



**GCSE
BUSINESS
8132/1**

Paper 1 Influences of operations and HRM on business activity

Mark scheme

June 2025

Version: 1.0 Final



2 5 6 G 8 1 3 2 / 1 / M S

Mark schemes are prepared by the Lead Assessment Writer and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation events which all associates participate in and is the scheme which was used by them in this examination. The standardisation process ensures that the mark scheme covers the students' responses to questions and that every associate understands and applies it in the same correct way. As preparation for standardisation each associate analyses a number of students' scripts. Alternative answers not already covered by the mark scheme are discussed and legislated for. If, after the standardisation process, associates encounter unusual answers which have not been raised they are required to refer these to the Lead Examiner.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of students' reactions to a particular paper. Assumptions about future mark schemes on the basis of one year's document should be avoided; whilst the guiding principles of assessment remain constant, details will change, depending on the content of a particular examination paper.

No student should be disadvantaged on the basis of their gender identity and/or how they refer to the gender identity of others in their exam responses.

A consistent use of 'they/them' as a singular and pronouns beyond 'she/her' or 'he/him' will be credited in exam responses in line with existing mark scheme criteria.

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Level of response marking instructions

Level of response mark schemes are broken down into levels, each of which has a descriptor. The descriptor for the level shows the average performance for the level. There are marks in each level.

Before you apply the mark scheme to a student's answer read through the answer and annotate it (as instructed) to show the qualities that are being looked for. You can then apply the mark scheme.

Step 1 Determine a level

Start at the lowest level of the mark scheme and use it as a ladder to see whether the answer meets the descriptor for that level. The descriptor for the level indicates the different qualities that might be seen in the student's answer for that level. If it meets the lowest level then go to the next one and decide if it meets this level, and so on, until you have a match between the level descriptor and the answer. With practice and familiarity you will find that for better answers you will be able to quickly skip through the lower levels of the mark scheme.

When assigning a level you should look at the overall quality of the answer and not look to pick holes in small and specific parts of the answer where the student has not performed quite as well as the rest. If the answer covers different aspects of different levels of the mark scheme you should use a best fit approach for defining the level and then use the variability of the response to help decide the mark within the level, i.e. if the response is predominantly level 3 with a small amount of level 4 material it would be placed in level 3 but be awarded a mark near the top of the level because of the level 4 content.

Step 2 Determine a mark

Once you have assigned a level you need to decide on the mark. The descriptors on how to allocate marks can help with this. The exemplar materials used during standardisation will help. There will be an answer in the standardising materials which will correspond with each level of the mark scheme. This answer will have been awarded a mark by the Lead Examiner. You can compare the student's answer with the example to determine if it is the same standard, better or worse than the example. You can then use this to allocate a mark for the answer based on the Lead Examiner's mark on the example.

You may well need to read back through the answer as you apply the mark scheme to clarify points and assure yourself that the level and the mark are appropriate.

Indicative content in the mark scheme is provided as a guide for examiners. It is not intended to be exhaustive and you must credit other valid points. Students do not have to cover all of the points mentioned in the Indicative content to reach the highest level of the mark scheme.

An answer which contains nothing of relevance to the question must be awarded no marks.

The own figure rule

General principle: The own figure rule is designed to ensure that students are only penalised once for a particular error at the point at which that error is made, and suffer no further penalty as consequence of the error. Where the own figure rule is to be applied in a mark scheme, the symbol OFR is used.

Section A**Total for this section: 20 marks****Multiple Choice Questions**

Question Number	Answer	
1.1	D	Allows the customisation of products
1.2	C	Plc and Ltd
1.3	C	Changes in levels of employment
1.4	D	Social media
1.5	A	(Total fixed costs + total variable costs) ÷ number of units produced
1.6	C	Where the business only produces the product when a customer has placed an order

1.1–1.6 = AO1 × 6 [1 mark for each correct answer]

1.7	Identify two factors a business may consider when choosing a supplier. [2 marks]
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Marks for this question: AO1 – 2 marks

1 mark for identifying a factor × 2.

Possible answers may include:

- costs/price/transport costs
- quality
- range of products
- speed of delivery/distance/location/lead time
- reliability of suppliers/times of delivery/faults/quantities
- reputation/ethics
- payment terms/contract terms

Marker's note

The first answer/factor on each line must be accepted.

1.8	Explain one reason why a person might want to become an entrepreneur.
	[2 marks]

Marks for this question: AO1 – 2 marks

1 mark for identifying a reason why a person might want to become an entrepreneur.
 1 mark for explaining a reason why a person might want to become an entrepreneur.

Possible answers may include:

- be their own boss/independent
- flexible working hours
- pursue an interest
- earn more money/make a profit
- identify a gap in the market
- dissatisfaction with their own job

Examples of developed answers

Be their own boss (1) rather than reporting to someone else (1).
 Flexible working hours (1) rather than set hours given by the employer (1).
 Pursue an interest (1) as they have a hobby that can earn them money (1).
 Identify a gap in the market (1) and believe they can make from providing this good or service (1).

1.9	Explain one reason why the training of current employees may be needed.
	[2 marks]

Marks for this question: AO1 – 2 marks

1 mark for identifying a reason for training current employees.
 1 mark for explaining why the training may be needed.

Possible answers may include:

- deal with changes in technology/new equipment
- increase productivity/efficiency/skills
- underperformance of employees
- increase or boost staff retention
- production of high-quality goods and services
- increase or boost motivation
- remind/update of rules or regulation e.g. health and safety

Examples of developed answers

To deal with changes in technology (1) employees will be learning new skills which are essential to performing the job (1).
 To increase productivity (1) as training makes them more efficient at their job (1).
 To boost staff retention (1) as employees feel more valued and stay loyal (1).

Marker's note

Do not award basic answers e.g. “know what to do” or “are familiar with the job” without some explanation of why this is needed for current employees.
 Training must be about current employees and not relate to induction.

1.10	Explain one disadvantage to a business of decentralisation.	[2 marks]
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Marks for this question: AO1 – 2 marks

1 mark for identifying a problem of decentralisation.

1 mark for explaining how decentralisation creates the problem.

Possible answers may include:

- employees may not have the experience required
- local managers making decisions may not benefit the whole business
- new training is needed
- poor communication
- some control is lost

Examples of developed answers

Employees may not have the experience (1) as new duties are given to employees in local branches (1).

Local managers making decisions may not benefit the whole business (1) as there may be many local managers making different decisions (1).

Poor communication (1) as head office may not be aware of decisions being made in local branches (1).

Marker's note

Answers must relate to decentralisation and not delayering.

1.11	Explain what is meant by opportunity cost for a business.	[2 marks]
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Marks for this question: AO1 – 2 marks

1 mark for basic understanding of the term.

1 mark for explaining the term or using a business example.

Possible answers may include:

- giving up/trade off/next best alternative
- sacrifice/loss/foregone
- alternative choices/deciding between two options
- choosing better option/first option/another option

Examples of developed answers

Opportunity cost is where there is a sacrifice made (1) for example the business' money can be invested in marketing or equipment (1).

Opportunity cost is the alternative given up (1) when choosing another option (1).

Opportunity cost is where there are two decisions (1), the business misses out on one opportunity when picking another (1).

1.12	State and describe two documents which may be produced during the recruitment and selection process of employees.	[4 marks]
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Marks for this question: AO1 – 4 marks

1 mark for identifying a recruitment and selection document × 2.

1 mark for describing the recruitment and selection document/how the document is used × 2.

Possible answers may include:

- Job description/job specification
- Person specification
- Job advert
- Contract of employment
- Application forms
- Curriculum vitae/CV/resumé
- References
- Covering letter/email

Examples of developed answers

A job description (1) identifying duties of the job (1).

A person specification (1) setting out qualifications/skills of applicants (1).

A job advert (1) promotes the job to potential applicants (1).

A contract of employment (1) is a legal agreement setting out conditions of the job (1).

An application form (1) is a document created by the business asking for information about the applicant (1).

A curriculum vitae (1) is a document created by applicants giving information about themselves (1).

Marker's note

Do not accept checks after appointment or documents given by applicants after they have been appointed e.g. passport, DBS, criminal record.

If a candidate identifies both CV and application form the development must make clear the difference between the two.

Do not accept letter or email on own without the word covering.

Section B**Total for this section: 33 marks**

2.1	Explain one benefit for a business of using a lean production approach.	[2 marks]
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Marks for this question: AO1 – 2 marks

1 mark for a benefit of lean production.

1 mark for explaining how lean production achieves this.

Answers may include:

- aims to reduce waste/time/resources
- raw materials are ordered when needed
- raw material costs are saved
- raw materials are used more efficiently
- inventory storage/holding costs are saved
- encourages employee suggestions for improvement

Examples of developed answers

Lean production aims to reduce waste (1) as it can get employees to make suggestions for more efficiency/improvement (1).

Lean production aims to reduce waste (1) as less money is spent on raw materials (1).

Lean production can prevent wastage (1) as it can involve ordering stock only when needed (1).

Lean production can save time (1) as products are only produced when ordered by a customer (1).

Marker's note

Do not accept saves costs on its own.

2.2	<p>A business is exporting products to China.</p> <p>Explain how the change in the value of the British pound (£) against the Chinese yuan from January to October would affect the price of its products in China.</p> <p>Use the data in Figure 1 in your answer.</p>	[2 marks]
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Marks for this question: AO2 – 2 marks

1 mark for describing the change in the data - Chinese yuan.

1 mark for identifying that the exports/products/prices are cheaper in China.

The number of yuan to the £ has decreased from 10.5 to 7 (1). Therefore, products are cheaper for the Chinese.

The number of yuan needed to buy one British pound has reduced by 3.5 (1). Therefore, export prices for China fall.

Marker's note

The answer must refer to China specifically to gain the mark for prices etc being cheaper.

2.3	Using the data in Figure 2 , on page 7 , explain the change in the import costs and how a business could respond to this change.	[3 marks]
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Marks for this question: AO2 – 3 marks

1 mark for identifying that import costs are increasing.
1 mark for by how much (using data).
1 mark for how a business could respond to the change.

Answers may include:

- find an alternative supplier
- adjust selling price
- review budget for raw materials
- negotiate better prices from Chinese/existing supplier
- reduce other costs.
- switch production to alternative products
- buy when costs are lower

Examples of developed answers

Import costs have increased (1) by £40 000 between January and October (1) and the business may use this to consider adjusting the selling price (1).

Import costs have gone up (1) from £220 000 to £260 000 (1). A business may decide to find an alternative supplier (1).

Marker's note

Answers must display a £ sign and indicate amount in 000's.

Do not accept trade credit or bulk buying, the answer must be something to reduce use or unit cost.

<p>2.4 D@SO Ltd has set an aim of increasing profits.</p> <p>Recommend whether D@SO Ltd should introduce just-in-time (JIT) stock control. Give reasons for your recommendation.</p>	<p>[9 marks]</p>
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Marks for this question: AO2 – 3 marks, AO3 – 6 marks

Level	Marks	Description
3	7–9	<p>Detailed analysis and evaluation of topics based on the context</p> <ul style="list-style-type: none"> • Sustained line of reasoning, which is coherent, relevant and substantiated with a focused conclusion that is fully justified. • Business areas are fully analysed. • Applies knowledge and understanding to the context sufficiently.
2	4–6	<p>Sound analysis and evaluation of topics based on the context</p> <ul style="list-style-type: none"> • A line of reasoning, with a conclusion that has some justification. • Business areas are partially analysed. • Applies some knowledge and understanding to the context.
1	1–3	<p>Basic analysis and evaluation of topics based on the context</p> <ul style="list-style-type: none"> • Basic line of reasoning with a conclusion. • Basic analysis of business areas. • Basic knowledge and understanding is applied to the context.
0	0	Nothing written worthy of credit.

Indicative content:

Application	Analysis
<p>Yes</p> <p>£ falling in value and raw material costs increasing.</p> <p>A local supplier has recently lowered its prices and can deliver within 24 hours.</p> <p>Storage room can be reduced and used to expand production.</p>	<p>If D@SO Ltd can implement a JIT stock control system, the storage room previously used to hold the buffer stock can be used to increase the production facilities of the lights, as no buffer stock will need to be stored as stock will be ordered when needed. As the business is currently importing from China, a local supplier is needed to allow them to change to JIT. As the local supplier can deliver within 24 hours, this means it will not affect waiting times for production which is particularly important all year round but especially at Christmas which is D@SO's busiest time of the year. Converting the storage room will therefore help with growth, as it can be used to increase production capacity and therefore sales. This should help to meet the aim of improving profits particularly as the local supplier has recently reduced its prices for the raw materials.</p>
<p>No</p> <p>Receives a discount from suppliers for bulk buying and buffer stock helps during busy</p>	<p>Using JIT means that the business will be ordering small amounts frequently. Although the raw material costs are rising from China, D@SO currently receive a discount for buying in bulk. This will keep the variable cost per unit low meaning that the profit margin is higher on sales. The prices from the alternative local supplier are</p>

times such as Christmas, prices lower than local supplier.	higher than the ones offered from China. This means that the higher costs, if not covered with additional sales from the increased production capacity that the change to JIT stock control would allow, will result in the objective of increasing profits not being met.
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Evaluation/Conclusion:

- depends on costs of delivery
- depends on how quickly stock goes out of date
- depends on if the pound continues to fall in value
- if the local supplier is reliable with deliveries
- ethical objectives – would the business rather use a British supplier and reduce its carbon footprint?

2.5	Explain one reason why a business may need to recruit a new employee. [2 marks]
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Marks for this question: AO1 – 2 marks

1 mark for a reason for recruitment.

1 mark for an explanation of how the reason creates the need to recruit.

Answers may include:

- expansion
- employees have left/resigned/retired/dismissed
- absences/ parental/maternity leave
- new skills/ideas

Examples of developed answers

A business will need to recruit a new employee if it is expanding (1) more roles in the business will be created to meet extra demand (1).

When a business offers a new product (1) an employee with different skills will be needed than existing employees can offer (1).

When an existing employee has resigned (1) a vacant position needs to be filled (1).

2.6	<p>Gwen managed five experienced production employees before D@SO Ltd expanded and increased production staff to 12.</p> <p>Analyse how the organisational structure of the production department will change with the expansion.</p> <p style="text-align: right;">[6 marks]</p>
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Marks for this question: AO2 – 3 marks, AO3 – 3 marks

Level	Marks	Description
3	5–6	<p>Detailed analysis of topics based on the context</p> <ul style="list-style-type: none"> Business areas are fully analysed. Applies knowledge and understanding to the context sufficiently.
2	3–4	<p>Sound analysis of topics based on the context</p> <ul style="list-style-type: none"> Business areas are partially analysed. Applies some knowledge and understanding to the context.
1	1–2	<p>Basic analysis of topics based on the context</p> <ul style="list-style-type: none"> Basic analysis of business areas. Basic knowledge and understanding is applied to the context.
0	0	Nothing written worthy of credit.

Application:

- Gwen currently has seven new employees to supervise** – span of control increased, depending on experience and may lead to errors
- allocation of work to new employees** – delegation affected and less control of employees
- when two new supervisors are added will increase hierarchy, currently a flat organisational structure in the production department** – increasing the hierarchy may affect communication
- Gwen's span of control will change to supervise only the two new supervisors** – may affect motivation/retention/job role

Example of a Level 3 developed answer

Gwen's role as a manager is to delegate tasks and in D@SO Ltd work needs to be allocated correctly to employees. Once tasks are given as manager, she must ensure that they are being completed to a suitable standard, but as she now has an extra seven employees to check this may not allow as close supervision. Therefore, mistakes may occur as her span of control has increased and the quality may not be at the expected level. This is more likely as the new employees may be inexperienced and lack the same skills as the original five production staff and may take up more of Gwen's time meaning that control of all employees is not possible.

2.7	<p>The two employees who have applied to job share have worked for the business for 5 years and know the other employees well.</p> <p>Recommend whether D@SO Ltd should allow the two employees to job share the supervisor's role. Give reasons for your recommendation.</p> <p style="text-align: right;">[9 marks]</p>
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Marks for this question: AO2 – 3 marks, AO3 – 6 marks

Level	Marks	Description
3	7–9	<p>Detailed analysis and evaluation of topics based on the context</p> <ul style="list-style-type: none"> Sustained line of reasoning, which is coherent, relevant and substantiated with a focused conclusion that is fully justified. Business areas are fully analysed. Applies knowledge and understanding to the context sufficiently.
2	4–6	<p>Sound analysis and evaluation of topics based on the context</p> <ul style="list-style-type: none"> A line of reasoning, with a conclusion that has some justification. Business areas are partially analysed. Applies some knowledge and understanding to the context.
1	1–3	<p>Basic analysis and evaluation of topics based on the context</p> <ul style="list-style-type: none"> Basic line of reasoning with a conclusion. Basic analysis of business areas. Basic knowledge and understanding is applied to the context.
0	0	Nothing written worthy of credit.

Indicative content:

Application	Analysis
<p>Yes</p> <p>Highly experienced and well trained production employees – may need limited training/induction.</p> <p>Have offered suitable ways in which the hours can be shared.</p> <p>Gwen is concerned the two employees will leave if the job share is not offered.</p> <p>Know other employees well.</p>	<p>Job sharing in this case can lead to retention of talent within the business. These are two highly experienced members of staff who have likely been invested in through training during their five years at the business. If they were to leave as Gwen fears then this investment will be lost and additional costs of recruiting new employees will occur. Although in the short term more training is likely to be needed for their new role, overall costs will be lower. Keeping them in the business will mean that there is a continued level of efficiency and service.</p>
<p>No</p> <p>They cannot agree on how they will hand over work each day.</p> <p>They both have different ideas on how the supervisor's role should work.</p>	<p>The two employees working together is likely to lead to compatibility issues. For the job share to be successful, the employees need to be consistent and line manage the production employees in their span of control in a similar way as the job tasks will be shared throughout the week. This is not likely to occur here as they both have different ideas on how the</p>

	supervisor's role should work. This may result in different standards expected on the days each supervisor is working. For example, when allocating work to suitable employees the different views can possibly lead to lower quality than at the expected level. Job sharing is more difficult given the role is a supervisor rather than a production worker.
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Evaluation/Conclusion:

- will it cost more for the daily hand over?
- depends on how the job roles are shared between the two employees
- how well will the employees work together?
- depends on Gwen's ability to supervise them.

Section C**Total for this section: 37 marks**

3.1	State one method of good customer service.	[1 mark]
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Marks for this question: AO1 – 1 mark

1 mark for stating a method of good customer service.

Answers may include:

- product knowledge
- customer engagement
- post sales services
- speed and efficiency of service
- acting on customer feedback

Accept any reference to methods of customer service CP are offering:

- guide customers to locations/assisting shoppers at escalators
- detailed information on products
- gift wrapping
- beauty demonstrations
- free Santa visit

3.2	Using Item C , explain one way in which CP focuses on sustainability.	[4 marks]
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Marks for this question: AO1 – 2 marks, AO2 – 2 marks

Level	Marks	Description
2	3–4	Sound understanding and application of the topics <ul style="list-style-type: none"> • Applies knowledge and understanding to the context sufficiently. • A sound understanding of one or more business concepts and issues.
1	1–2	Basic understanding and application of the topics <ul style="list-style-type: none"> • Applies basic knowledge and understanding to the context. • A basic understanding of one or more business concepts.
0	0	Nothing written worthy of credit.

Answers may include:**Knowledge and Application:**

- reducing global warming, less omissions from vehicles – **pledged that the 2700 vans used for deliveries will be electric by 2030**
- reducing the use of scarce resources/conserving limited resources – **many of its products are made from recycled materials, such as furniture and bedding using sustainable materials**

Example of a Level 2 developed answer

CP focuses on sustainability by looking to reduce global warming. By using electric vans, CP has made a pledge that all 2700 vans will be electric by 2030. Replacing delivery vans with electric vehicles will reduce emissions compared to normal vans which means that the carbon footprint of CP is reduced. This helps with less global warming.

3.3 The shopping centres that CP operates in are very busy. CP offers customers free services, such as gift wrapping and beauty demonstrations. Analyse how CP might benefit from good customer service.	[6 marks]
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Marks for this question: AO2 – 3 marks, AO3 – 3 marks

Level	Marks	Description
3	5–6	Detailed analysis of topics based on the context <ul style="list-style-type: none"> • Business areas are fully analysed. • Applies knowledge and understanding to the context sufficiently.
2	3–4	Sound analysis of topics based on the context <ul style="list-style-type: none"> • Business areas are partially analysed. • Applies some knowledge and understanding to the context.
1	1–2	Basic analysis of topics based on the context <ul style="list-style-type: none"> • Basic analysis of business areas. • Basic knowledge and understanding is applied to the context.
0	0	Nothing written worthy of credit.

Answers may include:

Application:

- CP offers customers free services, such as beauty demonstrations – increased spending
- at the escalator on each floor, there are employees whose job it is to guide customers to the exact locations of the products they are looking for – increased spending
- creating a positive experience for customers, free services, gift wrapping – increased customer satisfaction
- employees in all departments undergo training so they can provide detailed information about products – customer loyalty/increased spending/customer engagement
- all products sell for premium prices/Successful business – higher profits

Example of a Level 3 developed answer

One benefit of customer service is that a business will have more loyal customers. CP ensures that employees in all departments undergo training so they can provide detailed information about products. When a customer visits the store, this can mean that they have the information to decide if the product is right for them and meets their needs. For example, if given a beauty demonstration then the products will be more suitable. The more customers that are happy with the products, the more likely they will return. This contributes significantly to the store's appeal and attracts customers.

<p>3.4 Employees receive 15% commission on the sale of extras. Using Table 1, calculate the average daily commission paid by CP on key rings. Show your workings.</p>	<p>[2 marks]</p>
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Marks for this question: AO2 – 2 marks

Answer = £62.50 (2) £375 (1) £416.66 or £416.67 (1)

Method 1

$$\text{£2500} \div 6 = \text{£416.66 or £416.67 (1)}$$

$$\text{£416.66 or £416.67 OFR} \times 0.15 = \text{£62.50 (1) OFR}$$

Method 2

$$\text{£2500} \times 0.15 = \text{£375 (1)}$$

$$\text{£375 OFR} \div 6 = \text{£62.50 (1) OFR}$$

<p>3.5 Using Item D, calculate the daily wage costs of operating the Santa's Grotto. Show your workings.</p>	<p>[2 marks]</p>
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Marks for this question: AO2 – 2 marks

Answer = £880 (2) £250 (1) £280 (1) £720 (1)

Method 1

$$15 \times 8 \times 6 = \text{£720 (1)}$$

$$\text{£720 OFR} + \text{£160} = \text{£880 (1)}$$

Method 2 (if the candidate has not identified that employees work 8 hours a day)

$$15 \times 6 = \text{£90 (0)} + \text{£160} = \text{£250 (1)}$$

Method 3 (if the candidate has not identified that there are 6 employees)

$$15 \times 8 = \text{£120 (0)} + \text{£160} = \text{£280 (1)}$$

<p>3.6 The commission on extras is shared between all employees of the Grotto.</p> <p>Explain one benefit of using commission to pay the Grotto employees at each CP store.</p>	<p>[4 marks]</p>
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Marks for this question: AO1 – 2 marks, AO2 – 2 marks

Level	Marks	Description
2	3–4	<p>Sound understanding and application of the topics</p> <ul style="list-style-type: none"> • Applies knowledge and understanding to the context sufficiently. • A sound understanding of one or more business concepts and issues.
1	1–2	<p>Basic understanding and application of the topics</p> <ul style="list-style-type: none"> • Applies basic knowledge and understanding to the context. • A basic understanding of one or more business concepts.
0	0	Nothing written worthy of credit.

Answers may include:

Knowledge and application:

- increases motivation and sales – **sales of extras are the only sales revenue for CP from the Grotto/has generated £23 500 weekly sales for one store**
- employees work as a team – **commission shared**

Example of a Level 2 developed answer

Commission is a financial method of motivation and is used by businesses to boost sales. As Santa's Grotto is free to visit, it generates no additional revenue for CP unless extras are sold. Therefore, it is important that employees are motivated to sell the key chains and photos. As a result, the commission will financially reward them for creating sales of the extras, such as photos.

<p>3.7 CP uses a range of technologies to communicate with customers.</p> <p>Analyse how CP will benefit from the use of digital technology.</p>	[6 marks]
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Marks for this question: AO2 – 3 marks, AO3 – 3 marks

Level	Marks	Description
3	5–6	Detailed analysis of topics based on the context <ul style="list-style-type: none"> • Business areas are fully analysed. • Applies knowledge and understanding to the context sufficiently.
2	3–4	Sound analysis of topics based on the context <ul style="list-style-type: none"> • Business areas are partially analysed. • Applies some knowledge and understanding to the context.
1	1–2	Basic analysis of topics based on the context <ul style="list-style-type: none"> • Basic analysis of business areas. • Basic knowledge and understanding is applied to the context.
0	0	Nothing written worthy of credit.

Answers may include:

Application:

- **interactive map/screen in store** – replace employees – less labour – increasing sales revenue maintaining a reputation for high quality and excellent customer service
- **booking slots/text messages** – keep in contact with customers, engage with large number of customers quickly and effectively, increasing sales revenue

Example of a Level 3 developed answer

By using an interactive screen in the store, customers are able to find a suitable time slot for their visit to Santa's grotto. This means customers can book slots without the need for employees to deal with them, saving costs for the business. At the same time this helps maintain the excellent customer service, as customers are updated by text message on their booked slot and therefore are more likely to attend. As customers are not paying for the visit, it is essential they attend so extras can be sold which increases the sales revenue for the store.

3.8	<p>Increasing competition from online retailers is reducing CP's sales. A large amount of cash is needed to develop its website. CP is considering two options.</p> <ol style="list-style-type: none"> 1. Converting to a Plc. 2. Reducing the cost of supplies. <p>Analyse the effect of each of these two options for CP.</p> <p>Evaluate which of these two options will have the biggest impact on CP's ability to maintain its current objectives.</p> <p style="text-align: right;">[12 marks]</p>
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Marks for this question: AO1 – 3 marks, AO2 – 3 marks, AO3 – 6 marks

Level	Marks	Description
4	10–12	<p>Developed, integrated analysis and evaluation of topics with sustained judgement based on context</p> <ul style="list-style-type: none"> • An integrated line of reasoning, which is coherent, relevant, with a conclusion where the area which has been impacted on the most has been fully justified. • Interdependent nature of business areas is fully analysed. • Applies knowledge and understanding to the context and successfully draws together several functional areas of business.
3	7–9	<p>Detailed analysis and evaluation of topics based on the context</p> <ul style="list-style-type: none"> • A line of reasoning, which is coherent, relevant, with a conclusion that is justified. • Different business areas are analysed independently, or the interdependent nature of business areas is partially analysed. • Applies knowledge and understanding to the context and starts to draw together several functional areas of business.
2	4–6	<p>Sound analysis and evaluation of topics in isolation of their interdependence based on the context</p> <ul style="list-style-type: none"> • A line of reasoning, with a conclusion that has some justification. • One business area is analysed independently. • Applies some knowledge and understanding to the context.
1	1–3	<p>Basic generic discussion of topics</p> <ul style="list-style-type: none"> • A basic understanding of business concepts in isolation. • A basic understanding of one or more business concepts. • Partial relevance to the question.
0	0	Nothing written worthy of credit.

Indicative content:

Understanding	Application	Analysis/evaluation
Convert to a Plc	<p>The owners of CP view their employees as family. The business has never made employees redundant in the 50 years it has been operating.</p> <p>Naia Hayat has indicated she may be a possible investor if the business converts to a Plc.</p> <p>Naia has built up successful and highly profitable retail outlets. She keeps staff costs to a minimum to maximise profits.</p>	<p>Having more shareholders of a Plc and new investors, it is likely they will have different views on the running of a business and although currently profit is not the most important objective for the business, this is highly likely to change especially if Naia invests. She is likely to want the cash spent on other areas and want to keep staff costs low, as she has in the past, to boost profits. As the owners of CP view their employees as family and have never made employees redundant in the 50 years it has been operating, it would appear that this would be a very important factor for any decision. If Naia becomes a major investor, she will have a large say in decisions and could even force her views to change the current objectives.</p>
Reducing the cost of supplies	<p>CP has found a large manufacturer who can offer products at a slightly lower quality.</p> <p>The supplier will provide products at half the current cost if CP guarantees to buy 65% of its stock from the supplier.</p> <p>Employees receive many benefits in addition to their wages, which are above the national average in retail.</p>	<p>If the business is able to reduce supplier costs this will enable the business to reduce variable costs in the long term. As the new supplier will meet 65% of orders, this is likely to be a huge saving. This may mean that unit costs fall as other fixed costs are likely to stay the same. As CP maintains a high selling price, as the products are only a slightly lower quality, this should not affect selling price and the profit margin will increase. CP can use this to ensure that employees' benefits and high wages are kept the same and no costs are cut in this area meaning it can develop the website whilst maintaining its objective of treating employers well. However, the existing suppliers will be worse off and may need to agree to lower prices. The reputation for treating suppliers could be damaged and may impact negatively on the objective of treating suppliers well, although they will be paid more quickly.</p>

What does it depend on?

Evaluation and integration:

- can CP continue to pay fair prices to support fairtrade and small producers with this new supplier taking 65% of orders?
- if Naia Hayat invests a significant amount, she could gain control of the business and change the main objective to profit, 60% of shares are available and she would only need 51%
- selling shares is short term and a one off generation of cash, this may not protect objectives for long
- as it views employees as family, any decision may need to focus on this area so long-term benefits of cutting costs may be more appropriate.