



GCSE (9–1)

Business

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

General Certificate of Secondary Education

Mark Scheme for Autumn 2021

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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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1. Annotations

Annotation	Meaning
	Analysis (AO3a)
	Application (AO2)
	Benefit of doubt
	Blank page
	Cross
	Evaluation (AO3b)
	Knowledge (AO1a)
	Not answered question
	No use of text
	Own figure rule
	Repeat
	Noted but no credit given
	Too vague
	Tick
	Understanding (AO1b)





Question	Answer	Marks	Assessment Objective
SECTION A			
1	B	1	1a
2	A	1	2
3	B	1	2
4	C	1	1b
5	C	1	2
6	B	1	2
7	C	1	2
8	D	1	1b
9	C	1	2
10	C	1	1a
11	A	1	2
12	C	1	2
13	B	1	2
14	C	1	2
15	D	1	1b

Question		Answer	Mark	Guidance
SECTION B				
16	(a)	<p>Explain what is meant by a focus group.</p> <p>Knowledge/Understanding may include:</p> <ul style="list-style-type: none"> • <u>Primary</u> research method • <u>Small/selected/representative</u> group of people • <u>Asked questions/give views/voice opinions</u> about <u>firm's ideas/products/services</u>. <p>Exemplar response:</p> <p>It is a small group of people (1) who are asked to give their views about a product being developed (1).</p> <p style="text-align: right;">ARA</p>	<p>2</p> <p>AO1a AO1b</p>	<p>One mark for knowledge relating to a focus group. </p> <p>One further mark for explanation relating to a focus group. </p>
	(b)	<p>Explain one advantage for Waitrose of using customer trials.</p> <p>Understanding may include:</p> <ul style="list-style-type: none"> • Less expensive than a full release • Saves money in case product fails • Less likely to damage reputation nationally if product fails • Safer way to market as only launched in selected stores • Sales figures give an indication of actual demand. <p>Application may include:</p> <ul style="list-style-type: none"> • New product development is important to Waitrose • Supermarket industry is competitive • Waitrose targets customers with higher levels of income • Specialises in good quality food • Over 300 stores throughout the UK • Qualitative data is being used by Waitrose. <p>Exemplar response:</p> <p>Keeps market research spend to a minimum by only releasing (U) in a few of Waitrose's 300 stores (APP).</p> <p style="text-align: right;">ARA</p>	<p>2</p> <p>AO1b AO2</p>	<p>One mark for understanding of an advantage of using customer trials. </p> <p><i>No application marks can be gained without understanding.</i></p> <p>One further mark for application to Waitrose. </p> <p>Do not award answers relating to the benefits of doing market research in general.</p> <p>Do not award answers relating to promotional methods e.g. giving away free samples.</p>

Question	Answer	Mark	Guidance
(c)	<p>Explain one benefit for Waitrose of having good business communication between employees at its Head Office.</p> <p>Understanding may include:</p> <ul style="list-style-type: none"> • Ensures messages are passed to the required employees • Ensures messages are passed on correctly/effectively • Ensures messages are clear/no misunderstanding/no miscommunication • Minimises confusion • All functional areas are involved in new product development so need to communicate. <p>Application may include:</p> <ul style="list-style-type: none"> • New product development is important to Waitrose • Supermarket industry is competitive • Over 300 stores throughout the UK • Over 50 000 employees • Qualitative market research data. <p>Exemplar responses:</p> <p>It ensures accurate messages are passed on effectively (U) so that Waitrose can swiftly launch its new products in the competitive industry (APP).</p> <p>It ensures that all employees have all of the information that they need (U) to make key decisions about new product development which is important to Waitrose (APP).</p> <p style="text-align: right;">ARA</p>	<p>2</p> <p>AO1b</p> <p>AO2</p>	<p>One mark for understanding of a benefit of good business communication. </p> <p><i>No application marks can be gained without understanding.</i></p> <p>One further mark for application to Waitrose.</p> <p style="text-align: right;">APP</p>

	(d)	<p>Explain one advantage for Waitrose of using external recruitment.</p> <p>Understanding may include:</p> <ul style="list-style-type: none"> • New skills/fill skills gap • New experiences • New ideas • No backfilling of the role required • To avoid internal politics. <p>Application may include:</p> <ul style="list-style-type: none"> • Waitrose targets customers with higher levels of income • Waitrose uses a lengthy selection process (interviews, group activities and tests) • Over 300 stores throughout the UK • Over 50 000 employees • Supermarket industry is competitive • New product development is important. <p>Exemplar responses:</p> <p>Externally appointed employees may have new ideas (U) which is important to be successful in the competitive supermarket industry (APP).</p> <p>External recruitment avoids the costs of backfilling of another role (U) given the lengthy process used by Waitrose (APP).</p> <p style="text-align: right;">ARA</p>	<p>2 AO1b AO2</p>	<p>One mark for understanding of an advantage of external recruitment. </p> <p><i>No application marks can be gained without understanding.</i></p> <p>One further mark for application of an advantage of using external recruitment at Waitrose. APP</p> <p>Do not award 'more applicants'/'more to choose from', 'larger pool' unless the advantage is clearly stated.</p>
	(e)	<p>Analyse one likely reason why Waitrose provides its employees with regular training.</p> <p>Knowledge may include:</p> <ul style="list-style-type: none"> • Improve employee knowledge • Improve skill base • Improve methods of working e.g. team work, flexibility • Minimise mistakes • Personal development of staff • Professional development of staff • Reduce the need for external recruitment 	<p>3 AO1a AO2 AO3a</p>	<p>One mark for knowledge of a reason for employee training. </p> <p><i>No further marks can be gained without knowledge.</i></p> <p>One further mark for application to Waitrose. APP</p> <p>One further mark for analysis of a reason for a business to provide all employees with regular training. </p>



		<ul style="list-style-type: none"> • Improve productivity • Maintain/improve customer service • Increase employee motivation • Improve employee retention. <p>Application may include:</p> <ul style="list-style-type: none"> • Supermarket industry is competitive • Waitrose targets customers with higher levels of income • Over 300 stores throughout the UK • Over 50 000 employees • Waitrose recruits many employees via external recruitment • New product development is important • Communication needs to be effective at Head Office. <p>Analysis may include:</p> <ul style="list-style-type: none"> • Competitive advantage • Higher sales revenue • Higher profit • Greater customer satisfaction • Improved reputation. <p>Exemplar responses:</p> <p>Staff training will improve employees' knowledge (U) and customer service skills which is important in the competitive supermarket industry (APP) to maximise sales revenue (AN).</p> <p>Waitrose's customers are more likely to be highly satisfied (AN) if employees are knowledgeable (U) about the products sold for example Halloween confectionery (APP).</p> <p style="text-align: right;">ARA</p>		
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	(f)	(i)	<p>Identify two non-financial methods of motivating employees.</p> <p>Answers may include:</p> <ul style="list-style-type: none"> • Praise/reassurance • Award schemes e.g. employee of the month scheme/certificates/badges • Good /improved working environment • Teamwork • Job rotation • Job enrichment • Job enlargement • Increased responsibility • Empowerment. <p style="text-align: right;">ARA</p>	<p>2 AO1a 2</p>	<p>One mark for knowledge of each non-financial method of motivation, to a maximum of two. </p> <p>Do not award financial methods e.g. 'promotion' or 'fringe benefits' (free gym membership, a company car, a mobile phone, free holidays, additional holiday allowance, extra days off, gift cards, vouchers, coupons, subsidised food, etc).</p>
	(f)	(ii)	<p>Evaluate whether or not Waitrose should continue to offer profit sharing to its employees.</p> <p>Application may include:</p> <ul style="list-style-type: none"> • Another supermarket stopped offering profit sharing to employees • Supermarket industry is competitive • Waitrose targets customers with higher levels of income • Specialises in good quality food • Over 300 stores throughout the UK • Over 50 000 employees. <p>Analysis may include:</p> <ul style="list-style-type: none"> • The impact/consequence of any correct piece of understanding about <u>profit sharing</u> e.g. <ul style="list-style-type: none"> ○ Impact on recruitment ○ Impact on productivity ○ Impact on customer service ○ Impact on quality ○ Impact on operational costs ○ Impact on cash flow ○ Impact on profit. <p>Evaluation may include:</p>	<p>7 AO2 2 AO3a 2 AO3b 3</p>	<p>Use the level of response marking grid to assess skill levels.</p> <p>Annotate as:</p> <p>Up to 2 marks for application to Waitrose </p> <p>Up to 2 marks for analysis </p> <p>Up to 3 marks for evaluation </p> <p>Analysis must be a business facing impact on Waitrose.</p> <p>For strong evaluation i.e. the full three marks, the evaluation must be contextual.</p>




			<p>Candidate may justify continuing with the profit sharing scheme, not continuing with the profit sharing scheme, switching to higher rates of pay, switching to another motivational method or stopping any specific measures for motivating staff.</p> <p>Exemplar response:</p> <p>Profit sharing is likely to motivate only some of Waitrose's 50,000 employees (APP). Those that are not motivated by the profit sharing may work less hard, reducing customer service levels at Waitrose (AN).</p> <p>However, a profit sharing scheme means that all staff are rewarded equally. This could improve staff morale, increasing employee retention (AN) and the need for regular training. All of these things are important to Waitrose because it targets customers with higher levels of income (APP) and who demand a quality service.</p> <p>Overall, profit sharing should not be offered in the future (EVAL). Most of the supermarket's 50,000 employees would likely prefer the security of higher wages each month rather than a profit share that is not guaranteed and only paid annually. So, paying higher wages is more likely to increase productivity, customer service and employee retention (EVAL)(EVAL).</p> <p style="text-align: right;">ARA</p>		
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Q16(fii) Evaluate whether or not Waitrose should continue to offer profit sharing to its employees.

	Application (2 marks)	Analysis (2 marks)	Evaluation (3 marks)
Strong	2 marks Two <u>uses</u> of context [APP] [APP]	2 marks Two analytical points about <u>profit sharing</u> at Waitrose [AN] [AN]	3 marks A justified contextual judgement about whether Waitrose should continue to offer profit sharing [EVAL] [EVAL] [EVAL]
Good			2 marks A justified judgement about whether Waitrose should continue to offer profit sharing [EVAL] [EVAL]
Limited	1 mark One <u>use</u> of context [APP]	1 mark One analytical point about <u>profit sharing</u> at Waitrose [AN]	1 mark A judgement of whether Waitrose should continue to offer profit sharing [EVAL]




Question		Answer	Mark	Guidance
17	(a)	<p>Explain one way that employment law may affect Greggs' employment of workers.</p> <p>Knowledge may include:</p> <ul style="list-style-type: none"> • Equality/no discrimination e.g. disability, ethnicity, sex/gender, religion/beliefs, sexual orientation • Diversity of employees • Limit on working hours • Minimum holiday entitlement • Right to a contract • Equal pay • Right to minimum wage. <p>Application may include:</p> <ul style="list-style-type: none"> • 20 000 employees • Aims to be the customers' favourite for 'food-on-the-go' in the UK • Team of people to keep up-to-date with changes in employment law • Fast growing sector • One of the UK's happiest places to work • Offer part-time roles. <p>Exemplar response:</p> <p>Employment law ensures that all 20 000 employees (APP) are not discriminated against (1).</p> <p style="text-align: right;">ARA</p>	<p>2</p> <p>AO1a AO2</p>	<p>One mark for knowledge of an aspect of employment law. </p> <p><i>No application marks can be gained without knowledge.</i></p> <p>One further mark for application to Greggs. </p>





	(b)	<p>Other than the government, explain one external stakeholder's influence on Greggs.</p> <p>Knowledge may include:</p> <ul style="list-style-type: none"> Stakeholders e.g. Customers/consumers, suppliers, local community Influence e.g. Product range, prices, costs, complaints, litter, etc. <p>Application may include:</p> <ul style="list-style-type: none"> 20 000 employees Aims to be the customers' favourite for 'food-on-the-go' in the UK Market growth from £18.5b to £23.4b is forecast New product development, e.g. vegan products Growing number of vegans in the UK. <p>Exemplar response:</p> <p>Customers influence Greggs' product ranges (1), leading to Greggs launching a vegan sausage roll (APP).</p> <p style="text-align: right;">ARA</p>	<p>2 AO1a AO2</p>	<p>One mark for knowledge of the influence of an external stakeholder on business. </p> <p><i>No application marks can be gained without knowledge.</i></p> <p>One further mark for application of the external stakeholder's influence on Greggs. </p> <p>NB Influence on Greggs and application required for the second mark.</p> <p>NB Influence must match the stakeholder group. Watch out for stakeholder/influence mismatch, especially between customers and the local community.</p>
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(c)		<p>Explain the purpose of planning business activity for Greggs' managers.</p> <p>Knowledge may include:</p> <ul style="list-style-type: none"> • Reduce risk • Help a business to succeed • Obtain information for any business function e.g. new markets to enter, what to produce, what to purchase, etc • Help obtain finance • Identify resources required to operate • Help to set/work towards/achieve aims and objectives • Supports the evaluation of business performance. <p>Application may include:</p> <ul style="list-style-type: none"> • Market growth from £18.5b to £23.4b is forecast • New product development, e.g. vegan products • 20 000 employees • Aims to be the customers' favourite for 'food-on-the-go' in the UK • Growing number of vegans in the UK (data from chart) • One of the UK's happiest places to work. <p>Exemplar response:</p> <p>Planning business activity helps Greggs to obtain new finance (1) to support its aim to be the customers' favourite for 'food-on-the-go' in the UK (APP).</p> <p style="text-align: right;">ARA</p>	<p>2 AO1a AO2</p>	<p>One mark for knowledge of a purpose of planning business activity. </p> <p><i>No application marks can be gained without knowledge.</i></p> <p>One further mark for application to Greggs. </p> <p>'To be organised'/'help the business flow' are too vague. Please annotate 'TV'.</p> <p>NB The <u>purpose</u> of planning is required. Do not award answers which solely say <u>what</u> should be planned.</p>
(d)		<p>Part-time is one way of working. State two other ways of working.</p> <p>Indicative content:</p> <ul style="list-style-type: none"> • Full-time • Temporary/fixed term contract/short term contract • Permanent • Flexible working/flexitime • Zero hours • Shift work • Working from home • Working whilst mobile 	<p>2 AO1a 2</p>	<p>One mark for knowledge of a way of working, to a maximum of two. </p> <p>Do not award 'part-time' as this is excluded by the question.</p>

		<ul style="list-style-type: none"> Self-employed/Freelance. 		
	(e)	<p>Analyse one benefit for Greggs of using market data to create new products.</p> <p>Understanding may include:</p> <ul style="list-style-type: none"> Market data will show trends in the market Help identify market gaps/opportunities Shows demand/unfulfilled demand Shows customer wants/needs/interests/preferences Help to justify any decision made. <p>Application may include:</p> <ul style="list-style-type: none"> New product development, e.g. vegan sausage roll 26% increase (£18.5b to £23.4b in 5 years) in the market is forecast Aims to be the customers' favourite for 'food-on-the-go' in the UK 9.6% increase in sales at start of 2019 Growing number of vegans in the UK (data from chart shows a fourfold increase). <p>Analysis may include:</p> <ul style="list-style-type: none"> Higher sales revenue Greater market share More customers Competitive advantage More growth. <p>Exemplar response:</p> <p>Greggs may use market data to identify trends in the market (U) such as the fourfold increase in people choosing a vegan diet (APP). This will help Greggs' managers to introduce the right sort of products to the market, increasing profit (AN).</p> <p style="text-align: right;">ARA</p>	<p>3 AO1b AO2 AO3a</p>	<p>One mark for understanding a benefit of using market data. </p> <p><i>No further marks can be gained without understanding.</i></p> <p>One further mark for application of understanding to Greggs. </p> <p>One further mark for analysis of one benefit to a business of using market data to create new products. </p> <p>NB Do not award 'to create new products' as this is the wording of the question.</p>

	(f)	(i)	<p>Analyse one benefit for Greggs of business growth using each of the following methods.</p> <p><u>Merge with a flour producer</u> Understanding may include:</p> <ul style="list-style-type: none"> • May help to reduce <u>raw material</u> costs/costs of <u>flour</u>/costs of <u>ingredients</u> • Guarantee the supply of raw materials • Control the supply of flour • Reduce competitors' access to flour • Charge higher prices to competitors for the flour • Have control over quality of supplies (e.g. safe for Vegans) • Shorter/increased efficiency of the supply chain. <p>Application may include:</p> <ul style="list-style-type: none"> • New product development, e.g. vegan sausage roll • Aims to be the customers' favourite for 'food-on-the-go' in the UK • Fast growing business sector • Flour is a raw material to produce Greggs' products • Growing number of vegans in the UK. <p>Analysis may include:</p> <ul style="list-style-type: none"> • Cost reduction • Improved product quality, reliability of supplies, productivity • Can provide a competitive advantage • Could lower their retail prices • Increased profits. <p>Exemplar responses:</p> <p>Reduces raw material costs (U) for Greggs as flour is a key ingredient of pastries (APP). This may allow Greggs to reduce its prices to customers (AN).</p> <p>Greggs can guarantee its supplies of flour (U). This is beneficial because the business is looking to take advantage of the fourfold growth in the vegan market (APP). This may help Greggs to have a competitive advantage over its competitors (AN).</p> <p style="text-align: right;">ARA</p>	<p>3 AO1b AO2 AO3a</p>	<p>One mark for understanding one benefit of merging with a supplier. ✓</p> <p><i>No further marks can be gained without understanding.</i></p> <p>One further mark for application of understanding to Greggs. APP</p> <p>One further mark for analysis of one benefit for a business of merging with a supplier. ✓</p> <p>NB Simply mentioning the word 'flour' is not application as the question is about merging with a flour producer.</p>
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	(f)	(ii)	<p><u>Takeover a rival 'food-on-the-go' retail brand</u></p> <p>Understanding may include:</p> <ul style="list-style-type: none"> • Less competition/removes a competitor • Increase in stores/outlets/locations • Greater brand awareness/more well known • Increase in the number of customers/sales/market share • Economies of scale e.g. bulk discounts • More control of the market e.g. price setting. <p>Application may include:</p> <ul style="list-style-type: none"> • New product development, e.g. vegan sausage roll • Already 20 000 employees • Raw materials include flour, yeast and meat • Aims to be the customers' favourite for 'food-on-the-go' in the UK • Growing number of vegans in the UK. <p>Analysis may include:</p> <ul style="list-style-type: none"> • Helps Greggs to meet its aim • Lower unit costs • Expand into hard to access locations • Greater profit. <p>Exemplar responses:</p> <p>Will help to gain more customers (U), supporting Greggs' aim of being the customers' favourite for food-on-the-go in the UK (APP), increasing its market share (AN).</p> <p>Will face less competition (U) meaning that customers looking for somewhere for a lunch time snack are more likely to choose Greggs (APP). This will increase Greggs' cash inflows (AN).</p> <p style="text-align: right;">ARA</p>	<p>3 AO1b AO2 AO3a</p>	<p>One mark for understanding one benefit of taking over a rival business. </p> <p><i>No further marks can be gained without understanding.</i></p> <p>One further mark for application of understanding to Greggs. </p> <p>One further mark for analysis of one benefit for a business of taking over a rival business. </p>
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	(f)	(iii)	<p>Recommend which of the two methods of business growth Greggs should use. Give reasons for your answer.</p> <p>The justification requires a <u>comparison</u> of the two methods of growth. Further analysis of the two methods should not be rewarded but can form part of a candidate's justification. Look for comparators e.g. whereas, although, more, less, etc.</p> <p>Exemplar responses:</p> <p>Greggs should merge with the flour producer (1) because it allows the business to quality assure one of the main ingredients (CONT) it needs for cakes and pastries <u>whereas</u> the takeover would only put more pressure on the supply of raw materials (+2).</p> <p>They should take over a competitor (1) because they have <u>more</u> expertise in this market (+1).</p> <p style="text-align: right;">ARA</p>	<p>3 AO3b 3</p>	<p>1 mark for recommendation, plus up to two marks for a justification.</p> <p>Annotate as:</p> <p>Decision </p> <p>Plus:</p> <p>1 mark for a non-contextual justification </p> <p>or 2 marks for a contextual justification  </p> <p>The decision must be clear. Accept 'merger' or 'takeover' but do not accept 'diversification'.</p> <p>NB The justification must be <u>comparative</u> i.e. why one is better or worse than the other (rather than just stating positive or negative features).</p> <p>Do not accept comparisons about cost as no data has been provided.</p> <p>NB Context rather than application required. E.g. pastries, food, £23.4b, 20000, vegan, happiest place to work, etc.</p> <p>Do not award 'flour' as context.</p>
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18	(a)	<p>State one characteristic of an entrepreneur.</p> <p>Answers may include:</p> <ul style="list-style-type: none"> • Creativity/imaginative • Inventive/innovative • Risk taking • Determination • Confidence. <p style="text-align: right;">ARA</p>	<p>1 AO1a</p>	<p>One mark for knowledge of a characteristic of an entrepreneur. </p> <p>Do not award 'leadership'.</p>
	(b)	<p>Analyse two benefits for Miles Ahead of using segmentation.</p> <p>Understanding may include:</p> <ul style="list-style-type: none"> • Helps target specific customers/markets • Better meet customer needs • Can design the promotion/marketing campaign to attract a specific group • Can alter the price/pricing strategy to attract a specific group • Can adjust the product/product range to attract a specific group • Can change the place/channels of distribution to attract a specific group • Avoid wasting money on broad (non-targeted) advertising. <p>Application may include:</p> <ul style="list-style-type: none"> • Sole trader • 6 stores • No online sales/bricks and mortar retailer • Established 20 years • Declining customer satisfaction • Declining sales revenue • Tall structure currently • Currently segments via age, gender, lifestyle and income • Reg thinks it has been successful. <p>Analysis may include:</p> <ul style="list-style-type: none"> • Greater return on marketing expenditure • Improved customer satisfaction • Increased sales revenue • Improved customer retention 	<p>6 AO1b 2 AO2 2 AO3a 2</p>	<p>In each case: One mark for understanding of a benefit of using segmentation. </p> <p><i>No further marks can be gained without understanding.</i></p> <p>One further mark for application to Miles Ahead. </p> <p>One further mark for analysis of a benefit to business of using segmentation. </p> <p>NB: Do not accept 'more successful' as an impact, as this is stated in the text and is TV.</p>

			<ul style="list-style-type: none"> Improved brand reputation Increased market share Reduced risk of failure Increased profit. <p>Exemplar responses:</p> <p>Miles Ahead will better meet customer needs (U) in its 6 shops (APP) which could lead to increased sales revenue (AN)</p> <p>Reg has limited sources of finance being a sole trader (APP). Segmenting the market should increase the return on market expenditure (AN) because advertising is targeted to specific customer groups (U).</p> <p style="text-align: right;">ARA</p>		
	(c)	(i)	<p>Analyse one benefit for Miles Ahead of each of the following organisational structures.</p> <p><u>Tall organisational structure</u></p> <p>Understanding may include:</p> <ul style="list-style-type: none"> Few employees for each manager to control Allows close supervision by management Plenty of opportunities for promotion Clear line of progression. <p>Application may include:</p> <ul style="list-style-type: none"> Sole trader 6 stores Bricks and mortar retailer Established 20 years Uses market segmentation New ownership has plans Business has expanded and Nessa is planning for more Possible plans to sell online Declining customer satisfaction Declining sales revenue. 	<p>6</p> <p>AO1b 2</p> <p>AO2 2</p> <p>AO3a 2</p>	<p>One mark for understanding of a benefit of a tall organisational structure. U</p> <p><i>No further marks can be gained without understanding.</i></p> <p>One further mark for application to Miles Ahead. APP</p> <p>One further mark for analysis of a benefit to a business of using a tall organisational structure. AN</p> <p>NB First mark is for understanding of a benefit, not for knowledge of what a tall organisational structure is. Do not award features e.g. 'narrow span of control', 'lots of layers', etc unless the benefit is clearly stated.</p>

		<p>Analysis may include:</p> <ul style="list-style-type: none"> • Highly motivated employees • Improved staff retention • Improved customer service • Managers may be able to carry out their own jobs more effectively. <p>Exemplar responses:</p> <p>There will be more opportunities for promotion (U) at the six shops (APP) which will encourage employees to work harder (AN).</p> <p>Close supervision of employees (U) may improve customer service (AN) reversing the declining sales figures (APP).</p> <p><u>Flat organisational structure</u></p> <p>Understanding may include:</p> <ul style="list-style-type: none"> • Fast/straightforward/easy/efficient/time saving communication within the business • Few miscommunications/misunderstandings • Fast decision making • Able to respond quickly to changes in demand/changes in the market • Few higher paid employees may lower labour costs • Collegial atmosphere/community feel • Not status conscious/feeling of equality among staff • Low status employees may be encouraged to share ideas to improve the business. <p>Application may include:</p> <ul style="list-style-type: none"> • Sole trader • 6 stores • Bricks and mortar retailer • Established 20 years • Uses market segmentation • New ownership has plans • Business has expanded and Nessa is planning for more • Possible plans to sell online • Declining customer satisfaction 		<p>One mark for understanding of a benefit of a flat organisational structure. U</p> <p><i>No further marks can be gained without understanding.</i></p> <p>One further mark for application to Miles Ahead. APP</p> <p>One further mark for analysis of a benefit to a business of using a flat organisational structure. AN</p> <p>NB First mark is for understanding of a benefit, not for knowledge of what a flat organisational structure is. Do not award features e.g. 'short chain of command', 'few layers', etc unless the benefit is clearly stated.</p>
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		<ul style="list-style-type: none"> Declining sales revenue Currently uses a tall structure. <p>Analysis may include:</p> <ul style="list-style-type: none"> Improved motivation Greater employee productivity/efficiency Increased sales revenue Improved customer satisfaction Faster response to market trends. <p>Exemplar responses:</p> <p>Fewer high paid employees could lead to lower labour costs (U) which may mean that Miles Ahead can afford to send its sales assistants on a customer service training course (AN), reversing the declining levels of customer satisfaction (APP).</p> <p>Vertical communication will be quicker (U) which may help Nessa to respond quickly to the needs in the six stores (APP), reversing the declining sales revenue (AN).</p> <p style="text-align: right;">ARA</p>		
	(c)	(ii) <p>Recommend which type of organisational structure would be the most appropriate for Nessa to use at Miles Ahead. Give reasons for your answer.</p> <p>The justification requires a <u>comparison</u> of the two methods of growth. Further analysis of the two methods should not be rewarded but can form part of a candidate's justification. Look for comparators e.g. whereas, although, more, less, etc</p> <p><u>Exemplar responses:</u></p> <p>Miles Ahead should move to a flat structure (1) so that decisions can be made <u>more</u> quickly to turnaround the fall in sales revenue since 2018 (CONT) (+2).</p> <p>Nessa would be wise to retain the tall structure (1) because it allows for <u>closer</u> control of how the staff behave with customers (+1).</p> <p style="text-align: right;">ARA</p>	<p>3 AO3b 3</p>	<p>1 mark for a recommendation, plus up to two marks for a justification.</p> <p>Annotate as:</p> <p>Decision </p> <p>Plus:</p> <p>1 mark for a non-contextual justification </p> <p>or 2 marks for a contextual justification  </p> <p>NB Context rather than application required. E.g. bicycles, sole trader, 15 employees, 6 stores, etc.</p>

(d)		<p>Evaluate, with reference to the data in Text 3, whether operating as a sole trader is the best type of business ownership at Miles Ahead in the future.</p> <p>Knowledge may include:</p> <ul style="list-style-type: none"> One owner. <p>Understanding may include:</p> <ul style="list-style-type: none"> Unlimited liability Owner is liable for all debts Nobody to share decision making with Limited capital Finance raising opportunities are limited Limited skills Need to work long hours Business may suffer if ill or unable to work No business continuity Can employ staff All profits kept by sole trader No one to argue about decisions Faster decision making Complete control over financial issues Complete control over strategic issues Complete control over operational issues. <p>Application (quantitative) graphical interpretation may include:</p> <ul style="list-style-type: none"> Any correct interpretation of Fig.1 Sales revenue graph E.g. Sales revenue fallen in last 2 years, 30% decrease in sales revenue since 2018 Any correct interpretation of Fig. 2 customer satisfaction graph E.g. Customers are becoming more dissatisfied, in 2020 50% of customers were not satisfied. <p>Analysis may include:</p> <ul style="list-style-type: none"> The impact/consequence of any correct piece of understanding about being a <u>sole trader</u>. e.g. <ul style="list-style-type: none"> May be unable to raise the necessary capital to modernise stores and/or set up the website High risk leading to damage to health of sole trader 	<p>9</p> <p>AO1a 1 AO1b 1 AO2 2 AO3a 2 AO3b 3</p>	<p>Use the level of response marking grid to assess skill levels.</p> <p>Annotate as:</p> <p>1 mark for knowledge K</p> <p>1 mark for understanding U</p> <p>Up to 2 marks for quantitative application* APP</p> <p>Up to 2 marks for analysis AN</p> <p>Up to 3 marks for evaluation EVAL</p> <p>*Application refers to interpretation of graphical data only.</p> <p>Analysis must be a business facing/Nessa facing impact.</p> <p>For strong evaluation i.e. the full three marks, the evaluation must be contextually robust.</p>
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		<p>○ Lack of expertise to expand.</p> <p>Evaluation may include:</p> <ul style="list-style-type: none"> • Candidate may justify remaining as a sole trader, not remaining as a sole trader or switching to another permitted form of business ownership (e.g. partnership, private limited company, public limited company) as being the best way forward for the business. <p style="text-align: right;">ARA</p> <p><u>Exemplar response:</u></p> <p>A sole trader is a business owned by one individual (K) with limited capital raising opportunities (U). Miles Ahead has had a near 20% decrease in sales revenue in the last couple of years (APP) and nearly 50% of customers are not satisfied (APP) according to the latest survey data.</p> <p>Nessa wants to improve the appearance of the stores, but clearly does not have available funds as she has already had to borrow £500,000. Getting more funds will be difficult to obtain as a sole trader and may delay the set up of the website (AN). Nessa will also want additional help and advice to carry out this expansion as her knowledge is limited to the jewellery market. This lack of knowledge may lead to any venture attempting to sell bicycles online failing (AN).</p> <p>I therefore think that Nessa would be wise to take on a business partner, rather than stay as a sole trader (EVAL). Although this will dilute Nessa's ownership of the business, she will be able to find someone with the necessary experience to help overcome a customer satisfaction score where <u>barely half of the customers are satisfied</u> with the business (EVAL) (EVAL).</p>		
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