GCSE

Business

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

General Certificate of Secondary Education

Mark Scheme for June 2025

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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.

MARKING INSTRUCTIONS

PREPARATION FOR MARKING
RM ASSESSOR

1. Make sure that you have accessed and completed the relevant training packages for on-screen marking: *RM 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 available in RM Assessor

3. Review the 5 practice responses ("scripts") in Totara and then log into RM3 and mark **the 10** standardisation responses.

MARKING

1. Mark strictly to the mark scheme.

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

3. The schedule of dates is very important. It is essential that you meet the RM Assessor 50% and 100% 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 RM Assessor messaging system.

5. **Crossed-Out Responses**
    Where a candidate has crossed out a response and provided a clear alternative then the crossed-out response is not marked. Where no alternative response has been provided, examiners may give candidates the benefit of the doubt and mark the crossed-out response where legible.

    Multiple-Choice Question Responses
    When a multiple-choice question has only a single, correct response and a candidate provides two responses (even if one of these responses is correct), then no mark should be credited (as it is not possible to determine which was the first response selected by the candidate).

    Contradictory Responses
    When a candidate provides contradictory responses, then no mark should be credited, even if one of the answers is correct.

Short Answer Questions (requiring only a list by way of a response, usually worth only one mark per response)
Where candidates are required to provide a set number of short answer responses then only the set number of responses should be marked. The response space should be marked from left to right on each line and then line by line until the required number of responses have been considered. The remaining responses should not then be marked. Examiners will have to apply judgement as to whether a 'second response' on a line is a development of the 'first response', rather than a separate, discrete response. *(The underlying assumption is that the candidate is attempting to hedge their bets and therefore getting undue benefit rather than engaging with the question and giving the most relevant/correct responses.)*

Short Answer Questions (requiring a more developed response, worth two or more marks)
If the candidates are required to provide a description of, say, three items or factors and four items or factors are provided, then mark on a similar basis – that is downwards (as it is unlikely in this situation that a candidate will provide more than one response in each section of the response space).

Longer Answer Questions (requiring a developed response)
Where candidates have provided two (or more) responses to a medium or high tariff question which only required a single (developed) response and not crossed out the first response, then only the first response should be marked. Examiners will need to apply professional judgement as to whether the second (or a subsequent) response is a 'new start' or simply a poorly expressed continuation of the first response.

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 the annotation 'SEEN' to confirm that the work has been seen and mark any responses using the annotations in section 11.

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 is not an attempt at the question.

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

8. The RM Assessor **comments box** is used by the senior team to explain the marking of the practice responses. Please refer to these comments when checking the practice responses. **Do not use the comments box on live scripts.**

9.   *Assistant Examiners may 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.*

ARA – Any Reasonable Answer - Where ARA is indicated within the Answer column for any question on this mark scheme, examiners must accept any reasonable answer that in their professional opinion fits one of the bullet points in the mark scheme, despite being expressed in different words. Examiners should liaise with their Team Leaders/Principal Examiner if there remains any doubt as to whether a response (or part-response) should be credited.

11. Annotations

Annotation	Meaning
AN	Analysis (AO3a)
APP	Application (AO2)
BOD	Benefit of doubt
BP	Blank page
✖	Cross
EVAL	Evaluation (AO3b)
K	Knowledge (AO1a)
NAQ	Not answered question
NUT	No use of text
OFR	Own figure rule
REP	Repeat
SEEN	Noted but no credit given
TV	Too vague
✔	Tick
U	Understanding (AO1b)

Highlighting is also available to draw particular attention to any part of the script.

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

Question			Answer	Mark	Guidance
16	**(a)**		**Explain <u>one</u> purpose of planning business activity.** **Knowledge/understanding:** • Reduces risk • Increases likelihood/level/speed of success • Helps avoid failure/failing/being unsuccessful **Exemplar responses:** Reduces the risk (1) of failure (+1). Decreases the risk (1) of being unsuccessful (+1). Reduces levels of risk (1), so less likely to fail (+1). Reduces chances of failure (1) and increases chances of success (+1). Reduces likelihood of failing (1) or of being unsuccessful (REP). Reduces risk (1). Helps a business succeed (1). Makes business as successful as possible (1). Helps a business minimise the chances of failure (1). **ARA**	**2** AO1a 1 AO1b 1	One mark for purpose of business planning plus one further mark for development. *Answers do not need to relate to Lidl.* Look for the concepts of 'risk', 'success' and 'failure'.

| 16 | (b) | | **Explain three advantages for Lidl of operating as a private limited company.**

Understanding:
• Limited liability e.g. <u>owners</u> cannot lose personal assets/<u>owners</u> cannot lose more than originally invested/<u>owners</u> not required to repay company's debts
• Control of <u>ownership</u> e.g. control who buys shares/control over share ownership/no risk of a (hostile) takeover
• <u>Ease</u> of raising money/can raise funds by issuing shares/banks more willing to lend
• Tax advantages (corporation tax lower than income tax)
• Continuity (of business in event of death of an owner)

Application may include:
• (Europe's) leading food retailer
• Expanded rapidly <u>in UK</u> (or over <u>30 years</u>)
• 1000 stores
• Could lose its <u>stores</u>, <u>warehouses</u> and <u>offices</u>
• Industry is <u>very</u> competitive
• Not involved in mergers and takeovers

Exemplar responses:
Lidl will not be subject to a hostile takeover (1) unlike other food retailers which have been involved in mergers and takeovers (APP).

Lidl can sell shares to raise finance (1) to fund the opening of 50 new stores each year (APP).

Lidl will have limited liability (1), encouraging more investment in the business which will help pay for the running of Lidl's 1000 UK stores (APP).

ARA | **6**
AO1b 3
AO2 3 | One mark for understanding of an advantage of operating as a private limited company, up to a maximum of three marks.

No further marks can be gained without understanding.

One further mark for each application to Lidl, up to a maximum of three marks. **APP**

NB: No marks for what an Ltd is.

Do **not** credit 'can <u>only</u> sell shares to family and friends' or 'cannot sell shares on stock exchange' because these could be advantages or disadvantages. For this question an advantage of these is required i.e. raise finance, control of ownership, or no risk of hostile takeover.

Do **not** credit arguments relating to decision-making, problem-solving, expertise, workload, etc.

Take care with 'control', the response needs to be clearly about <u>ownership</u>, not control of decisions/strategic direction, etc.

'More control of business' (0) TV; 'Less restricted '(0) TV; 'Easy to set up' (0) TV; 'Less worry for owners' (0) TV; 'More financial security for shareholders' (0) TV; 'Can issue shares' (0) (TV); 'Can raise <u>large</u> amounts of money' (0) TV.

APP: 'Lidl is a private limited company' should not be credited for APP on this question as it does not show any additional understanding of the topic in the question (NUT). |

| 16 | (c) | | **Analyse <u>one</u> likely reason why Lidl expands by using organic growth.**

Knowledge:
• Cost effective/cheap/more affordable
• Maintain (internal) control e.g. keep own culture/ethics/ systems/organisational structure/aims and objectives, control decision/strategic direction, avoid interference from other businesses
• Use own expertise
• Avoid managerial power struggles

Application <u>may</u> include:
• (Europe's) leading food retailer
• 31,000 employees
• 3 pay rises in 2023
• 1,000 stores
• 50 new stores
• Industry is <u>very</u> competitive
• Many other food retailers involved in mergers and takeovers

Analysis <u>may</u> include:
Common analytical comments (which must stem from the reason stated) include <u>positive</u> impacts on costs, sales, revenue, profit, profit margin, retained profit, reinvestment of funds, market position, competitive advantage, motivation, saving money, opportunity cost, affording something else, etc.

Exemplar responses:
Organic growth is often less costly (1) than external growth, so Lidl will have more money available to pay its employees' wages (+1) which is very important because it pays higher wages than competitors (APP).

There will be no need to restructure (1) to merge with another business. This should please Lidl's 31,000 employees (APP) and maintain levels of customer service (+1).   **ARA** | **3**
AO1a 1
AO2 1
AO3a 1 | One mark for knowledge of a reason for using organic growth. ✔

No further marks can be gained without knowledge.

One further mark for application to Lidl. [APP]

One further mark for analysis of stated reason on business. ✔

NB: Analysis must be a business-facing impact (not stakeholder-facing).

NB: No marks for what organic growth is.

NB: Knowledge mark must be reasons for ORGANIC growth (not growth in general nor disadvantages of external growth). See Knowledge bullet points for acceptable responses.

Take care with 'control', the response needs to be about <u>internal control</u> and the way the business operates. Do not credit arguments relating solely to control of ownership.

'Control of own ideas' (0) TV.

References to more profit, better reputation, more well known, lower risk, etc creditable for analysis only.

APP: 'Lidl uses organic growth methods' should not be credited as APP on this question as it does not show any additional understanding of the topic in the question (NUT). |

| 16 | (d) | (i) | **Other than pay, identify <u>two</u> financial methods of motivation.**

Indicative content:
•   Bonus
•   Profit share/Profit sharing
•   Fringe benefits | **2**
AO1a 2 | One mark for each financial method of motivation identified, up to a maximum of two marks.

Answers do not need to relate to Lidl. | ✅ |

| 16 | (d) | (ii) | **Evaluate whether Lidl should continue to pay employees a higher wage rate than competitors.**

Application may include:
• (Europe's) leading food retailer
• 31,000 employees
• 3 pay rises in 2023
• 1,000 stores
• 50 new stores
• Industry is <u>very</u> competitive
• Paid 16% more

Analysis (positive or negative impacts of <u>paying/not paying</u> a higher wage rate (as appropriate to argument)) on:
• Calibre of employee e.g. skill level, expertise, experience, the best applicants, etc
• Employee retention/Labour turnover
• Motivation
• Cost e.g. expensive, costly, an expense, wastes money, etc
• Opportunity cost (money could be spent on/saved for something else)

Evaluation:
Requires a clear decision as to whether Lidl should continue to pay its employees higher wage rates than its competitors. The decision should be justified using relevant argument. For the full three marks the justification needs to be contextual.

Common evaluative arguments (which must make sense for the decision made) <u>may</u> include: better skilled, employee retention, motivation, cost, opportunity cost, cash flow, effect on bank balance, growth, vacancies, staff shortages, output, work harder, productivity, quality, customer service, number of customers, customer satisfaction, competitive advantage, profit, revenue, reputation, etc. | **7**
AO2 2
AO3a 2
AO3b 3 | **Use marking grid to assess skill levels.**

Annotate as:
Up to 2 marks for application to Lidl **(AO2)** APP
Up to 2 marks for analysis **(AO3a)** AN
Up to 3 marks for evaluation **(AO3b)** EVAL

Application – up to two demonstrations of application to exemplify analytical points.

NB: Context must be <u>used</u> to demonstrate <u>understanding</u> of advantage/disadvantage to be credited as APP.

NB: 'Lidl pays a wage rate which is higher than employees who work at its main competitors' should not be credited as APP on this question as it does not show any additional understanding of the topic in the question (NUT).

Analysis – up to two pieces of analysis.

For analysis, do **not** credit 'morale' as this is an employee-facing impact rather than business-facing.

Evaluation – For **first** evaluation mark the candidate must make an <u>explicit</u> decision about whether a business should or should not pay its employees more than the competition.

For **two** evaluation marks the decision must be supported by relevant argument. |

			Exemplar response: Paying 16% more than competitors (APP) is likely to increase motivation levels (AN). However, paying higher wage rates increases expenses (AN), so Lidl may not be able to afford to open 50 new stores per year (APP). I think that Lidl should continue to pay employees a higher wage than competitors (EVAL) because it will lead to better productivity at its <u>1000 stores</u> (CONT)(EVAL)(EVAL). **ARA**		If a decision is made look for supportive reasoning (which may be a repeat of previous argument or a new point). If 'yes' to continue paying higher rates than competitors, accept Analytical advantages as well as other benefits such as fewer vacancies, fewer staff shortages, greater productivity, better quality, better customer service, more customers, more revenue, etc. If 'no' to paying higher rates than competitors, accept all Analytical disadvantages as well as other drawbacks such as worsened cash flow, lower investment in growth, less money for other things, etc. For **three** evaluation marks the justification must be contextual. **NB**: No additional evaluation marks for decision + context but no relevant argument.

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Q16(dii) Evaluate whether Lidl should continue to pay employees a higher wage rate than competitors.

	Application (AO2) (2 marks)	Analysis (AO3a) (2 marks)	Evaluation (AO3b) (3 marks)
Strong	**2 marks** **Two** uses of context in relation to paying/not paying a higher wage than competitors. **[APP]** **[APP]**	**2 marks** **Two** business-facing pieces of analysis about paying/not paying a higher wage than competitors. **[AN]** **[AN]**	**3 marks** A **justified contextual decision** about whether Lidl should continue to pay employees a higher wage than competitors. **[EVAL]** **[EVAL]** **[EVAL]**
Good			**2 marks** A **justified decision** about whether Lidl should continue to pay employees a higher wage than competitors. **[EVAL]** **[EVAL]**
Limited	**1 mark** **One** use of context in relation to paying/not paying a higher wage than competitors. **[APP]**	**1 mark** **One** business-facing piece of analysis about paying/not paying a higher wage than competitors. **[AN]**	**1 mark** A **decision** about whether Lidl should continue to pay employees a higher wage than competitors. **[EVAL]**

Question			Answer	Mark	Guidance
17	**(a)**		**State <u>two</u> methods of selecting new employees.** **Indicative content:** • CV/curriculum vitae/resumé • Application <u>form</u> • Letter of <u>application</u> • Interview • <u>Group</u> activity/<u>group</u> task • Test/exam/simulation/role-play/presentation • <u>Work</u> trial • Reference • Referral	**2** AO1a 2	One mark for each of two methods of selecting new employees. *Answers do not need to relate to Denby.* **NB:** 'Trial'/'Trialling' (0). ['Trialling' is a primary market research method]. ✔

| 17 | (b) | | **Explain <u>three</u> reasons why Denby trains its production employees.**

Knowledge:
• To improve productivity e.g. improve quality, minimise errors, reduce wastage, more output, faster production
• To develop the business e.g. introduce <u>new</u> products, <u>extend</u> product range, create <u>new</u> designs
• To address the business' skill <u>shortages</u>/skills <u>gaps</u>
• To create motivated employees
• To increase employee retention/to lower labour turnover
• To meet legal/H&S requirements

Application <u>may</u> include:
• Quality of pottery
• Make a large product range
• Manufacture homeware/tableware/plates/cups
• Looking for workers who are <u>most</u> skilled
• Carefully selects <u>production</u> employees
• Chooses an <u>appropriate</u> price

Exemplar responses:

Training is likely to increase employee retention (1), minimising the loss of clay pottery skills (APP).

Training is likely to increase employee motivation (1) to develop new designs of its plates and cups (APP).

Training is likely to increase productivity (1), which will help to cover the increased electricity costs (APP).

ARA | **6**
AO1a 3
AO2 3 | One mark for knowledge of a reason for training production employees, up to a maximum of three marks.

No further marks can be gained without knowledge.

One further mark for each application to Denby, up to a maximum of three marks. **APP**

NB: No credit for what training is. Therefore, no marks for: to develop skills, more skills, improve skill set, keep up to date, improve product knowledge, know what is needed, etc. Reason business provides this training is required i.e. WHY? See Knowledge bullet points for acceptable responses.

Do **not** credit arguments about improving customer service because the question is about <u>production</u> workers.

'Improve morale' (0); 'employees feel valued' (0) – business reason required.

APP: 'Training opportunities are offered to production employees' should not be credited as APP on this question as it does not show any additional understanding of the topic in the question (NUT). |

17	(c)		Analyse <u>one</u> advantage for Denby of using price skimming.	3 AO1b 1 AO2 1 AO3a 1	One mark for understanding of an advantage for a business of using price skimming. ✔
			Understanding:		
			• Increased revenue for <u>each</u> product sold/increased revenue <u>per sale</u>/high <u>average</u> revenue		*No further marks can be gained without understanding.*
			• High profit <u>margin</u>/high profit<u>ability</u>/increased profit <u>per item</u>		
			• Perceived image for quality		One further mark for application to Denby, using evidence from the text. **APP**
			• Attract high income customers/quality-conscious customers/ first adopters		
					One further mark for analysis of the stated advantage on the business. ✔
			Application <u>may</u> include:		
			• Operating for 200 years		**NB:** Analysis must be a business-facing impact.
			• Large product range		
			• Manufacture homeware/tableware/plates/cups		**NB** No marks for what price skimming is. Do **not** credit 'charge high prices initially', etc. An advantage to the business of using price skimming is required to gain a mark. See Understanding bullet points for acceptable responses.
			• Ensure <u>all</u> stakeholder objectives are satisfied		
			• <u>Regularly</u> creates <u>new</u> products/designs		
			• Wages/electricity/operating costs rising		
			Analysis may include:		
			Common analytical comments (which must stem from the advantage stated) include <u>positive</u> impacts on total profit, retained profit, reinvestment, new customers, sales, revenue, reputation, brand image, target market, affording something else, covering development costs, etc.		For Understanding mark do not credit 'high revenue' or 'high profit' unless it is clear it is per item (see underlining in bullet points).
					Answers about charging low prices/or when the price drops are incorrect.
			Exemplar responses:		
			Charging higher prices may give a perception of quality (1) which helps to build a good brand image for Denby (+1) encouraging high income customers to buy its large product range of tableware (APP).		
			The high price will increase the revenue from each item sold (1). This will help to cover Denby's operating costs (+1) which have increased in the past few years (APP).		
			ARA		

16

| 17 | (d) | (i) | **Analyse <u>one</u> impact on Denby of a shareholder objective.**

Understanding:
• (High) profit
• (High) dividend
• (High) share price

Application <u>may</u> include:
• <u>Private limited</u> company
• Operating for 200 years
• Large product range
• Manufacture homeware/tableware/plates/cups
• <u>Regularly</u> creates <u>new</u> products/designs
• New <u>pottery</u> designs
• Wages/electricity/operating costs rising

Analysis may include:
• Operational impact i.e. <u>HOW</u> business responds to achieve the objective (which must stem from the objective stated):
    ○ Profit e.g. introduce new/successful designs, raise prices, improve motivation to increase quality, etc
    ○ Dividends e.g. increase prices, reduce costs, reduce wages, etc
    ○ Share price e.g. pursue growth strategies, cut costs, increase prices, etc
• Impact on business of <u>satisfying</u> a shareholder objective:
    ○ Profit e.g. afford R&D, expansion, growth, etc
    ○ Dividends e.g. less retained profit, lower funds for development, attract investors, etc
    ○ Share price e.g. retain investors, attract investors, etc
• Impact on business of <u>failing to satisfy</u> a shareholder objective:
    ○ Profit e.g. cannot afford R&D, lack of growth, delays expansion plans, investors leave, etc
    ○ Dividends e.g. investors leave, etc
    ○ Share price e.g. investors leave, etc | **3**
AO1b 1
AO2 1
AO3a 1 | One mark understanding of a shareholder objective. ✔

No further marks can be gained without understanding.

One further mark for application to Denby. `APP`

One further mark for impact on a business of stated shareholder objective. ✔

NB: There are various types of analytical argument that the candidate could use to answer this question. Please see the analysis section and accept any logical chain of argument.

Analysis must be business-facing rather than customer-facing.

APP: 'Ensure all stakeholder objectives are satisfied' should not be credited as APP on this question as it does not show any additional understanding of the topic in the question (NUT). |

Exemplar responses:
Shareholders want the business to make lots of profit (1) so Denby may need to increase the price (+1) it charges for its high-quality pottery (APP).

If Denby makes a good profit (1) it will be able to afford more R&D (+1) so that it can continue to regularly develop new designs (APP).

Denby needs to make reasonable profits (1). Otherwise it may not survive (+1) and go out of business after over 200 years (APP).

ARA

| 17 | (d) | (ii) | **Analyse <u>one</u> impact on Denby of a customer objective.**

Understanding:
• (Good) quality
• Reasonable/low prices or value for money
• (Wide) product range
• (Good) customer service

Application <u>may</u> include:
• <u>Private limited</u> company
• Operating for 200 years
• Large product range
• Manufacture homeware/tableware/plates/cups
• <u>Regularly</u> creates <u>new</u> products/designs
• New <u>pottery</u> designs
• Wages/electricity/operating costs rising

Analysis may include:

• Operational impact i.e. <u>HOW</u> business responds to achieve the objective (which must stem from the objective stated):
    ○ Quality e.g. provide training, good quality control, use high quality materials, appoint skilled employees, etc
    ○ Price e.g. reduce prices, change pricing strategy, use promotional/competitor pricing, reduce costs, use cheaper suppliers, etc
    ○ Product range e.g. innovation, recruit good designers, make more new designs, etc
    ○ Customer service e.g. frequent training, introduce a helpline, spend more on customer service, etc
• Impact on business of <u>satisfying</u> a customer objective
    ○ Quality e.g. better reputation, more sales, more profit, etc
    ○ Price e.g. more customers, more sales, more profit, better reputation, etc | **3**
AO1b 1
AO2 1
AO3a 1 | One mark for understanding of a customer objective .

No further marks can be gained without understanding.

One further mark for application to Denby, using evidence from the text. APP

One further mark for impact on a business of stated customer objective.

NB: There are various types of analytical argument that the candidate could use to answer this question. Please see the analysis section and accept any logical chain of argument.

Analysis must be business-facing rather than customer-facing.

As a manufacturer Denby's customers are business customers however accept responses relating to end-users/consumers so long as they are appropriate. See Understanding bullet points for acceptable responses.

APP: 'Ensure all stakeholder objectives are satisfied' should not be credited as APP on this question as it does not show any additional understanding of the topic in the question (NUT). |

- Product range e.g. more customers, more repeat custom, more sales, more profit, etc
- Customer service e.g. increased customer loyalty, more sales, survival, longevity, etc
- Impact on business of <u>failing to satisfy</u> a customer objective
  - Quality e.g. poorer image, fewer sales, less profit, loss of market share, etc
  - Price e.g. fewer customers, lower sales, less profit, damage to reputation, lower market share, etc
  - Product range e.g. customers, less repeat custom, fewer sales, lower profit, etc
  - Customer service e.g. low customer retention, fewer customers, negative brand image, etc

Exemplar responses:

Customers want low prices (1) so Denby may need to change its pricing strategy for its products from skimming (APP) to competitive pricing (+1).

If Denby charges reasonable prices (1) for its tableware (APP) it is likely to increase its market share (+1).

One customer objective is value for money (1). If Denby does not offer value for money its revenue may drop (+1) and after over 200 years of trading (APP) the company could go out of business.

ARA

17	(d)	(iii)	**Recommend whether Denby should focus more on the objectives of shareholders or the objectives of customers. Give a reason for your answer.**	**3** AO3b 3	One mark for a judgement whether Denby should focus more on the objectives of shareholders or customers. ✔

Recommend whether Denby should focus more on the objectives of shareholders or the objectives of customers. Give a reason for your answer.

A full mark answer needs an explicit decision, plus valid reasoning (with context) as to which of the two stakeholders Denby should focus on the most.

Valid arguments include:
- Focus on customer objective because it helps fulfil shareholder objectives.
- Focus on shareholder objective as if not fulfilled there will be no business to help fulfil the customer objectives.

Exemplar responses:
Denby should focus more on customer objectives (1) because, if they are satisfied, Denby will sell more products and make more profit. This profit will then satisfy the shareholders of the private limited company (CONT) (+2).
[Decision + justification which considers both stakeholders + context]
[3 marks]

Shareholders' objectives should have greater focus (1) because they are needed to finance the running of the business. Denby cannot make any products for customers to buy without shareholders' funds (+1).
[Decision + justification which considers both stakeholders but no context] [2 marks]

Customer objectives should be the primary focus (1). Customers buy the tableware which brings revenue into the business, and without revenue there can be no profit (+0).
[Decision but no mention of shareholders so maximum obtainable mark is one (even though there is context)]
[1 mark]

ARA

3 AO3b 3

One mark for a judgement whether Denby should focus more on the objectives of shareholders or customers. ✔

PLUS

One further mark for a non-contextual justification of the judgement whether Denby should focus more on the objectives of shareholders or customers. ✔
*Single tick in **margin***

OR

Two further marks for a contextual justification of the judgement whether Denby should focus more on the objectives of shareholders or customers. ✔ ✔
*Double tick in **margin***

NB: Context (rather than application) required for full marks i.e. mention of context is sufficient.

There must be valid reasoning as to WHY it is BETTER to focus on one rather than the other. It is **not** sufficient to argue that meeting the objectives of one of the stakeholders is good. It, therefore follows, that the response must consider **both stakeholders**. Arguments that only mention one of the stakeholders can gain a maximum of one mark (for an explicit decision).

Accept references to 'owners' or 'investors' for 'shareholders'.

Accept references to 'consumers' or 'clients' for 'customers'.

Question			Answer	Mark	Guidance

18	(a)		**Identify <u>one</u> way of communicating in a business.**
			
			Indicative content:
			  • Email
			  • Face-to-face/in person
			  • Letter
			  • Meeting
			  • Memo
			  • Notice<u>board</u>/bulletin <u>board</u>
			  • Phone
			  • Presentation
			  • Report
			  • Social media
			  • Messaging <u>app</u>
			  • Text
			  • Walkie-talkies/two-way radio
			  • Website
				1
				AO1a 1
					One mark for a way of communicating in a business. ✔️
					
					Answers do not need to relate to SFF.
					
					Accept responses such as 'Online meeting' (1) or 'staff meeting' (1) or 'Teams meeting' (1) (mark is for 'meeting').
					
					Do **not** credit responses that only state brand names e.g. 'use Teams' (0),'Use Zoom' (0).

| 18 | (b) | | **Analyse <u>two</u> advantages for SFF of employee retention.**

Understanding:
• Minimal recruitment or selection/recruitment efforts not wasted
• Minimal training/training given not wasted
• Familiarity with the business or business' customers
• Workforce stability/cohesion

Application <u>may</u> include:
• Business is a partnership
• Grows strawberries
• Employees often leave the business for <u>permanent</u> jobs
• Finding it <u>difficult</u> to plan operations
• Sold to supermarkets and convenience stores
• Profit/revenue/demand falling

Analysis may include:
Common analytical comments (which <u>must</u> stem from the advantage stated) include <u>positive</u> impacts on costs, profit, profit margin, time, opportunity cost, productivity, quality, output, growth, focus on other objectives, have more money (in bank), afford something else, etc.

Exemplar responses:
The business will spend less time interviewing for replacement staff (1). This reduces operating costs (+1) and helps reverse the 45% reduction in profits (APP).

Not much training will be needed (1) so managers can focus on other objectives (+1), including improving the quality of strawberries (APP).

ARA | **6**
AO1b 2
AO2 2
AO3a 2 | One mark for an advantage for a business of employee retention, up to a maximum of two marks.

No further marks can be gained without understanding.

One further mark for each application to SFF, up to a maximum of two marks. **APP**

One further mark for analysis of the stated advantage on the business of retention, up to a maximum of two marks.

NB: Analysis must be business-facing. Do **not** credit impacts on customers, employees, competitors, etc.

'Morale' is employee-facing so should not be credited as analysis.

NB: No marks for what employee retention means. Therefore, no marks for: keep workers, retain skills, retain experience, retain expertise, preserve knowledge, etc. Advantage for business of retaining these is required i.e. WHY?

'More skilled' (0), 'Better relationships' (0), 'More trust' (0).

APP: 'Employee retention is a challenge' should not be credited as APP on this question as it does not show any additional understanding of the topic in the question (NUT). |

| 18 | (c) | (i) | **Analyse <u>one</u> advantage for SFF of recruiting full-time employees.**

Understanding:
• Minimal recruitment or selection needed
• Minimal training needed
• Straight-forward human resource management e.g. easy to schedule (work), uncomplicated (workforce) planning, simple organisation of operations due to set working hours
• Narrow span of control/managers have fewer workers to look after

Application <u>may</u> include:
• Retention is a challenge
• Business is a partnership
• Grows strawberries
• Finding it difficult to plan operations
• Sold to supermarkets and convenience stores
• Profit/revenue/demand falling

Analysis may include:
Common analytical comments (which must stem from the advantage stated) include <u>positive</u> impacts on profit, profit margin, sales, revenue, competitive advantage, growth, productivity, efficiency, time, etc.

Exemplar response:
Appointing one full-time employee instead of two part-time employees means only one person needs training instead of two (1). This reduces training costs (+1) and may help restore SFF's falling profits (APP).

ARA | **6**
AO1b 2
AO2 2
AO3a 2 | One mark for an advantage for business of recruiting full-time employees.

No further marks can be gained without understanding.

One further mark for application to SFF, using evidence from the text. **APP**

One further mark for analysis of the stated advantage on the business.

NB: Analysis must be a business-facing impact (not employee-facing).

No marks for what full-time working is.

Do **not** credit arguments relating to full-time workers being more committed, reliable, skilled, trustworthy, loyal, hardworking, etc.

Do **not** credit arguments about more work being done since 2 part-time employees doing equivalent hours can do as much work as a full-time employee.

Advantages of having full-time employees required (not disadvantages of part-time).

'Always available' (0).

APP: 'Some employees have a full-time contract and others have a part-time contract' should not be credited as APP on this question as it does not show any additional understanding of the topic in the question (NUT). |

24

18	(c)	(i) cont	**Analyse <u>one</u> advantage for SFF of recruiting part-time employees.**		One mark for an advantage of recruiting part-time employees. ✅
			Understanding: • Able to respond to changes in <u>demand</u>, schedule employees <u>when</u> <u>needed</u>, schedule fewer staff to work <u>when</u> fewer tasks to be done, use <u>when</u> tasks need to be done • Access to a large pool of workers • Workforce diversity • Limited need to pay overtime		*No further marks can be gained without understanding.* One further mark for application to SFF, using evidence from the text. **APP** One further mark for analysis of the stated advantage on the business. ✅
			Application <u>may</u> include: • Retention is a challenge • Business is a partnership • Grows strawberries • Finding it difficult to plan operations • Sold to supermarkets and convenience stores • Profit/revenue/demand falling		**NB:** Analysis must be a business-facing impact (not employee-facing). No marks for what part-time is. Do **not** credit arguments relating to part-time workers being more motivated, less tired, more energetic, easier to replace, etc.
			Analysis may include: Common analytical comments (which must stem from the advantage stated) include <u>positive</u> impacts on profit, profit margin, sales, revenue, competitive advantage, growth, productivity, efficiency, time, etc.		Do **not** credit arguments about lower wage bills, lower cost or cheaper. Do **not** credit arguments about the disadvantages of having full-time employees. Advantages of having part-time employees required.
			Exemplar response: It gives the business more flexibility in scheduling (1) so when the strawberries are ripe they can be picked (APP), minimising wastage (+1).		'More flexible' (0) TV.
			ARA		**APP:** 'Some employees have a full-time contract and others have a part-time contract' should not be credited as APP on this question as it does not show any additional understanding of the topic in the question (NUT).

| 18 | (c) | (ii) | **Recommend whether it is best for SFF to recruit full-time or part-time employees. Give a reason for your answer.**

A full mark answer needs an <u>explicit</u> decision, plus a <u>valid reasoning</u> (with <u>context</u>) as to which of the two types of employee it is best for SFF to recruit.

Valid arguments include:
• Full-time can plan <u>more</u> easily.
• Full-time rotas <u>easier</u> to manage.
• Full time <u>lower</u> recruitment/training cost.
• Part-time <u>more</u> flexible scheduling.
• Part-time <u>more</u> responsive to changes in demand.

Exemplar responses:
The company should recruit full-time employees (1) because organising rotas is <u>more</u> straightforward for the two owners (CONT) to do (+2).
[Decision + comparative justification + context]
[3 marks]

SFF should recruit workers on <u>part-time</u> contracts (1). The scheduling of part-time work can be arranged so that they are in work when lots of tasks are to be done. <u>Full-time</u> workers do not give this flexibility (+1).
[Decision + comparative justification but no context] [2 marks]

Recruiting part-time employees is the better option (1). Demand for strawberries has fallen so they should use employees that work fewer hours (+0).
[Decision but no valid justification (even though there is context) [1 mark]

ARA | **3**
AO3b 3 | One mark for a judgement whether SFF should recruit full-time or part-time employees ✔

PLUS

One further mark for a non-contextual justification of whether SFF should recruit full-time or part-time employees. ✔
*Single tick in **margin***

OR

marks for a contextual justification of whether SFF should recruit full-time or part-time employees. ✔ ✔
*Double tick in **margin***

NB: Context (rather than application) required for full marks i.e. mention of context is sufficient.

NB: Justification mark is for WHY it is MORE beneficial for a business to choose one type of employee over the other type of employee. It is **not** sufficient to argue that recruiting one type of employee is good.

It, therefore, follows that the response **must** be **comparative.** This can be done <u>without</u> explicitly mentioning both stakeholders <u>if</u> comparators are used e.g. 'easier', 'more', 'faster', 'better', etc. If comparators are <u>not</u> used, then <u>both</u> types of employee will need to be named.

Do **not** credit arguments about part-time workers being cheaper due to being paid lower wage rates or working fewer hours. |

| 18 | (d)* | | **Evaluate, using the data in Text 3, whether or not SFF should use market research to help plan for the future.**

Knowledge:
• identifies/finds out about/helps understand/helps meet <u>customer needs</u>/<u>wants</u>.

Understanding
• **MR can be used to investigate:** (current) demand, output level, the target market, market segmentation, market share, gaps in the market, potential USP, social trends, the competition, marketing mix, price, promotion, product, product range, place, channels of distribution, position in product lifecycle, extension strategies, data needed for a business plan, etc.

Application (quantitative) includes any relevant <u>calculation</u> regarding the data in the text including:
• Revenue:
  o <u>Revenue</u> fallen over the last <u>3</u> years (NB: not profit or demand)
  o Revenue £12,500 lower (2022 to 2024)
  o Revenue fallen by 25% (2022 to 2024)
  o Revenue 2022 to 2023 £5000 lower
  o Revenue 2022 to 2023 fallen by 10%
  o Revenue 2023 to 2024 £7,500 lower
  o Revenue 2023 to 2024 fallen by 16.67%/17%
  o Average fall in revenue is £4166.67 or £6250 per annum
  o Average fall in revenue is 8.33% or 12.5% per annum
• Profit:
  o Profit 55% of what it was
  o (In last 3 years) profit reduction is 20 percentage points greater than revenue reduction (i.e. 45% cf 25%)
• Other:
  o Increased costs must account for 20 percentage point reduction in profit (over last 3 years)
  o 2 owners/partners | **9**
AO1a 1
AO1b 1
AO2 2
AO3a 2
AO3b 3

(Quant 2) | **Use marking grid to assess skill levels.**

Annotate as:
1 mark for knowledge **(AO1a)**
1 mark for understanding **(AO1b)**
Up to 2 marks for quantitative application* **(AO2)**
Up to 2 marks for analysis **(AO3a)**
Up to 3 marks for evaluation **(AO3b)**

*Application refers to the use of data only. Candidate should undertake some form of calculation.

Knowledge – MR identifies <u>customer needs</u>/<u>wants</u>.

Understanding – at least one example of what MR can be used to investigate (although likely to be specific e.g. whether there is demand for an alternative fruit, no context is required).

Application – up to two demonstrations of quantitative skill (rather than the type of application in the rest of the paper).

Do **not** credit any figures copied from the text; candidate must show quantitative skills.

NB: Take care with 'over the past 3 years'. The response must be referring to <u>revenue</u> rather than profit or demand. Do **not** credit 'PROFIT/DEMAND has fallen over the past 3 years' for APP as this is stated in the Text. However **do** credit 'REVENUE has fallen over the past <u>3</u> years' as APP as the candidate has worked this out . |

Analysis (positive or negative impacts of <u>using/not using</u> market research (as appropriate to argument)) on:
- Customers/Sales
- Revenue/Cash flow
- Cost e.g. expensive, costly, an expense, costs money, etc
- Time
- Opportunity cost (money/time could be spent on/saved for something else)

Evaluation:
Requires a clear decision as to whether SFF should or should not use market research to support its planning. This decision should be justified using relevant argument. For full marks the justification needs to be contextual.

Common evaluative arguments (which must make sense for the decision made) <u>may</u> include: all beneficial uses (e.g. to set a pricing strategy, design advertising campaign, etc), number of customers, sales, revenue, cost, time, opportunity cost, effect on bank balance, cash flow, problem-solving, decision-making, growth, competitive advantage, profit, market share, reputation, level of risk, secure the future, help business survive, etc.

<u>Exemplar response:</u>
Market research helps identify the needs of customers (K). Mei and Felix could find out which fruits are in high demand (U) as growing these could help reverse the 25% fall in revenue (APP) that SFF has experienced over the last 3 years (APP). This would help increase revenue (AN). However, market research comes at a cost (AN).

I think that SFF should use market research to support their planning (EVAL) as this is likely to help to reverse <u>their recent decline in revenue</u> (CONT) and profits (EVAL) (EVAL).

                                                   ARA

Analysis – up to two pieces of analysis.

Evaluation – For **first** evaluation mark the candidate must make an <u>explicit</u> decision about whether or not a business should use market research to support its planning.

For **two** evaluation marks the decision must be supported by relevant argument.
If a decision is made, look for supportive reasoning (which may be a repeat of previous argument or a new point).

If 'yes' to using MR, accept all Understanding points and all Analytical advantages as well as other benefits such as more customers/revenue, profit/growth, better customer service and avoidance of closure, etc.

If 'no' to using MR, accept all Analytical disadvantages as well as other drawbacks such as higher cost, worsened cash flow, lower profit, less time and money for other things, etc.

For **three** evaluation marks the justification must be contextual.

NB: No additional evaluation marks for decision + context but no relevant argument.

Q18(d)* Evaluate, using the data in Text 3, whether or not SFF should use market research to help plan for the future.

	Knowledge (AO1a) (1 mark)	Understanding (AO1b) (1 mark)	Application (AO2) (2 marks)	Analysis (AO3a) (2 marks)	Evaluation (AO3b) (3 marks)
Strong	**1 mark** Knowledge that market research investigates customer needs/wants. **[K]**	**1 mark** Understanding of one or more uses of market research. **[U]**	**2 marks** Two <u>uses</u> of the data in Text 3 demonstrating quantitative skills **[APP] [APP]**	**2 marks** Two business-facing pieces of analysis about using/not using market research **[AN] [AN]**	**3 marks** A **justified contextual decision** about whether SFF should use market research **[EVAL] [EVAL] [EVAL]**
Good					**2 marks** A **justified decision** about whether SFF should use market research **[EVAL] [EVAL]**
Limited			**1 mark** One <u>use</u> of the data in Text 3 demonstrating quantitative skills **[APP]**	**1 mark** One business-facing piece of analysis about using/not using market research **[AN]**	**1 mark** A **decision** about whether SFF should use market research **[EVAL]**

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