



Mark Scheme and marking guidelines

**NCFE Level 3 Applied General Certificate in Business
and Enterprise (601/8908/3)**

SAMPLE PAPER

Question	Answer	AO split	Total marks	Additional marking guidelines
Question 1				
1(a)	<i>Answer</i> - increase sales revenue by 3%	AO1: 1 mark	1	
1(b)	<p>AO1 – Knowledge (K) 3 marks</p> <p>Award 1 K mark for identifying one advantage</p> <p><i>eg</i></p> <ul style="list-style-type: none"> • Can raise finance by selling shares on the stock exchange. • Improves the status of the business. • The shareholders have limited liability. <p>Award 2 K marks for identifying 2 disadvantages</p> <p><i>eg</i></p> <ul style="list-style-type: none"> • Can become a takeover target. • There are more statutory regulations to conform to. • Any significant changes in the financial affairs of the business have to be published. • Business will need to publish its accounts. • Will probably have more shareholders, to whom company directors will be accountable. 	<p>AO1: 3 marks</p> <p>AO2: 3 marks</p>	6	

	<p>AO2 Analysis</p> <p>The learner will explain each advantage/disadvantage</p> <p>eg The business can raise finance by selling shares on the stock exchange (K), this will allow it to raise capital which does not have to be repaid nor has any interest charges. (AN)</p> <p>eg The business could become a take-over target (K). As the shares can be freely bought on the stock exchange there is nothing to prevent another business from buying up a controlling percentage of the business shares and therefore the business loses control. (AN)</p> <p>eg The business will probably have more shareholders, to whom company directors will be accountable. The business needs to invite them to its AGM and provide them with copies of the company accounts and this increases company administration costs. (AN)</p>			
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SAMPLE

<p>1(c)</p>	<p>AO1 – Knowledge (K) 2 marks</p> <p>Award 1 mark for any 2 correctly identified stakeholders that were directly affected by the changes implemented.</p> <p>Award 2 marks for any 3 correctly identified stakeholders that were directly affected by the changes implemented.</p> <p>These are:</p> <ul style="list-style-type: none"> • production line workers (accept workers) • shareholders • seat material supplier. <p>Do not award marks for identifying stakeholders that may be INDIRECTLY affected by these changes such as finance providers, the local community, consumers.</p> <p>AO2 – Application (APP) 2 marks</p> <p>In order to achieve any APP marks learners MUST use the information in the question stem and therefore must analyse the impact on:</p> <p>any two of seat material suppliers, production line workers or shareholders</p> <p>AO2 – Analysis(AN) 2 marks</p> <p>Analysis points may include:</p> <p>The impact on the production line workers will be that they will not get a pay-rise for 4 years, during this time if prices are rising then in real terms they will suffer a fall in real income (will</p>	<p>AO1: 2 marks</p> <p>AO2: 4 marks</p> <p>AO3: 3 marks</p>	<p>9</p>	<p>Answer needs to be in context to access AO2 APP marks.</p> <p>Generic answers that do not make use of the stimulus material will not be awarded APP marks.</p> <p>AO1 and AO2</p> <p>5-6 marks for a reasonable/Good Analysis AND Reasonable/Good Application.</p> <p>3-4 marks for a reasonable/Good Analysis OR Reasonable/Good Application.</p> <p>1-2 marks for a limited response, all knowledge.</p> <p>AO3</p> <p>3 marks for a sound judgement that is fully supported/justified.</p> <p>2 marks for a sound judgement that is partly supported/justified.</p> <p>1 marks for a limited judgement(s) with limited support/justification</p> <p>0 marks for a judgement(s) without any supporting justification.</p>
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	<p>be worse off)</p> <p>The impact on shareholders could include – a definite 30% reduction in their income from dividends and it is likely that JJJ PLC share price will fall and therefore they will suffer a fall in the value of their shareholding.</p> <p>The impact on seat material suppliers – they will lose the contract to supply JJJ PLC and this will reduce their sales they may be forced to cut back on staff.</p> <p>AO3 – Evaluation. (EV) 3 marks</p> <p>EV1 Award 1 mark for an assessment of the impact on at least 2 stakeholders that is more than a simple unsupported judgement.</p> <p>eg Production line workers will be hit the hardest as it affects them for 4 years. Shareholders will still get dividends so they will be least affected.</p> <p>EV2 Award 2 marks where the learner has supported the assessment with evidence/argument for at least 2 of the stakeholders.</p> <p>eg Production line workers will be most affected as they will not get a pay rise for 4 years. 4 years is a very long time and their chances of getting an alternative job locally are small as unemployment is well above the national average.</p> <p>The impact on seat material supplier depends on what percentage of their business is tied up with JJJ PLC. If they have lots of other contracts then the impact will be small.</p>			
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	<p>EV3 Award 3 marks for a fully supported realistic assessment of the impact on all 3 stakeholders.</p> <p>As EV2 plus: Shareholders may be the least affected. They will still retain 70% of their dividends. If they are unhappy with the proposed cut in dividends they can sell their shares and invest in another business that provides dividends. They may lose out initially as share prices may fall before they can sell.</p>			
Question 2				
2(a)	<p><i>Answer - Workers in the business demand an above inflation pay rise (as this is a Weakness not a Threat).</i></p>	AO1: 1 mark	1	
2(b)(i)	<p>AO1(K) one mark each for correctly labelling each quadrant with the labels – maximum of 2 marks:</p> <ul style="list-style-type: none"> • CASH COW • DOG 	AO1: 2 marks	2	<p>If a learner uses appropriate pictorial representations in place of labels, award the marks.</p> <p>More than 1 label in each box and the answer is void.</p> <p>Do NOT award a mark for STAR as this is already labelled for the learner on the grid.</p> <p>Do NOT award a mark for Problem Child (or Question Mark) as this is already labelled for the learner on the grid.</p>

	<table border="1"> <tr> <td>Star</td> <td>Problem Child (or Question Mark)</td> </tr> <tr> <td>CASH COW Seating for cinemas</td> <td>Dog</td> </tr> </table>	Star	Problem Child (or Question Mark)	CASH COW Seating for cinemas	Dog			
Star	Problem Child (or Question Mark)							
CASH COW Seating for cinemas	Dog							
2(b)(ii)	<table border="1"> <tr> <td>Star Chairs for dentist surgeries</td> <td>Problem Child (or Question Mark)</td> </tr> <tr> <td>Cash cow Seating for cinemas</td> <td>Dog Plastic patio outdoor furniture</td> </tr> </table> <p>Award 2 marks:</p> <p>1 for placing Chairs for dentist surgeries in the top left quadrant.</p> <p>1 for placing Plastic patio furniture in the bottom right quadrant.</p>	Star Chairs for dentist surgeries	Problem Child (or Question Mark)	Cash cow Seating for cinemas	Dog Plastic patio outdoor furniture	AO2 2 marks	2	<p>If a learner does not label a quadrant but places a product in its correct quadrant on the diagram you are to award a mark for each product correctly placed as the learner has already lost marks due to 'labelling error'.</p> <p>Do not award a mark for 'Seating for cinemas' as this is already labelled for the learner on the grid.</p>
Star Chairs for dentist surgeries	Problem Child (or Question Mark)							
Cash cow Seating for cinemas	Dog Plastic patio outdoor furniture							
2(b) (iii)	<p>The correct answer is Plastic patio furniture (K)</p> <p>To earn the 2 AO2 marks the learner must demonstrate they understand the concept of Research & Development and apply this to plastic patio furniture</p>	<p>AO1: 1 mark</p> <p>AO2: 2 marks</p>	3					

	Eg The product that will have the lowest R&D spend is plastic patio furniture (K). The reason for this is that R&D expenditure arises from the need to develop and improve a product and as this product will be phased out at the end of the summer (APP) then no such spending will be needed. (AN)			
2(c)	<p>AO1 – Knowledge (K) 2 marks</p> <p>Award 1 mark for correctly describing internal growth OR How it is achieved and 1 mark for correctly describing external growth.</p> <p>eg Internal growth is when a business expands its own operations (K) rather than relying on takeovers and mergers.</p> <p>Internal growth can be achieved by:</p> <ul style="list-style-type: none"> • Increasing existing production (K) capacity through investment in new capital & technology • Development & launch of new products (K) • Entering new markets for example by exporting (K) <p>External growth is when a business expands by taking over other businesses (K).</p> <p>AO2 – Application (APP) 2 marks</p> <p>In order to achieve APP marks learners MUST make some reference to JJJ’s targets, product range and gearing ratio.</p> <p>eg A target increase of 8% per annum each year for 5 years is</p>	<p>AO1: 2 marks</p> <p>AO2: 4 marks</p> <p>AO3: 3 marks</p>	9	<p>Answer needs to be in context to access AO2 APP marks.</p> <p>Generic answers that do not make use of the stimulus material will not be awarded APP marks.</p> <p>AO1 and AO2</p> <p>5-6 marks for a reasonable/Good Analysis AND Reasonable/Good Application.</p> <p>3-4 marks for a reasonable/Good Analysis OR Reasonable/Good Application.</p> <p>1-2 marks for a limited response, all knowledge.</p> <p>AO3</p> <p>3 marks for a sound judgement that is fully supported/justified.</p> <p>2 marks for a sound judgement that is partly supported/justified.</p> <p>1 mark for a limited judgement(s) with limited support/justification.</p>

	<p>a very ambitious target.</p> <p>eg One of the 3 products, patio furniture is in decline so will not help in achieving this target, as its sales are falling. If they continue to fall it will make it more difficult to increase total revenue at all.</p> <p>eg JJJ Plc has a low gearing ratio and therefore should have few problems raising a bank loan to fund a take-over.</p> <p>AO2 – Analysis(AN) 2 marks</p> <p>Analysis points may include:</p> <p>Internal growth</p> <p>Advantages</p> <ul style="list-style-type: none"> • Less risky as the business is familiar with its market and customers. • The business is able to maintain a healthy gearing position as will not need to raise finance to take over other businesses. <p>Disadvantages</p> <ul style="list-style-type: none"> • A slow process as it requires the research and development of new products. This takes time and is costly in terms of the finance. • Finding new markets for example by exporting – again this has problems as the business will need to find customers abroad and it has never exported before. • Rivals may be expanding and gaining competitive advantage. 			<p>0 marks for a judgement(s) without any supporting justification.</p>
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External growth.

Advantages include:

- It is the quickest method.
- It increases the size of the business and encourages internal **economies of scale** – lower long run average costs such as managerial economies.
- May result in synergies.
- Creates a broader product range for the business and reduces risk.
- Reduces competition – may take over rivals – this increases the market power of the business and may give it more control over pricing.

Disadvantages:

- Costs – will need to use retained profits and or raise finance to launch a take-over bid for another business.
- This may increase the company's gearing ratio.
- Diseconomies of scale – no guarantee that another business is a good fit and costs may actually rise rather than fall.
- The cultures may be quite different and difficult to match up. In addition there may be disagreements between managers who are used to working with different practices and systems.

AO3 – Evaluation. (EV) 3 marks

EV1 Award 1 mark for a recommendation as to which method of growth is preferable that is more than a simple unsupported judgement.

	<p>EV2 Award 2 marks for recommendation as to which method of growth is preferable and has supported this judgement with a consideration of the advantages and disadvantages of that method.</p> <p>EV3 Award 3 marks for a fully supported recommendation that examines both options and is in context.</p> <p>Learners may suggest:</p> <p>That internal growth is the safer option as the business is successful and one of its products, seating for cinemas, is a cash cow and another, the chair for dental surgeries, is in a fast growing market.(EV1)</p> <p>That internal growth is unlikely to be able to meet the targets as they are very ambitious – an 8% increase each year is difficult when sales of patio furniture are falling, sales cinema seats have probably peaked and the new dentist chair only accounts for 10% of total sales revenue.(EV2)</p> <p>That the only way growth of this size can be achieved is by external growth. Sales of current products are unlikely to rise by 8% each year when sales of patio furniture are falling, sales of cinema seats have probably peaked and the new dentist chair only accounts for 10% of total sales revenue. As the company has a low gearing ratio then it should be able to use bank loans as well as any retained profits to finance take-over bids for rival businesses. This will increase total sales very quickly. (EV3)</p>			
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Question 3				
3(a)	Answer - break-even pricing	AO1: 1 mark	1	
3(b)	<p>AO1 – Knowledge (K) 3 marks</p> <p>Award up to 2 marks for any 2 correctly identified advantages of JJJ PLC being a product orientated business.</p> <p>eg It allows the business to focus on product quality</p> <p>eg Reduces Market research costs</p> <p>eg Utilises the skills of the design team</p> <p>Award 1 mark for any correctly identified disadvantage.</p> <p>eg May produce a product that customers do not like (K)</p> <p>eg Fashion and tastes may change (K)</p> <p>AO2 – Analysis (AN)</p> <p>The learner will explain each advantage/disadvantage</p> <p>Advantages</p> <p>It allows the business to focus on product quality (K) and this will enable it to develop the best product possible without having to consider what customers want and this may make development quicker. (AN)</p> <p>It reduces market research costs (K), as the business does not</p>	<p>AO1: 3 marks</p> <p>AO2: 3 marks</p>	6	

	<p>consult consumers and this will reduce its overall marketing costs and improve its profit margin. (AN)</p> <p>It utilises the skills of the design team (K). The business has a very strong design team and this approach should result in well-designed products that work effectively. (AN)</p> <p>Disadvantages</p> <p>May produce a product that customers do not like (K) as they have not conducted market research. This may result in low sales and large losses as the product fails to meet customer needs. (AN)</p> <p>Fashion and tastes may change (K). The product may succeed initially but if customer tastes change and the business does not take account of these changes then it will fail to adapt its products to meet these changes. As a result sales will fall. (AN)</p>			
3(c)	<p>AO1 – Knowledge (K) 2 marks</p> <p>Award 1 mark for any identified advantage</p> <p>eg</p> <ul style="list-style-type: none"> • Will cut costs (K) • It can improve communication (K) • It offers more opportunities for delegation and empowerment <p>Award 1 mark for any identified disadvantage</p> <p>eg</p>	<p>AO1: 2 marks</p> <p>AO2: 4 marks</p> <p>AO3: 3 marks</p>	9	

- Can have a negative impact on motivation
- May disrupt the business operations
- Increases the span of control of managers
- May lose staff who have valuable skills
- Will incur redundancy costs

AO2 – Application (APP) 2 marks

To achieve application marks learners make reference to the organisation chart and that delayering will leave deputies with an increase in span of control from 3 to 39 staff. It will reduce wage costs by 10% per annum. Reference may also be made to the fact that these supervisors are very experienced, having been there for at least 12 years and were formerly production line workers. In contrast deputy managers have never worked on the production lines.

AO2 – Analysis(AN) 2 marks

Learners will expand the advantages and disadvantages identified and explain how they might impact on the business.

eg

It will cut costs (K) as 9 supervisors are made redundant and this will reduce the wage bill by 10% (APP). However in the short run costs may rise as they will be entitled to redundancy payments. (AN)

The deputy managers will each now have a much wider span of control (K), increasing from 3 to 39 (APP) which, if it is too wide, can damage communication within the business and result in a fall in efficiency. (AN)

The business will lose staff with valuable skills (K) and the Deputy managers who take over their roles (APP) may not

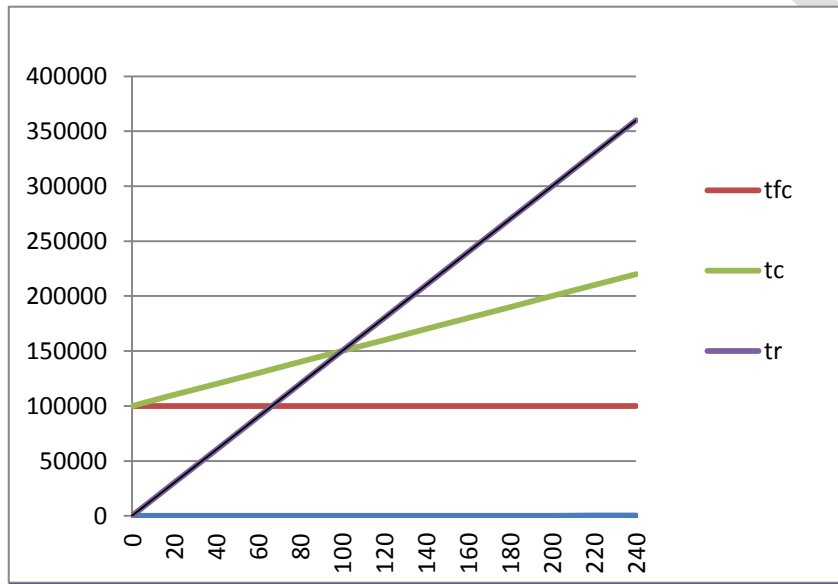
	<p>have the experience, skills or relationships with the production line workers that are needed for the business to work efficiently.</p> <p>AO3 – 3 marks for Evaluation.</p> <p>EV1 Award 1 mark for making a decision as to whether or not delayering should be implemented better. This decision is not supported with information from the case study.</p> <p>EV2 Award 2 marks where the learner has supported the decision made with some information from the case study.</p> <p>EV3 Award 3 marks for a fully supported realistic decision that makes a significant use of the information from the case study.</p> <p>Learners may suggest:</p> <p>The business should go ahead with the delayering as it will cut the wage bill by 10% which would allow the business to either make more profits or reduce its prices to make its products more competitive. (EV1)</p> <p>The business should go ahead with the delayering as it will cut the wage bill by 10% which would allow the business to either make more profits or reduce its prices to make its products more competitive. However this benefit will be reduced in the first year as they will have to pay redundancy payments as the 9 supervisors have been employed for more than 2 years. Therefore it may not be able to go ahead with any price cuts for at least 12 months. (EV2)</p> <p>The business should not go ahead with the delayering as the only benefit it will cut the wage bill by 10% and this benefit will be reduced in the first year as they will have to pay redundancy</p>			
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	<p>payments as the 9 supervisors have been employed for more than 2 years. Therefore it may not be able to go ahead with any price cuts for at least 12 months. The deputy managers have no experience of working on the production line and they will each have a very large span of control of 39 workers. This may lead to communication problems with the workers, morale may fall and productivity may decrease. These problems could easily wipe out any benefits the business gets from the cuts in its wage bill. (EV3)</p>			
Question 4				
4(a)	<p>Answer - the cost of components used in the manufacture of chairs</p>	AO1: 1 mark	1	
4(b)	<p>AO1 – Knowledge (K) 3 marks</p> <p>Award 1 mark for correctly labelling BOTH axes (Y axis – Costs and Revenue; X axis – Output (accept sales, seats, quantity, units))</p> <p>Award 1 mark for a correctly labelled Total Revenue line – can be labelled TR but NOT Sales Revenue. The line must start at the origin and have appositve gradient. The labelling mark does not require this line to be accurately drawn.</p> <p>Award 1 mark for a correctly labelled Total Costs line – can be labelled TC. The line must have appositve gradient. The labelling mark does not require this line to be accurately drawn.</p> <p>AO2 –Application (AN) 3 marks</p> <p>Award 1 mark for an accurately drawn TR line, line must be straight.</p>	<p>AO1: 3 marks</p> <p>AO2: 3 marks</p>	6	<p>Pre-drawn graph paper with scale decided included in the paper.</p> <p>The labels for the axes will not be provided.</p> <p>Include for the capacity for output in the question to ensure the scale is appropriate.</p> <p>Accurately drawn – must be a straight line.</p>

Award 1 mark for an accurately drawn TFC line, line must be straight.

Award 1 mark for an accurately drawn TC line, line must be straight.

Award 0 marks for non-straight lines, inaccurate.



Question 4(c)

AO1 – Knowledge (K) 2 marks

The learner will demonstrate an understanding of one feature of bank loan and one feature of a new share issue OR two features of one of these sources of finance.

eg

AO1: 2 marks

AO2: 4 marks

AO3: 3

9

AO1 and AO2

5-6 marks for a reasonable/Good Analysis AND Reasonable/Good Application.

3-4 marks for a reasonable/Good

	<p>Bank loans are for a fixed amount (K) repaid over a set period of time (K) with regular repayments (K). Interest is charged on the loan. (K)</p> <p>A new share issue will be sold via a prospectus (K) to existing shareholders. (K)</p> <p>AO2 – Application (APP) 2 marks</p> <p>References can be made to JJJ PLC:</p> <p>Its share price has fallen by 30% in the last 6 months.</p> <p>Last year JJJ PLC made a loss of £16m.</p> <p>The business owns the factory site and this is currently valued at £40m.</p> <p>It has one outstanding loan of £2m which is set to be repaid over the next 5 years.</p> <p>Installation of the new hi tech equipment is planned for next month.</p> <p>It has cash flow problems.</p> <p>AO2 – Analysis (AN) 2marks</p> <p>A bank loan will be quicker to arrange than a new share issue and as the installation needs to take place next month arranging the finance quickly is an important factor. (AN)</p> <p>A bank loan can be repaid over a number of years and therefore the burden of repayment can be spread across time ensuring that the repayments are not a drain on the business</p>	<p>marks</p>		<p>Analysis OR Reasonable/Good Application.</p> <p>1-2 marks for a limited response, all knowledge.</p> <p>AO3</p> <p>3 marks for a sound judgement that is fully supported/justified.</p> <p>2 marks for a sound judgement that is partly supported/justified</p> <p>1 marks for a limited judgement(s) with limited support/justification</p> <p>0 marks for a judgement(s) without any supporting justification</p>
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	<p>resources in the short term. (AN)</p> <p>Banks will require security before issuing a loan of this magnitude and as JJJ PLC owns its own factory valued at £40m (APP) then this will not be an issue and the bank is more likely to grant the loan. (AN)</p> <p>JJJ PLC currently only has outstanding loans of £2m (APP) and therefore will not be seen as being already heavily in debt and therefore the bank is more likely to lend it the £25m.</p> <p>The bank may refuse to lend JJJ PLC the £25m because last year it made a loss of £16m (APP) and therefore it sees it as as too great a risk as it may not be able to meet the loan repayments (AN)</p> <p>JJJ PLC currently has cash flow problems. A loan of £25m will result in significant interest payments to the loan provider each month. This will increase monthly outgoings and may worsen the cash flow problem (AN).</p> <p>A new share issue takes time to arrange as underwriters will need to be appointed and a prospectus will need to be published. This usually takes in excess of 60 days and therefore the finance would not be ready within the timescale set by the directors. (AN)</p> <p>As the share price has fallen by 30% in the last 6 months (APP) then JJJ PLC may find that existing shareholders are reluctant to purchase new shares and therefore the full £25m will not be able to be raised. (AN)</p> <p>AO3 – 3 marks for Evaluation.</p> <p>EV1 Award 1 mark for an assessment of which source of finance is better but does not support with information from the</p>			
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	<p>case study.</p> <p>EV2 Award 2 marks where the learner has supported the assessment with some evidence from the case study.</p> <p>EV3 Award 3 marks for a fully supported realistic assessment that makes a significant use of the stimulus materials.</p> <p>Learners may suggest:</p> <p>A bank loan is the better choice as it can be arranged more quickly than a new share issue. (EV1)</p> <p>A new share issue's biggest advantage is that it does not need to be repaid. (EV1)</p> <p>There will be interest charges on the bank loan which will increase the company's fixed costs. (EV1)</p> <p>A bank loan is the better choice as it can be arranged more quickly than a new share issue and this is a crucial factor as the directors want to purchase the equipment and have it installed next month. (EV2)</p> <p>Both sources of finances have their strengths. A new share issue's biggest advantage is that it does not need to be repaid, whereas there will be interest charges on bank loan which will increase the company's fixed costs and may worsen cash flow, which is already a problem. However, a bank loan is the better choice as it can be arranged more quickly than a new share issue and this is a crucial factor as the directors want to purchase the equipment and have it installed next month. Whilst a new share issue has the advantage that it does not need</p>			
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	to be repaid. (EV3)			
Part B				
Question 5	<p>AO1 – Knowledge (K) 2 marks</p> <p>Award up to 2 knowledge marks for a learner's explanation of what constitutes a promotional mix or knowledge of the terms product life cycle, target market.</p> <p>A promotional mix describes the combination of different promotional methods employed by a business.</p> <p>Target market refers to the characteristics of consumers at whom a product or service is aimed.</p> <p>Product life cycle refers to the stages a product goes through from introduction to decline.</p> <p>AO2 – Application (APP) 4 marks</p> <p>Learners can provide answers relating to the points below.</p> <p>The market for wood care products is very competitive.</p> <p>Leading brands spend heavily on TV advertising.</p> <p>Leading brands run promotional offers such as discounts on spray applicators; money off next purchase vouchers.</p> <p>The market leader in this industry has a budget of £25m for its</p>	<p>AO1: 2 marks</p> <p>AO2: 8 marks</p> <p>AO3: 3 marks</p>	13	Please see grid below Q6 for levels approach to marking Questions 5 and Question 6

next spring promotional campaign.

JJJ PLC's campaign budget is £5m.

AO2 – Analysis (AN) 4 marks

As this is a new product it is therefore in the introductory stage of the product life cycle. In this stage the advertising spend will need to be large as the business needs to inform its potential target market of its existence and then persuade them to try the product.

In order to raise awareness the choice of promotional mix is crucial. They will want methods/media that will be seen by as many of the target market as possible.

This will include a significant percentage of all consumers as it includes all consumers that have garden furniture and wooden fencing.

TV is possibly the best medium to reach the maximum number of consumers, and as it has a budget of £5m million then some TV advertising would be affordable. Rival products are also advertised on TV which suggests that this may be the correct medium to choose and to be competitive they may also need to do this.

However, using just one method of promotion would be ill advised. The limited budget would not permit a significant TV advertising campaign – spread over 3 weeks – as it would be too expensive.

Its rivals also run promotional offers and this may be something that should be considered too. They might research rival offers and seek to provide similar deals which would make their product as competitive as rival products.

	<p>They may also consider other cheaper forms of promotions which will make their budget go further such as direct marketing. As their product's USP is that it is pet safe they could purchase database contact details of pet owners and either mail or email them a special offer. Email would be a significantly cheaper method of doing this.</p> <p>AO3 – Evaluation (EV) 3 marks</p> <p>EV1 will make a justified judgement, with reference to the case study, as to how one of the four factors (life cycle position, target market, rival campaigns, budget) will determine its chosen promotional mix.</p> <p>EV2 will make a justified judgement, with reference to the case study, as to how two of the four factors (life cycle position, target market, rival campaigns, budget) will determine its chosen promotional mix.</p> <p>EV3 will make a justified judgement, with reference to the case study, as to how at least three of the four factors (life cycle position, target market, rival campaigns, budget) will determine its chosen promotional mix.</p>			
Question 6	<p>AO1 – Knowledge (K) 2 marks</p> <p>The learner will demonstrate knowledge of 2 features of Maslow's Hierarchy of needs.</p> <p>eg Needs: physiological, security, social, esteem, self-actualisation.</p> <p>AO2 – Application (APP) 4 marks</p>	<p>AO1: 2 marks</p> <p>AO2: 8 marks</p> <p>AO3: 3</p>	13	<p>Please see grid below Q6 for levels approach to marking Questions 5 and Question 6</p>

	<p>all staff have permanent contracts paid 20% above the living wage paid more than can be earned in similar jobs in nearby factories no profit sharing scheme for production line workers feel they get no recognition not allowed to talk at work not involved in decision making poor promotion prospects</p> <p>AO2 – Analysis (AN) 4 marks</p> <p>If learners suggest that production line workers should be given a pay rise or permanent contracts then award zero Application marks and zero Analysis marks as it is clear from the case study that the workers have permanent contracts and are paid higher wages than can be earned in other local factories doing similar jobs.</p> <p>One of the stages in Maslow hierarchy is physiological - workers are not badly paid so a pay rise is unlikely to improve motivation.</p> <p>Staff have permanent contracts so there are no issues regarding Maslow's second stage which is security.</p> <p>However actions can be taken with regard to the next 3 stages in the Maslow hierarchy – social, esteem and self-actualisation.</p> <p>The staff morale issue can also be linked to the working conditions: staff are not expected to talk whilst at work and work in isolation. This prevents staff from reaching the social level of Maslow's hierarchy. Solutions to this are more difficult. The company should seek to reduce noise levels from machinery and encourage talk amongst staff. It could also put workers into teams on the production line to reduce their</p>	<p>marks</p>		
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	<p>isolation.</p> <p>The business needs to make staff feel recognised for their achievements. They could institute an employee of the month award or introduce a system of bonuses for good attendance and/or punctuality. This would be recognition for those workers who do attend on time and regularly, and would be an incentive to those who do not. This links to the 4th stage of Maslow’s hierarchy of needs esteem.</p> <p>The way that tasks are organised currently prevents workers from showing initiative and creativity – the jobs are very task based and all decisions as to how jobs are performed are passed down from managers. One way to enable some workers to become self-actualised would be to involve them in the decision-making process. This could take the form of regular team meetings to discuss the ways in which jobs are done and invite suggestions from workers as to how processes could be improved. This would provide opportunities for recognition and team work and, perhaps, a degree of self-actualisation and this links to the 3rd, 4th and 5th levels of Maslow’s hierarchy, social, esteem and self-actualisation needs.</p> <p>AO3 – Evaluation (EV) 3 marks</p> <p>To achieve EV marks methods, recommendations and evaluations must relate to both Maslow and the case study.</p> <p>EV1 will recommend a method, with reference to Maslow and the case study and evaluate its effectiveness in improving production line worker motivation.</p> <p>eg A good way to improve the motivation of production line workers is to actually recognise the contribution they make to meeting production targets. They should get a share of the</p>			
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	<p>profits as well as the managers and supervisors, and this will satisfy their esteem needs, the 3rd stage in Maslow's Hierarchy. This should also reduce the 'them and us' attitude that might have developed because formerly only managers and supervisors were part of the profit-sharing scheme. If it has this effect, then this method is likely to improve motivation amongst production line workers.</p> <p>EV2 will recommend two methods, with reference to Maslow and the case study and will evaluate the effectiveness of BOTH in improving production-line-worker motivation.</p> <p>eg The factory layout could be changed so that workers are less isolated. They could be put into teams. This would improve the social side of the job. They would feel less isolated. This ties in with the 3rd stage of Maslow's hierarchy which is about a worker's social needs. This should improve morale amongst the workers and is not an expensive option. However they would have to create the post of team leader and set aside some time to have team meetings so there will be an increase in costs.</p> <p>EV3 will recommend three methods, with reference to Maslow and the case study and evaluating the effectiveness of all three in improving production-line-worker motivation.</p> <p>An effective way of improving motivation amongst production-line workers is to involve them in decision making. Currently work is task orientated and they have no input into how the jobs are done. Teams could be set up which allow production-line workers to make suggestions as to how tasks can be done and ways to improve the production process. This would make</p>			
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staff feel valued. It would make them feel a real part of the business, and in terms of Maslow this would affect their esteem and self-actualisation levels. This takes the idea of teams a step further and is not without costs as team leaders will need to be paid and even more time set aside to discuss how jobs are undertaken. However, this would significantly change the culture of the business and if implemented successfully it could transform relationships within the business. Production line workers may even attain the highest Maslow level as they could become self-actualised as they are allowed to make some decisions on their own.

MARK SCHEME FOR Questions 5 and 6 Levels approach is shown below.

EV3	3	Makes a sound judgement that is fully supported/justified
EV2	2	Makes a sound judgement that is partly supported/justified
EV1	1	Makes limited judgement(s) with limited support/justification
EV0	0	Makes a judgement(s) without any supporting justification
Level 5	9-10	Excellent Analysis and Excellent Application
Level 4	7-8	Sound/Good Analysis AND Sound/Good Application
Level 3	5-6	Limited/Reasonable Analysis AND Limited/Reasonable Application
Level 2	3-4	Limited/Reasonable Analysis OR Limited/Reasonable Application
Level 1	1-2	Limited response, mainly knowledge

One of the key points to note is that learners do not have to get to Level 5 before they can achieve EV marks.

It is quite possible that a learner will be at Level 4 and occasionally at Level 3 but pick up EV1 or even EV2. However, it is unlikely that such learners would progress beyond EV2.

Very occasionally a learner may be at Level 1 (2 marks) but might achieve an EV1 mark.

In the Analysis section at Level 2 a limited response achieves 3 marks and a reasonable response achieves 4 marks.

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SAMPLE