above to calculate the net present value (NPV) of this investment.

[4]

4 Outline **two** advantages to an entrepreneur of producing a business plan.

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5 Outline **two** ways in which benchmarking would help a business improve its customer service.

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SPECIMEN

Section B

Answer **all** the questions.

Please use the information provided in the **Resource Booklet** to answer the following questions.

6 Refer to lines 21 to 23 and Fig.1. Calculate the value of Morrisons' revenue in millions from the UK grocery market in 2014.

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…….. **[4]**

7 **(a)** Analyse **one** suitable sampling method which Morrisons may use to quickly gain feedback from its customers about the new store in Preston.

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SPECIMEN

(b) Evaluate the usefulness of market research techniques which Morrisons may use to collect improved data about its own customers.

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SPECIMEN

9* Evaluate whether supermarkets are more affected by the digital revolution and social change than other businesses in the UK.

SPECIMEN

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……..**[15]**

SPECIMEN

10 Analyse how the fall in Morrisons' share price may affect the objectives of **one** of its stakeholders.

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SPECIMEN

11 Evaluate the impact on Morrisons' workforce planning of the launch of its online order and delivery service.

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SPECIMEN

12* Evaluate how Morrisons could use change management models to help it to overcome the challenges it currently faces.

SPECIMEN

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……..**[15]**

SPECIMEN

SPECIMEN

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Specimen Assessment Material

A Level in Business

H431/02 The UK business environment

SAMPLE MARK SCHEME

Duration: 2 hours

MAXIMUM MARK 80

This document consists of 20 pages

MARKING INSTRUCTIONS

PREPARATION FOR MARKING
SCORIS

1. Make sure that you have accessed and completed the relevant training packages for on–screen marking: *scoris assessor Online Training*; *OCR Essential Guide to Marking*.

2. Make sure that you have read and understood the mark scheme and the question paper for this unit. These are posted on the RM Cambridge Assessment Support Portal http://www.rm.com/support/ca

3. Log–in to scoris and mark the **required number** of practice responses ("scripts") and the **required number** of standardisation responses.

   YOU MUST MARK 10 PRACTICE AND 10 STANDARDISATION RESPONSES BEFORE YOU CAN BE APPROVED TO MARK LIVE SCRIPTS.

TRADITIONAL

Before the Standardisation meeting you must mark at least 10 scripts from several centres. For this preliminary marking you should use **pencil** and follow the **mark scheme**. Bring these **marked scripts** to the meeting.

MARKING

1. Mark strictly to the mark scheme.

2. Marks awarded must relate directly to the marking criteria.

3. The schedule of dates is very important. It is essential that you meet the scoris 50% and 100% (traditional 50% Batch 1 and 100% Batch 2) deadlines. If you experience problems, you must contact your Team Leader (Supervisor) without delay.

4. If you are in any doubt about applying the mark scheme, consult your Team Leader by telephone, email or via the scoris messaging system.

5. Work crossed out:

   a. where a candidate crosses out an answer and provides an alternative response, the crossed out response is not marked and gains no marks
   b. if a candidate crosses out an answer to a whole question and makes no second attempt, and if the inclusion of the answer does not cause a rubric infringement, the assessor should attempt to mark the crossed out answer and award marks appropriately.

6. Always check the pages (and additional objects if present) at the end of the response in case any answers have been continued there. If the candidate has continued an answer there then add a tick to confirm that the work has been seen.

7. There is a NR (No Response) option. Award NR (No Response)

   - if there is nothing written at all in the answer space
   - OR if there is a comment which does not in any way relate to the question (e.g. ‘can’t do’, ‘don’t know’)
   - OR if there is a mark (e.g. a dash, a question mark) which isn’t an attempt at the question.

   Note: Award 0 marks – for an attempt that earns no credit (including copying out the question).

8. The scoris **comments box** is used by your Team Leader to explain the marking of the practice responses. Please refer to these comments when checking your practice responses. **Do not use the comments box for any other reason.**

   If you have any questions or comments for your Team Leader, use the phone, the scoris messaging system, or e–mail.

9. Assistant Examiners will send a brief report on the performance of candidates to their Team Leader (Supervisor) via email by the end of the marking period. The report should contain notes on particular strengths displayed as well as common errors or weaknesses. Constructive criticism of the question paper/mark scheme is also appreciated.

10. For answers marked by levels of response:

    a. **To determine the level** – start at the highest level and work down until you reach the level that matches the answer

    b. **To determine the mark within the level**, consider the following:

Descriptor	Award mark
On the borderline of this level and the one below	At bottom of level
Just enough achievement on balance for this level	Above bottom and either below middle or at middle of level (depending on number of marks available)
Meets the criteria but with some slight inconsistency	Above middle and either below top of level or at middle of level (depending on number of marks available)
Consistently meets the criteria for this level	At top of level

11. Annotations

Annotation	Meaning

12. Subject–specific Marking Instructions

INTRODUCTION

Your first task as an Examiner is to become thoroughly familiar with the material on which the examination depends. This material includes:

- the specification, especially the assessment objectives
- the question paper and its rubrics
- the mark scheme.

You should ensure that you have copies of these materials.

You should ensure also that you are familiar with the administrative procedures related to the marking process. These are set out in the OCR booklet **Instructions for Examiners**. If you are examining for the first time, please read carefully **Appendix 5 Introduction to Script Marking: Notes for New Examiners**.

Please ask for help or guidance whenever you need it. Your first point of contact is your Team Leader.

Levels of response – Level descriptors

	Knowledge and understanding	Analysis	Evaluation
Strong		A fully developed argument which demonstrates the sequential links in relation to the causes, consequences and/or possible solutions.	A conclusion is drawn weighing up both sides and reaches a fully supported judgement.
Good	Accurate use of the terms and concepts in the question and applied in a focused way to the context of the question.	A developed argument which demonstrates the sequential links in relation to the causes, consequences and/or possible solutions.	A conclusion is drawn weighing up both sides and reaches a judgement which is not fully supported.
Reasonable	Awareness of the meaning of the terms and concepts in the question and applied to the context of the question.	An argument which demonstrates some of the links in relation to the causes, consequences and/or possible solutions.	Some attempt to come to a conclusion, which shows some recognition of the influencing factors.
Limited	Awareness of the meaning of the terms and concepts in the question.	Simple statement(s) of cause and consequence and/or possible solutions.	An unsupported assertion.

USING THE MARK SCHEME

Please study this Mark Scheme carefully. The Mark Scheme is an integral part of the process that begins with the setting of the question paper and ends with the awarding of grades. Question papers and Mark Schemes are developed in association with each other so that issues of differentiation and positive achievement can be addressed from the very start.

This Mark Scheme is a working document; it is not exhaustive; it does not provide ‘correct’ answers. The Mark Scheme can only provide ‘best guesses’ about how the question will work out, and it is subject to revision after we have looked at a wide range of scripts.

The Examiners’ Standardisation Meeting will ensure that the Mark Scheme covers the range of candidates’ responses to the questions, and that all Examiners understand and apply the Mark Scheme in the same way. The Mark Scheme will be discussed and amended at the meeting, and administrative procedures will be confirmed. Co–ordination scripts will be issued at the meeting to exemplify aspects of candidates’ responses and achievements; the co–ordination scripts then become part of this Mark Scheme.

Before the Standardisation Meeting, you should read and mark in pencil a number of scripts, in order to gain an impression of the range of responses and achievement that may be expected.

In your marking, you will encounter valid responses which are not covered by the Mark Scheme: these responses must be credited. You will encounter answers which fall outside the ‘target range’ of Bands for the paper which you are marking. Please mark these answers according to the marking criteria.

Please read carefully all the scripts in your allocation and make every effort to look positively for achievement throughout the ability range. Always be prepared to use the full range of marks.

INSTRUCTIONS TO EXAMINERS:

A INDIVIDUAL ANSWERS

1 The indicative content indicates the expected parameters for candidates' answers, but be prepared to recognise and credit unexpected approaches where they show relevance.

2 Using 'best–fit', decide first which set of BAND DESCRIPTORS best describes the overall quality of the answer. Once the band is located, adjust the mark concentrating on features of the answer which make it stronger or weaker following the guidelines for refinement.

- **Highest mark**: If clear evidence of all the qualities in the band descriptors is shown, the HIGHEST Mark should be awarded.

- **Lowest mark**: If the answer shows the candidate to be borderline (i.e. they have achieved all the qualities of the bands below and show limited evidence of meeting the criteria of the band in question) the LOWEST mark should be awarded.

- **Middle mark**: This mark should be used for candidates who are secure in the band. They are not 'borderline' but they have only achieved some of the qualities in the band descriptors.

3 Be prepared to use the full range of marks. Do not reserve (e.g.) high Band 6 marks 'in case' something turns up of a quality you have not yet seen. If an answer gives clear evidence of the qualities described in the band descriptors, reward appropriately.

B TOTAL MARKS

1 Transfer the mark awarded to the front of the script.

2 The maximum mark for the paper is **80**.

3 The quality of extended responses is assessed in parts of this paper. The assessment of this skill is embedded within each of the levels and must be considered when determining the mark within the appropriate level.

Question			Answer	Marks	Guidance
Section A					
1			2 marks – knowledge of what the term means with reference to the strategic/integrated nature and/or total workforce involvement throughout the whole process; a collection of processes. 1 mark – a general idea of what the term means (e.g. some reference to quality being monitored at all stages). **No** reward for answers which only refer to quality control or improving quality. Do **not** reward an answer that **ONLY** provides an example.	**2** **(2 AO1)**	This is a method designed to improve quality by reducing errors, with the manufacturing process investigated at every stage. Quality becomes the focus of all decisions and is at the centre of a firm's culture.
2			1 mark for each correct identification, up to a maximum of two identifications. Make sure the two reasons are clearly different.	**2** **(2 AO1)**	Any TWO from: • to identify the critical path • to identify the length/time of the job • to identify activities which can be delayed • to improve efficiency • to help with decision making • to allow scheduling • to improve working capital.

<table>
<tr><td>3</td><td></td><td></td><td>1 mark for May net cash flow =–4
1 mark for May closing balance and June opening balance (OFR)
1 mark for June raw materials =60
1 mark for June closing balance (OFR)</td><td>4

(2AO1)
(2AO2)</td><td>
<table>
<tr><td>Item</td><td>May (£)</td><td>June (£)</td></tr>
<tr><td>Inflows</td><td></td><td></td></tr>
<tr><td>Sales revenue</td><td>230</td><td>210</td></tr>
<tr><td>Outflows</td><td></td><td></td></tr>
<tr><td>Wages</td><td>128</td><td>120</td></tr>
<tr><td>Raw materials</td><td>84</td><td>60</td></tr>
<tr><td>Other costs</td><td>22</td><td>25</td></tr>
<tr><td>Net cash flow</td><td>–4</td><td>5</td></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td>Opening balance</td><td>160</td><td>156</td></tr>
<tr><td>Closing balance</td><td>156</td><td>161</td></tr>
</table>
</td></tr>
<tr><td>4</td><td></td><td></td><td>4 marks – Evidence of correct answer (even without any workings).
3 marks – Evidence of total present value as correct.
2 marks – Evidence of all five present values being correct.
1 mark – At least one correct present value.

OFR for TPV and NPV only.</td><td>4

(3 AO1)
(1 AO2)</td><td>
<table>
<tr><td>Year</td><td>Net cash inflow (£)</td><td>Discount rate (5%)</td><td>Present value (£)</td></tr>
<tr><td>0</td><td>(80 000)</td><td>1.00</td><td>(80 000)</td></tr>
<tr><td>1</td><td>20 000</td><td>0.95</td><td>19 000</td></tr>
<tr><td>2</td><td>20 000</td><td>0.91</td><td>18 200</td></tr>
<tr><td>3</td><td>20 000</td><td>0.86</td><td>17 200</td></tr>
<tr><td>4</td><td>20 000</td><td>0.82</td><td>16 400</td></tr>
<tr><td>5</td><td>20 000</td><td>0.78</td><td>15 600</td></tr>
<tr><td>TPV</td><td></td><td></td><td>86 400</td></tr>
<tr><td>NPV</td><td></td><td></td><td>6400</td></tr>
</table>
</td></tr>
<tr><td>5</td><td></td><td></td><td>1 mark for each correct identification up to a maximum of 2 identifications, plus a further 1 mark for each of two analytical points.

Look for the advantage and then a consequence or logical impact of that advantage for the entrepreneur (although the order may be reversed).

Do not reward any advantages for stakeholder groups other</td><td>4

(2 AO1)
(2 AO2)</td><td>Indicative content:
• to clarify objectives and purpose
• to identify the resources required
• to highlight strengths and weaknesses of proposed venture
• to establish required finance
• to show to prospective investors and other relevant stakeholders
• to formalise strategy</td></tr>
</table>

			than the entrepreneur. Make sure the two advantages are clearly different.		• to monitor progress once trading • to identify elements for which assistance/advice/ support may be required. Exemplar responses: • To help raise finance – a bank is much more likely to lend money if the bank can see that the entrepreneur has carefully planned how much is required and for what purpose. • To identify strengths and weaknesses – this may mean that the entrepreneur is able to exploit their strengths and find ways to avoid any weaknesses.
6			1 mark for each correct identification up to a maximum of two identifications, plus a further 1 mark for each of two analytical points. Make sure the two methods are clearly different.	**4** **(2 AO1)** **(2 AO2)**	Indicative content: • by identifying best practice in similar businesses • to compare own practice with that of others • finding out customer perspective – excellent or ordinary • setting standards based on best practice • comparing own performance to best practice • gather information from trade journals to improve current practice • judge difference in performance of own business and benchmark • implement improved practices and procedures. Exemplar responses: • The business finds its customer service is below its competitors – this leads to the business changing its methods to emulate that competitor. • Requires the business to identify a set standard – this may provide a target for it to strive towards.

Question			Answer	Marks	Guidance
			Section B		
7			Up to 4 marks: 4 marks for the correct response (whether or not any working is shown).	**4** **(2 AO1)** **(2 AO2)**	Morrisons' market share = 11.1% (from Fig.1) **(1)** Total UK grocery market = £26.1bn (in text) **(1)** Morrisons' revenue = 11.1% x £26.1bn **(1)** = **<u>£2 897 1 m</u>** **(1)** (Accept £2,897 m)
8	**(a)**		**Level 2 (3–4 marks)** Candidate shows reasonable knowledge and understanding and shows good analysis of one possible sampling method which Morrisons may use to quickly gain feedback from its customers about the new store in Preston. **Level 1 (1–2 marks)** Candidate shows limited knowledge and understanding of one possible sampling method which Morrisons may use to quickly gain feedback from its customers about the new store in Preston. (NB – award one mark for a non–contextualised reason) **0 marks** no response or no response worthy of credit.	**4** **(1 AO1)** **(1 AO2)** **(2 AO3)**	Possible sampling methods that candidates may mention could be: • convenience • random • systematic • stratified random • quota • cluster. Given that Morrisons want quick feedback about the trial store then it may be appropriate to suggest convenience or systematic. However, candidates could suggest any method as long as it is shown to be appropriate for a quick turnaround.
	(b)		**Level 3 (7–9 marks)** Candidate shows strong knowledge and understanding, analysis and evaluation of the market research techniques which Morrisons may use to collect improved data about its own customers. **Level 2 (4–6 marks)** Candidate shows good knowledge and understanding,	**9** **(2 AO1)** **(2 AO2)** **(2 AO3)** **(3 AO4)**	Candidates may consider primary methods, such as: • face–to–face questionnaires • telephone interviews • observation • focus groups. OR secondary methods, such as: • internal sales data

Question			Answer	Marks	Guidance
			analysis and evaluation of the market research techniques which Morrisons may use to collect improved data about its own customers. **Level 1 (1–3 marks)** Candidate shows limited knowledge and understanding of market research techniques, with limited or no analysis and evaluation of the market research techniques which Morrisons may use to collect improved data about its own customers. (NB – award maximum of two marks for non–contextualised impacts) **0 marks** no response or no response worthy of credit.		• commercially available research on the grocery shopping habits of consumers. Bearing in mind that the question is about Morrisons' own customers, it is vital that any suggestions are appropriate (i.e. general research on the internet or about general trends may be inappropriate). Level 2 or 3 answers must be discussing methods of market research appropriate for Morrisons' **OWN** customers.
9*			**Level 3 (11–15 marks)** Candidate shows strong knowledge and understanding, analysis and evaluation of whether supermarkets are more affected by the digital revolution and social change than other businesses in the UK. *There is a well-developed line of reasoning which is clear and logically structured. The information presented is relevant and substantiated.* **Level 2 (6–10 marks)** Candidate shows good knowledge and understanding, analysis and evaluation of whether supermarkets are more affected by the digital revolution and social change than other businesses in the UK. *There is a line of reasoning presented with some structure. The information presented is in the most-part relevant and supported by some evidence.*	**15** **(2 AO1)** **(2 AO2)** **(4 AO3)** **(7 AO4)**	Some of the key issues that candidates may refer to are: • the increased trend towards internet/online grocery shopping • the rising cost of fuel/transport • changes to families leisure time and increased likelihood of both parents working • the growth of the 'discount retailer' and the changing image of them (in terms of acceptability). It may be argued that all retailers are faced by the same challenges, due to the growth of online–only retailers, such as Amazon or eBay, as well as high street stores with a strong online presence (e.g. the supermarkets other than Morrisons, Next, Currys etc.).The growth of discount stores is also to be found in clothing, with the increased presence of Primark, Store 21 etc. It could, however, be argued that supermarkets face a

Question			Answer	Marks	Guidance
			Level 1 (1–5 marks) Candidate shows limited knowledge and understanding of the digital revolution and/or social change and/or supermarkets with limited or no analysis and evaluation of whether supermarkets are more affected by the digital revolution and social change than other businesses in the UK. (NB – award maximum of two marks for non–contextualised response) *The information is basic and communicated in an unstructured way. The information is supported by limited evidence and the relationship to the evidence may not be clear.* **0 marks** no response or no response worthy of credit.		bigger challenge due to the need for regular shopping trips and the similarity of products bought each time. When shopping for a new computer or washing machine this may need more physical shopping.
10			**Level 2 (3–4 marks)** Candidate shows reasonable knowledge and understanding and shows good analysis of how the fall in Morrisons' share price may affect **one** of its stakeholders' objectives. **Level 1 (1–2 marks)** Candidate shows limited knowledge and understanding of how the fall in Morrisons' share price may affect **one** of its stakeholders' objectives. (NB – award one mark for a non–contextualised reason) **0 marks** no response or no response worthy of credit.	**4** **(1 AO1)** **(1 AO2)** **(2 AO3)**	Possible stakeholders and their changed objectives include: • shareholders – may decide to divest themselves of shares in Morrisons due to a fall in capital value or build up their portfolio with an expectation of a future rise in the share price • managers – may decide to sell any share options they hold or begun to look for an alternative employer • employees – may see this as a sign of decline in the business and so look for other safer job opportunities; they may also begin to expect a lower wage increase in the future • banks – may call in loans due to a fall in the capital value of the business and hence security. Candidates may also consider other stakeholders, but would need to make clear how their objectives may be affected by a fall in Morrisons' share price.

Question			Answer	Marks	Guidance
					A Level 2 response needs to address the issue of how a named stakeholder may change its objectives.
11			**Level 3 (7–9 marks)** Candidate shows strong knowledge and understanding, analysis and evaluation of the impact on Morrisons' workforce planning of the launch of its online order and delivery service. **Level 2 (4–6 marks)** Candidate shows good knowledge and understanding, analysis and evaluation of the impact on Morrisons' workforce planning of the launch of its online order and delivery service. **Level 1 (1–3 marks)** Candidate shows limited knowledge and understanding of workforce planning and/or an online order and delivery system with limited or no analysis and evaluation of the impact on Morrisons' workforce planning of the launch of its online order and delivery service. (NB – award maximum of two marks for non–contextualised response). **0 marks** no response or no response worthy of credit.	**9** **(2 AO1)** **(2 AO2)** **(2 AO3)** **(3 AO4)**	Candidates may consider the effect on: • recruitment – more IT staff and delivery drivers but fewer shop assistants • flexible employment issues – when recruiting staff trying to ensure that they could work in the high street or online business depending on future trends • working hours – with more 24–hour shopping possible online there may be a need for more shift working • planning – the greater degree of difficulty involved in forecasting staff numbers and abilities in such a fast–changing market. Evaluation may take the form of questioning the uncertainty created due to the late start for Morrisons' online business. It may not be successful if its competitors have gained a first mover advantage.
12	*		**Level 3 (11–15 marks)** Candidate shows strong knowledge and understanding, analysis and evaluation of how Morrisons could use change management models to help it to overcome the challenges it currently faces. *There is a well-developed line of reasoning which is clear and logically structured. The information presented is*	**15** **(2 AO1)** **(2 AO2)** **(4 AO3)** **(7 AO4)**	The following change management models are mentioned in the specification (candidates may include other known models): • Lewin's unfreeze, change, freeze model – generally seen as the 'daddy' of all change management models • McKinsey 7–S model – how well an organisation is positioned to achieve its intended objective. This may be

Question			Answer	Marks	Guidance
			relevant and substantiated. **Level 2 (6–10 marks)** Candidate shows good knowledge and understanding, analysis and evaluation of how Morrisons could use change management models to help it to overcome the challenges it currently faces. *There is a line of reasoning presented with some structure. The information presented is in the most-part relevant and supported by some evidence.* **Level 1 (1–5 marks)** Candidate shows limited knowledge and understanding of change management models with limited or no analysis and evaluation of how Morrisons could use change management models to help it to overcome the challenges it currently faces. (NB – award maximum of two marks for non–contextualised response) *The information is basic and communicated in an unstructured way. The information is supported by limited evidence and the relationship to the evidence may not be clear.* **0 marks** no response or no response worthy of credit.		less appropriate as it is designed to monitor internal changes in the business. • Kotter's 8 step model – change needs to follow a linear path and in the right order. Very relevant for top–down change and for traditional hierarchical businesses which appears to be the case at Morrisons. The answers should be less about a detailed knowledge of these models but more about how they could be used and how appropriate they may be. Ensure that candidates are answering a question about the change management models that could be used rather than how the change may happen or whether it should take place.

APPENDIX 1 – Grid for Specimen Assessment Material Component 2

Question	AO1	AO2	AO3	AO4	Total	Quantitative skills
Section A						
1	2	–	–	–	2	
2	2	–	–	–	2	
3	2 (2)	2 (2)	–	–	4	(4)
4	3 (3)	1 (1)	–	–	4	(4)
5	2	2	–	–	4	
6	2	2	–	–	4	
Sub-Total	13	7	–	–	20	8
Section B						
7	2 (2)	2 (2)	–	–	4	(4)
8 (a)	1	1	2	–	4	
8 (b)	2	2	2	3	9	
9	2	2	4	7	15	
10	1	1	2	–	4	
11	2	2	2	3	9	
12	2	2	4	7	15	
Sub-Total	12	12	16	20	60	4
Total	**25**	**19**	**16**	**20**	**80**	**12**

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