



National
Qualifications
2019

2019 Business Management
Advanced Higher
Finalised Marking Instructions

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General marking principles for Advanced Higher Business Management

This information is provided to help you understand the general principles you must apply when marking candidate responses to questions in this paper. These principles must be read in conjunction with the specific marking instructions for each question. The marking schemes are written to assist in determining the 'minimal acceptable answer' rather than listing every possible correct and incorrect answer.

- (a) Marks for each candidate response must **always** be assigned in line with these general marking principles and the detailed marking instructions for this assessment.
- (b) Marking should always be positive. This means that, for each candidate response, marks are accumulated for the demonstration of relevant skills, knowledge and understanding; they are not deducted from a maximum on the basis of errors or omissions.
- (c) If a specific candidate response does not seem to be covered by either the principles or detailed marking instructions, and you are uncertain how to assess it, you must seek guidance from your team leader.
- (d) For each candidate response, the following provides an overview of the marking principles. You should refer to the detailed marking instructions for further guidance on how these principles should be applied.

Marks will be awarded as follows for

- (i) Questions that ask candidates to '**Describe...**'

Candidates must make relevant factual points, which may be characteristics and/or features, as appropriate to the question asked. These points may relate to a concept, process or situation.

Candidates may provide straightforward points or a smaller number of developed points, or a combination of these.

Up to the total mark allocation for this question

- **1 mark** should be given for each relevant factual point
- **1 mark** should be given for any further development of a relevant point, including exemplification when appropriate.

- (ii) Questions that ask candidates to '**Explain...**'

Candidates must make accurate relevant points that relate cause and effect and/or make the relationships clear. These points may relate to a concept, process or situation.

Candidates may provide a number of straightforward points of explanation or a smaller number of developed points, or a combination of these.

Up to the total mark allocation for this question

- **1 mark** should be given for each relevant point of explanation
- **1 mark** should be given for a further development of a relevant point, including exemplification when appropriate.

(iii) Questions that ask candidates to ‘Compare...’

Candidates must demonstrate knowledge and understanding of the similarities and/or differences between things, methods or choices, for example. The relevant comparison points could include theoretical concepts.

Up to the total mark allocation for this question

- 1 mark should be given for each accurate point of comparison.

(iv) Questions that ask candidates to ‘Discuss...’

Candidates must make a number of points that communicate issues, ideas, or information about a given topic or context that will make a case for and/or against. It is not always necessary to give both sides of the debate in responses.

Up to the total mark allocation for this question

- 1 mark should be given for each accurate point of knowledge that is clearly relevant
- 1 mark should be given for any further development of a relevant point, including exemplification or a conclusion when appropriate.

(v) Questions that ask candidates to ‘Analyse...’

Candidates must demonstrate the ability to identify/describe/explain relevant parts, and the relationship between the parts and/or the whole. Candidates should be able to draw out and relate any implications and/or analyse data.

Up to the total mark allocation for this question

- 1 mark should be given for each accurate point of analysis
- 1 mark should be given for any further development of a relevant point, including exemplification when appropriate.

(vi) Questions that ask candidates to ‘Evaluate...’

Candidates must demonstrate the ability to make a reasoned judgement in terms of the effectiveness or usefulness of something based on criteria. Candidates should be able to determine the value of something within context.

Up to the total mark allocation for this question

- 1 mark should be given for each accurate point of evaluation
- 1 mark should be given for any further development of a relevant point, including exemplification when appropriate.

(vii) Questions that ask candidates to ‘Explore...’

Candidates must demonstrate the ability to carry out a detailed examination or enquiry, or follow a process in order to find out something.

Up to the total mark allocation for this question

- 1 mark should be given for each accurate point
- 1 mark should be given for any further development of a relevant point, including exemplification when appropriate.

Marking instructions for each question

Section 1

Question	Expected response	Max mark	Additional guidance
1.	<p>Responses could include</p> <p>Franchising</p> <ul style="list-style-type: none"> • <u>franchise agreement protects the brand</u> - McDonald's can terminate the franchisee's contract should they not conform to its policies and jeopardise the success of its growth • <u>royalty payments</u> - provides McDonald's with steady cash flow for funding its growth strategy • <u>franchisee pays for equipment, seating etc</u> - reduces the pressure on McDonald's expenditure allowing it to grow unencumbered by non-fixed asset/capital investments <p>Company-owned restaurants</p> <ul style="list-style-type: none"> • <u>company-owned</u> - McDonald's has complete control over the restaurant so can implement strategies for growth without having to consider a franchisee's input or gain their consent <ul style="list-style-type: none"> ○ McDonald's will incur all costs associated with the opening and running of its owned restaurants so may not be able to fund large-scale expansion using this method • <u>trial operating standards</u> - testing policies/innovations reduces risk as problems may be encountered without upsetting franchisees which could hinder McDonald's growth strategy • <u>refine marketing strategies and product innovations</u> - can be rolled out to franchisees, brand-wide which can result in more customers <ul style="list-style-type: none"> ○ gaining a competitive edge over rivals 	8	<p>Candidates' responses should be based on the information from the case study.</p> <p>Award 1 mark for each valid evaluative point. Award 1 mark for each valid development.</p> <p>Award a maximum of 4 marks for general points for example on the effectiveness of franchising as a method for growth, without relating them to the McDonald's case study.</p> <p>Points must relate to the effectiveness of the model in growing McDonald's.</p> <p>Watch for repetition on cost savings.</p> <p>Accept any other suitable response.</p>

Question	Expected response	Max mark	Additional guidance
	<p>Refranchising strategy</p> <ul style="list-style-type: none"> • <u>reduced general and admin costs of \$500 million</u> - savings made can be used to reinvest in growth elsewhere • <u>more local franchisees</u> - local knowledge can allow McDonald's to better cater to customers' needs in the area which can result in greater market share by attracting new customers <ul style="list-style-type: none"> ○ however, the franchisees do not have the power to alter products without McDonald's consent and this can mean they are slow to change <ul style="list-style-type: none"> ▪ may lose customers • <u>increased dependency on franchisee's willingness</u> - loss of control as a franchisee may not choose to implement an initiative as it is too expensive which can limit McDonald's growth • may lead to less spending on décor leading to a shabby look - putting customers off • refranchising leads to increased royalty fees but less sales revenue • reducing company owned restaurants could reduce McDonald's ability to trial as many new products leading to less innovation 		

Question	Expected response	Max mark	Additional guidance
2.	<p>Responses could include</p> <p>Production processes</p> <ul style="list-style-type: none"> • <u>assembly line production/division of labour</u> - can produce items quickly and in large volumes <ul style="list-style-type: none"> ○ which can satisfy periods of high demand ○ leads to a standardised product meaning customers know what they are getting - (leads to customers returning) ○ can lead to demotivation as employees are doing repetitive work • <u>employees trained in one aspect of the process</u> - specialisation will minimise mistakes and improve the quality of the product as employees become better at their specific job <ul style="list-style-type: none"> ○ may demotivate staff if some flexibility, for example job rotation, is not offered ○ makes it difficult to move employees from one process to another • <u>unskilled workers</u> - paid less compared to skilled workers reducing McDonald's wage expenses • <u>unskilled workers</u> - incurs training costs <p>Uniformity of the brand</p> <ul style="list-style-type: none"> • <u>standardisation</u> - the transfer of staff between branches is simplified as procedures/layout are the same • <u>set cooking time</u> - to minimise customer wait times and improve customer satisfaction <ul style="list-style-type: none"> ○ assuring quality reducing customer complaints • <u>prescriptive instructions</u> - ensures customers receive the same product no matter where - consistency <ul style="list-style-type: none"> ○ leading to customer loyalty • <u>prescriptive instructions</u> - may stifle employees' creativity 	6	<p>Candidates' responses should be based on the information from the case study.</p> <p>Award 1 mark for each valid explanation. Award 1 mark for each valid development.</p> <p>Award a maximum of 3 marks for general points on the costs and benefits of classical management practices, without relating them to the McDonald's case study.</p> <p>Candidates do not have to link the case study to classical management theorists.</p> <p>No general marks for describing features of the Classical School.</p> <p>Accept any other suitable response.</p>

Question	Expected response	Max mark	Additional guidance
	<p>Employee policies and relations</p> <ul style="list-style-type: none"> • <u>disciplinary process</u> - employees will conform to expectations and targets to avoid entering the process • <u>lack of trade union recognition</u> - means employees are not given a say in decision making, stifling creativity • <u>overly profit driven</u> - focus on efficiency can demotivate staff if not rewarded enough • <u>salary that rises above inflation</u> - will motivate staff according to Taylor <ul style="list-style-type: none"> ○ financial rewards alone may not be enough and McDonald's may need to invest in other motivation methods to increase employee engagement ○ attracts more applicants allowing selection of better quality staff <p>Organisation structure</p> <ul style="list-style-type: none"> • <u>tall hierarchy</u> - may have many promotion routes leading to staff working harder <ul style="list-style-type: none"> ○ allows McDonald's to retain ambitious staff members from leaving for a rival firm ○ can speed up decision making as employees not involved ○ can lead to more order in this large firm (meaning McDonalds can deliver its aim better.) 		

Question	Expected response	Max mark	Additional guidance												
3.	<p>Responses could include</p> <table border="1" data-bbox="340 316 1621 813"> <thead> <tr> <th data-bbox="340 316 981 379">Drivers</th> <th data-bbox="981 316 1621 379">Resistors</th> </tr> </thead> <tbody> <tr> <td data-bbox="340 379 981 443">\$2.08 billion income →</td> <td data-bbox="981 379 1621 443">← concern about the pace of growth</td> </tr> <tr> <td data-bbox="340 443 981 545">partners understand the local markets →</td> <td data-bbox="981 443 1621 545">← concern about quality control</td> </tr> <tr> <td data-bbox="340 545 981 679">plateauing sales revenue in China →</td> <td data-bbox="981 545 1621 679">← CITIC and Carlyle have no fast food experience</td> </tr> <tr> <td data-bbox="340 679 981 743">competition →</td> <td data-bbox="981 679 1621 743">← only a 20% interest</td> </tr> <tr> <td data-bbox="340 743 981 813">Growth plan 4500 restaurants →</td> <td data-bbox="981 743 1621 813">← loss of control</td> </tr> </tbody> </table> <p>Assets for change</p> <ul data-bbox="340 868 1370 970" style="list-style-type: none"> • global brand name - one of the <u>world's largest fast food restaurant chain</u> • global presence - <u>operates in over 100 countries with 36,900 stores</u> • experience of franchising <p>Drivers</p> <ul data-bbox="340 1129 1585 1232" style="list-style-type: none"> • \$2.08 billion income - with a declining net income this is a huge source of income • partners understand the local markets - better decision-making leads to higher customer satisfaction meaning customers will return if their needs are catered for 	Drivers	Resistors	\$2.08 billion income →	← concern about the pace of growth	partners understand the local markets →	← concern about quality control	plateauing sales revenue in China →	← CITIC and Carlyle have no fast food experience	competition →	← only a 20% interest	Growth plan 4500 restaurants →	← loss of control	8	<p>Candidates' responses should be based on the information from the case study.</p> <p>Award a maximum of 4 marks for a force field diagram</p> <ul data-bbox="1727 523 2101 801" style="list-style-type: none"> • 1 mark for 2 drivers • 1 mark for 2 resistors • 1 mark for an asset for change • 1 mark for differing arrows and correct headings (drivers and resistors). <p>Award 1 mark for each point of analysis.</p> <p>Award a maximum of 1 mark for an overall evaluation.</p> <p>Award a maximum of 5 marks if there is no diagram.</p>
Drivers	Resistors														
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Question	Expected response	Max mark	Additional guidance
	<ul style="list-style-type: none"> • plateauing sales revenue in China - McDonald's is underperforming in the Chinese market and needs the partnership to inject new management and innovation into its restaurants • growing local competition - McDonald's needs to act now before competition becomes too fierce in the Chinese market, lowering its sales revenue further, as it is already struggling to compete with KFC and Pizza Hut • increasing the number of restaurants - increases McDonald's market share, even though it will only have 20% of this <p>Resistors</p> <ul style="list-style-type: none"> • concern about the pace of growth - may result in diseconomies of scale if the expansion plans are not managed well • concern about quality control - lack of direct control might tarnish the brand • CITIC and Carlyle have no fast food experience - could lead to poor management which may result in public relations (PR) problems and/or customer dissatisfaction • only a 20% interest - McDonald's is losing out on a large percentage of possible profits which could be generated from the Chinese market <ul style="list-style-type: none"> ○ loss of control in decision making <p>Assets for change</p> <ul style="list-style-type: none"> • global brand name: one of the <u>world's largest restaurant chain</u> - trusted name will encourage loyalty from the Chinese customers • global presence: <u>operates in over 100 countries with 36,900 stores</u> - if its Chinese operations fail to deliver the expected returns then it has other stores available to provide income • experience of franchising: has years of experience in appointing and dealing with franchisees which will reduce the risk of management issues with this strategic partnership 		

Question			Expected response	Max mark	Additional guidance
			<p>Overall evaluation</p> <ul style="list-style-type: none"> McDonald's should sell a controlling equity stake of its Chinese operations - its partners will be better informed about the Chinese market's local requirements and this insight is required to counter the increasing competition and capitalise on the huge growth opportunity in China 		

Question	Expected response	Max mark	Additional guidance
4.	<p>Responses could include</p> <p>UK economy</p> <ul style="list-style-type: none"> • <u>\$1 billion of income</u> - improved balance of payments from the inflow of foreign currency <ul style="list-style-type: none"> ○ may lead to increased government spending on infrastructure ○ however McDonald's may repatriate profits to the US • the relocation of its holding office may create highly paid UK jobs <ul style="list-style-type: none"> ○ increases disposable income ○ higher income tax paid to the Government ○ this can reduce unemployment in the UK ○ this will improve the UK's GDP ○ may encourage other firms to move to UK (leading to further jobs) <p>US economy</p> <ul style="list-style-type: none"> • if it is beneficial to declare profits in the UK, the US will still not receive the corporation tax owed <p>McDonald's</p> <ul style="list-style-type: none"> • avoid further investigations by EUCC due to Brexit which reduces the risk of additional controversial media surrounding the brand • HMRC may carry out its own investigation into McDonald's taxation structure <ul style="list-style-type: none"> ○ McDonald's may be subject to pay more taxation in the UK if the UK government does not offer similar agreements as McDonald's has with the Luxembourg government • in the event of back-dated taxation or fines, McDonald's is less likely to be offered a favourable deal if the EU Competition Commission thinks McDonald's is using the UK as an escape route • may benefit from possible trade agreements between the UK and EU post-Brexit • McDonald's may have to spend more on re-location fees for staff when it moves offices 	6	<p>Candidates' responses should be based on the information from the case study.</p> <p>Award 1 mark for each valid explored point.</p> <p>Award 1 mark for each valid development.</p> <p>Award a maximum of 3 marks for general points, without relating them to the McDonald's case study.</p> <p>Award a maximum of 4 marks for any one area.</p> <p>To achieve maximum marks all 3 areas must be mentioned.</p> <p>Accept any other suitable response.</p>

Question	Expected response	Max mark	Additional guidance
5.	<p>Responses could include</p> <ul style="list-style-type: none"> • <u>subject to different market constraints</u> - franchisees may have to pay expensive legal fees to secure planning permission for the sustainable restaurant design in their country • <u>should franchisees choose to invest</u> - franchisees may have to obtain a source of finance/increase debt to fund the installation of the design may have high interest rates • <u>minimise the impact on the environment</u> - may prevent the franchisees having to pay future eco-taxes or reduce the costs of adapting production if new 'greener' laws are enforced • <u>white roof/HVAC</u> - reduces the overhead expenses of air-conditioning in the restaurant which can lower operating costs for its franchisees • <u>smart irrigation</u> - reduced risk of obtaining water usage fines in countries/areas of drought • <u>LED lighting initial investment is expensive</u> - franchisees may have to retain profits to purchase this non-current asset which could lower their personal wealth <ul style="list-style-type: none"> ○ <u>LED bulbs last longer</u> - will not need replaced as often lowering expenditure for the franchisees • <u>solar panels</u> - reduces utility expenses as less energy is purchased from the national grid 	6	<p>Candidates' responses should be based on the information from the case study.</p> <p>Award 1 mark for each valid explanation. Award 1 mark for each valid development.</p> <p>A maximum of 3 marks for general points on how CSR can lower a firm's expenses, without relating them to the McDonald's case study.</p> <p>Watch for repetition of lowering of expenses/costs - candidates should explain the impact of lowering the expenses/costs differently to be credited.</p> <p>Accept any other suitable response.</p>

Question	Expected response	Max mark	Additional guidance
	<ul style="list-style-type: none"> • <u>electric vehicle charging</u> - customers will come to McDonald's to charge their car for free and likely make a purchase while waiting which increases the franchisees' sales revenue <ul style="list-style-type: none"> ○ may encourage customers to use McDonald's over a rival brand where their hybrid/electric car cannot be charged, which leads to repeat sales for its franchisees ○ with an increase of hybrid/electric cars in the UK, McDonald's is targeting eco-friendly customers which attracts new customers to purchase from the franchisee ○ <u>subsidised by government grants</u> - franchisees can obtain the stations for free without having to pay back the grant, which reduces non-current liability costs • <u>waste recycling</u> - franchisees may have to train staff to recycle or hire more staff to do this which increases the labour costs <ul style="list-style-type: none"> ○ <u>used cooking oil is sold</u> - provides an additional income stream for franchisees which means better cash flow ○ <u>bio-diesel fuel runs UK fleet</u> - may reduce carriage inward/delivery costs which will improve the gross profit for its franchisees 		

Question	Expected response	Max mark	Additional guidance
6.	<p>Responses could include</p> <ul style="list-style-type: none"> • Sales Revenue has declined from 2013 to 2016 - this may be a result of customers becoming more health-conscious and therefore not purchasing <ul style="list-style-type: none"> ○ if this continues, McDonald's may have to rethink its menu and marketing strategy • Gross Profit has declined from \$10,902.7 in 2013 to \$10,204.7 in 2016 - this may be a result of the sales revenue declining • Profit for the Year has decreased from \$5,585.9 in 2013 to \$4,686.5 in 2016 - this may be due to an increase in expenses • Profit for the Year percentage has decreased from 19.87% in 2013 to 19.03% in 2016 - McDonald's will need to sell more items for less return if this does not improve <ul style="list-style-type: none"> ○ if expenses continue to increase McDonald's may have to increase its selling prices • Current Assets have decreased from 2013 to 2016 - the company may be holding less cash so is less liquid • Current Liabilities have increased from \$3,170.0 in 2013 to \$3,468.3 in 2016 - this may be due to McDonald's purchasing too much on credit from suppliers • Current Ratio is at 1.4:1 in 2016 - the ideal is 2:1 <ul style="list-style-type: none"> ○ this suggests there could be potential liquidity problems for McDonald's ○ in 2015 the Current Ratio was too high meaning McDonald's had too much equity tied up in its current assets for example inventory • Acid Test Ratio is 0.8:1 in 2016 - the ideal is 1:1 <ul style="list-style-type: none"> ○ McDonald's do not have enough current assets (less inventory) to pay off its short-term liabilities in a crisis ○ in 2015 the Acid Test Ratio was too high meaning McDonald's should have been investing its equity better elsewhere 	6	<p>Candidates' responses should be based on the information from the case study. Accept only concerns (problems) in the financial data.</p> <p>Candidates must explain at least 2 concerns to gain full marks.</p> <p>Award 1 mark for each valid explanation. Award 1 mark for each valid development.</p> <p>Award a maximum of 3 marks for general points, without relating them to the McDonald's case study.</p> <p>Watch for repetition of reasons for the concern.</p> <p>Accept any other suitable response.</p>

Section 2

Question		Expected response	Max mark	Additional guidance
7.	(a)	<p>Responses could include</p> <ul style="list-style-type: none"> • adverts must not include bias terminology/wording, staff would require training to ensure adverts are appropriate <ul style="list-style-type: none"> ○ however, an employer can ask for specific characteristics for example requesting someone who has a hearing impairment, if it is an essential characteristic for the job (for example to work with children with hearing difficulties) • businesses cannot solely advertise in one area for example female magazine meaning the business has to increase the amount of advertising it does • to make buildings accessible for all candidates, during interviews organisations may need to rent additional premises • organisations must ensure that application forms are available in different formats for example large text, which can be time consuming to change • adverts cannot ask about a candidate’s sexual orientation during an interview, so procedures for asking interview questions will need to be created • an employer cannot request details on a candidate’s health in the initials stages of recruitment <ul style="list-style-type: none"> ○ however, employer must check with candidates that they are able to access any assessment that requires to be undertaken as part of the assessment process ○ an employer can take ‘positive action’ to assist people who are disadvantaged or underrepresented in employment for example disabled 	6	<p>Award 1 mark for each valid discussed point. Award 1 mark for each valid development.</p> <p>Award a maximum of 3 marks for describing general features of the Equality Act linked to recruitment and selection.</p> <p>Accept any other suitable response.</p>

Question	Expected response	Max mark	Additional guidance
	<ul style="list-style-type: none"> ○ an employer is allowed to ask an applicant if they are disabled for the purpose of ensuring that the applicant can benefit from any action the employer has taken to improve the employment rate of disabled people (for example guaranteed interview scheme) • a job offer can be made conditional upon the successful applicant meeting the employer's health or other requirements • if an employer after identifying an applicant's disability or health withdraws a job offer, solely on this basis, this would be discrimination • a person who has applied for a job can make a complaint to the Equality and Human Rights Commission if they feel they have been discriminated against so the organisation could be fined • if using tests - provide extra time for applicants with additional support needs making interview process longer • interview venue should allow access for the disabled if required meaning the organisation may need to put in a ramp 		

Question		Expected response	Max mark	Additional guidance
	(b)	<p>Responses could include</p> <ul style="list-style-type: none"> • direct discrimination is treating someone less favourably than another person because of the protected characteristics (PC) <ul style="list-style-type: none"> ○ for example, refusing to serve customers because of their religion • discrimination by association is discriminating against someone because of their connection with a person who possesses a PC • discrimination by perception is discriminating against someone because others think they possess a particular PC • indirect discrimination occurs when you have a rule or policy that applies to everyone but disadvantages a particular PC • harassment is making jokes or simple thoughtless comments about someone with a particular PC • victimisation is where someone is treated badly because they have made/supported a complaint or grievance under the Equality Act 	4	<p>Candidates must describe at least 2 types of discrimination for full marks.</p> <p>Award 1 mark for each valid description. Award 1 mark each valid development. Award 1 mark for each example of a type of discrimination - maximum of one example per different type of discrimination.</p> <p>Accept any other suitable response.</p>

Question		Expected response	Max mark	Additional guidance
8.	(a)	<p>Responses could include</p> <ul style="list-style-type: none"> • fear of failure for example unfamiliar technology • loss of status for example losing your office/job title • loss of control for example not part of the change process • inertia/habit for example unwilling to invest effort/do things differently • fear of the unknown through lack of information • fear of redundancy for example through restructuring • organisational culture for example traditions and values • rigidity of structure for example slower response • lack of resources or means of acquiring them • existing contractual agreements for example existing agreed union working practices • poor communication may mean staff don't know what is happening 	4	<p>Candidates must describe at least 2 barriers to gain full marks.</p> <p>Award 1 mark for each valid description. Award 1 mark for each valid development.</p> <p>Accept any other suitable response.</p>
	(b)	<p>Responses could include</p> <p>Unfreezing helps by</p> <ul style="list-style-type: none"> • encouraging a smooth transition by reducing the barriers to change • seeking possible solutions to problems allows management to consider options before selecting the best one <ul style="list-style-type: none"> ○ helps to ensure that the change benefits the organisation • using consultation to reduce resistance to change <ul style="list-style-type: none"> ○ since those affected have been involved in the change process • breaking down beliefs and assumptions to help employees understand the need for change • communicating the vision/need for change to increase the likelihood of employees accepting the need for change 	6	<p>Award 1 mark for each valid explanation. Award 1 mark for each valid development.</p> <p>Accept any other suitable response.</p> <p>Award a maximum of 1 general mark for a description of each stage of the model.</p>

Question	Expected response	Max mark	Additional guidance
	<p>Changing/Transforming</p> <ul style="list-style-type: none"> • gradually implementing the change can help to ensure that employees do not feel overwhelmed • developing new procedures/culture/values should prevent the organisation from reverting back to the former state • rewarding employees at each step of the process • monitor the change process carefully to ensure that it is on the right track <p>Refreezing</p> <ul style="list-style-type: none"> • reinforces the new approaches and makes them a habit <ul style="list-style-type: none"> ○ this stops employees slipping back into old ways • prevents regression by creating new norms • evaluation of the change allows the organisation to ensure that it was implemented correctly <ul style="list-style-type: none"> ○ corrective action should be taken if required to ensure the change is effective • the acquisition of relevant resources and provision of support by management will help to sustain the change 		

Question	Expected response	Max mark	Additional guidance
9.	<p>Responses could include</p> <p>Monetary policy</p> <ul style="list-style-type: none"> • higher interest rates increase the cost of borrowing for an organisation which may mean it will be unable to invest in product development <ul style="list-style-type: none"> ○ this may result in a loss of the firm’s competitive edge, customers and market share • higher interest rates will encourage individuals to save, which will reduce consumer spending • lower interest rates will increase consumer borrowing and therefore spending and consumer purchasing • quantitative easing is used by the government to encourage spending by introducing new money to boost the economy <ul style="list-style-type: none"> ○ this would allow organisations to invest in growth <p>Fiscal Policy</p> <ul style="list-style-type: none"> • increases in corporation tax reduces the organisations retained profit <ul style="list-style-type: none"> ○ this could impact reinvestment for expansion ○ lower dividends will not please shareholders who may choose to sell shares thus impacting the market value of the organisation • increase in income tax reduces disposable income so the demand for goods and services reduces <ul style="list-style-type: none"> ○ may have to increase amount spent on advertising to attract customers/make cut backs such as redundancy etc • increases in VAT and excise duties increases the price the customer pays and organisation may not wish to pass the increase onto customers thus reducing their profits • decrease in government spending will negatively impact on the ability to provide a quality service by public sector organisations for example NHS and state schools 	10	<p>Award 1 mark for each valid explored point.</p> <p>Award 1 mark for each valid development point.</p> <p>A maximum of 8 marks for any one area.</p> <p>Watch for flips. Watch for repetition.</p> <p>To be awarded legislation marks candidates must state the name of the Act.</p> <p>Accept any other suitable response.</p>

Question	Expected response	Max mark	Additional guidance
	<p>Legislation</p> <p>National Minimum Wage Regulations</p> <ul style="list-style-type: none"> • if the minimum wage is increased by the government then this will lead to increased costs for UK organisations <ul style="list-style-type: none"> ○ reducing profit/reducing the opportunity for growth <p>Health and Safety legislation</p> <ul style="list-style-type: none"> • organisations may have to appoint specialist staff to ensure safety equipment and procedures are regularly reviewed <ul style="list-style-type: none"> ○ this may result in new safety equipment requiring to be purchased to meet standards • the organisation may be liable for work-related injuries suffered by employees which may result in compensation payments which reduces cash flow <p>General Data Protection Regulation</p> <ul style="list-style-type: none"> • companies will now have to keep a thorough record of how and when an individual gives consent to store and use their personal data therefore companies will have to show a clear audit trail of consent <p>Consumer protection legislation Employment legislation (apart from Equality Act)</p>		

Question		Expected response	Max mark	Additional guidance
10.	(a)	<p>Responses could include</p> <p>Marketing</p> <ul style="list-style-type: none"> • can add CSR branding to packaging to promote sales for example Fair Trade Logo • may work with Crystal Clear (Plain English campaign) to ensure all advertising literature is accessible to a wide audience • may release public relations statement outlining CSR policy to general public to improve image <ul style="list-style-type: none"> ○ may lead to loyalty from customers ○ allow the business to target a new market of ethically conscious consumers ○ for example the Co-Op was the first supermarket to stock a wide range of fair trade products which enabled them to attract customers who were concerned with exploitation • may give funds to local charity or sponsor local community project to enhance connection to local community • may limit who a business targets with its advertising which may affect sales growth for example not targeting children or vulnerable adults • may limit what promotions it uses for example not celebrities who have been inappropriate • may limit where a business advertises for example may not advertise in certain magazines etc due to their stance on certain issues <p>Operations</p> <ul style="list-style-type: none"> • may set up a quality circle within department to investigate how waste could be reduced <ul style="list-style-type: none"> ○ department may implement a reduce, reuse, recycling policy to reduce costs • new procedures may have to be implemented to ensure non-essential equipment is switched-off when not in use • may have to purchase machinery or equipment which uses less energy or lower noise pollution which may be costly to do <ul style="list-style-type: none"> ○ staff need to be trained in operating new equipment 	6	<p>Candidates must explore at least one effect in each functional area to gain full marks.</p> <p>Award 1 mark for each valid explored effect. Award 1 mark for each valid development.</p> <p>Award a maximum of 5 marks for any one functional area.</p> <p>Award 1 mark for a definition of CSR.</p> <p>Accept any other suitable response.</p>

Question			Expected response	Max mark	Additional guidance
			<ul style="list-style-type: none"> • may look to share transportation with other business to reduce carbon emissions which may save costs <ul style="list-style-type: none"> ○ however may cause greater administration issues • may look to use local suppliers to reduce carbon emissions which could increase costs • increased R&D to find ways of reducing the level of raw materials used in production process • reduce the level of packaging used in the product which requires less storage space • some employees find significant changes in policy difficult to deal with especially if it involves them having to change their practices • may increase costs as firms may switch to suppliers who fit with their policies <ul style="list-style-type: none"> ○ total revenue may decrease as increased costs may increase prices (leading to lower sales) 		

Question		Expected response	Max mark	Additional guidance
	(b)	<p>Responses could include</p> <ul style="list-style-type: none"> • Elton Mayo focused on importance of social factors and human behaviour and stressed the importance of considering workers' needs to improve productivity • when staff were given attention from managers their productivity/motivation improved • productivity improved when physical conditions were changed • workers enjoy social aspects of working in groups • workers may be influenced more by informal groups than official leaders • relationships which evolve at work are more motivating to employees than money • absenteeism dropped 	4	<p>Candidates must discuss at least 2 findings to gain full marks.</p> <p>Award 1 mark for each valid discussed point. Award 1 mark for each valid development point.</p>

[END OF MARKING INSTRUCTIONS]