



GCE A LEVEL MARKING SCHEME

SUMMER 2024

**A LEVEL
BUSINESS – UNIT 4
1510U40-1**

About this marking scheme

The purpose of this marking scheme is to provide teachers, learners, and other interested parties, with an understanding of the assessment criteria used to assess this specific assessment.

This marking scheme reflects the criteria by which this assessment was marked in a live series and was finalised following detailed discussion at an examiners' conference. A team of qualified examiners were trained specifically in the application of this marking scheme. The aim of the conference was to ensure that the marking scheme was interpreted and applied in the same way by all examiners. It may not be possible, or appropriate, to capture every variation that a candidate may present in their responses within this marking scheme. However, during the training conference, examiners were guided in using their professional judgement to credit alternative valid responses as instructed by the document, and through reviewing exemplar responses.

Without the benefit of participation in the examiners' conference, teachers, learners and other users, may have different views on certain matters of detail or interpretation. Therefore, it is strongly recommended that this marking scheme is used alongside other guidance, such as published exemplar materials or Guidance for Teaching. This marking scheme is final and will not be changed, unless in the event that a clear error is identified, as it reflects the criteria used to assess candidate responses during the live series.

GENERAL MARKING GUIDANCE

Positive Marking

It should be remembered that learners are writing under examination conditions and credit should be given for what the learner writes, rather than adopting the approach of penalising him/her for any omissions. It should be possible for a very good response to achieve full marks and a very poor one to achieve zero marks. Marks should not be deducted for a less than perfect answer if it satisfies the criteria of the mark scheme, nor should marks be added as a consolation where they are not merited.

For each question there is a list of indicative content which suggest the range of business concepts, theory, issues and arguments which might be included in learners' answers. This is not intended to be exhaustive and learners do not have to include all the indicative content to reach the highest level of the mark scheme.

The level based mark schemes sub-divide the total mark to allocate to individual assessment objectives. These are shown in bands in the mark scheme. For each assessment objective a descriptor will indicate the different skills and qualities at the appropriate level. Learner's responses to questions are assessed against the relevant individual assessment objectives and they may achieve different bands within a single question. A mark will be awarded for each assessment objective targeted in the question and then totalled to give an overall mark for the question.

WJEC GCE A LEVEL BUSINESS - UNIT 4

SUMMER 2024 MARK SCHEME

1 1	Explain the factors that have contributed to globalisation. [6]	
Band	AO1	AO3
	4 marks	2 marks
3	<p align="center">4 marks</p> <p>Excellent understanding of the factors that have contributed to globalisation.</p> <p>Factors have been identified and clear understanding is demonstrated .</p>	
2	<p align="center">2-3 marks</p> <p>Good understanding of the factors that have contributed to globalisation.</p> <p>Factors have been identified and understanding is demonstrated.</p>	<p align="center">2 marks</p> <p>Good explanation of the factors that have contributed to globalisation.</p> <p>Points are well developed.</p>
1	<p align="center">1 mark</p> <p>Limited understanding of the factors that have contributed to globalisation.</p> <p>Factors are identified with brief knowledge demonstrated.</p>	<p align="center">1 mark</p> <p>Limited explanation of the factors that have contributed to globalisation.</p> <p>A superficial explanation is given.</p>
0	<p align="center">0 marks</p> <p>No valid understanding.</p>	<p align="center">0 marks</p> <p>No valid explanation.</p>

Indicative content:

Globalisation is the process that enables product, financial and investment markets to operate across the globe.

There are several key factors which have influenced the process of globalisation:

- **Improvements in transportation** - larger cargo ships mean that the cost of transporting goods between countries has decreased. Economies of scale mean the cost per item can reduce when operating on a larger scale. Transport improvements also mean that goods and people can travel more quickly.
- **Freedom of trade** - organisations like the World Trade Organisation (WTO) promote free trade between countries, which help to remove barriers between countries such as tariffs and quotas. This helps to reduce the cost of international trade with no tax on the trade of goods and no limits on the amount that businesses can trade.
- **Improvements of communications and technology** - the internet and mobile technology have allowed greater communication between people in different countries. Without the introduction of the Internet, many businesses such as Google and Amazon would unlikely exist.
- **Labour availability and skills** - countries such as India have lower labour costs (about a third of that of the UK) and also high skill levels. Labour intensive industries such as clothing can take advantage of cheaper labour costs and reduced legal restrictions in LEDCs.

Credit any other valid point.

1 2	State what is meant by innovation and explain the ways in which Google has been innovative.		
Band	AO1	AO2	AO3
	2 marks	4 marks	2 marks
3		4 marks Excellent application to Google of the ways in which it has been innovative. The learner makes excellent use of the data with at least 2 ways of being innovative identified and used to develop lines of reasoning.	
2	2 marks Good understanding of innovation.	2-3 marks Good application to Google of the ways in which it has been innovative. The learner makes good use of the data with at least 1 way of being innovative identified and used to develop lines of reasoning.	2 marks Good explanation of the ways in which Google has been innovative. Points are well-developed with good lines of reasoning.
1	1 mark Limited understanding of innovation.	1 mark Limited application to Google of the ways in which it has been innovative. The response is mainly theoretical.	1 mark Limited explanation of the ways in which Google has been innovative. Points are underdeveloped.
0	0 marks No valid understanding.	0 marks No valid application.	0 marks No valid explanation.

Indicative content:

Innovation is the commercial exploitation of an invention. It involves bringing a new idea to the marketplace which is known as 'product innovation' or bringing a new idea to the workplace which is known as 'process innovation'.

Google have shown to be innovative in a number of ways:

- Creating and developing a search engine over time to take advantage of the introduction of the Internet. The search engine idea has then been exploited to generate huge sums of sales revenue by attracting other businesses to advertise on Google. This now equates to around 87% of all Google's revenue and was the foundation of its success as a global company.
- The development and launch of Gmail and Google Chrome are other examples of innovations. Google created an email platform and web browser that had unique features and allowed it to compete with the largest businesses in the technological market and become the market leader. Both of these increased awareness of Google and enable the business to attract businesses to use their products to advertise on.
- The strategy of using external growth is also innovative. This has enabled the business to access technologies such as Android that has allowed the business to enter the market for mobile devices such as tablets and smartphones. These markets are highly competitive and difficult to enter but Android is now the market leader for software in mobile devices.
- Google are investing huge sums of capital into R&D which may lead to many other new technologies that the business can commercially exploit in the near future.

Credit any other valid points in relation to Google that may not be in the case study such as Google being innovative in the way it treats its workers and develops its staff.

1 3	To what extent will legal factors affect the operation of Google? [10]			
Band	AO1	AO2	AO3	AO4
	2 marks	2 marks	2 marks	4 marks
3				<p>4 marks</p> <p>Excellent evaluation of the extent to which legal factors will affect the operations of Google.</p> <p>Well supported judgements are made.</p> <p>Key issues have been discussed.</p> <p>May give an overall conclusion.</p>
2	<p>2 marks</p> <p>Good understanding of at least 2 legal factors that affect the operations of a business.</p>	<p>2 marks</p> <p>Good application of the legal factors affecting Google.</p> <p>The learner makes good use of the data with at least 2 legal factors affecting Google.</p>	<p>2 marks</p> <p>Good analysis of the legal factors affecting Google.</p> <p>The analysis may be uneven, with some well-developed points and some where the development is more limited.</p>	<p>2-3 marks</p> <p>Good evaluation of the extent to which legal factors will affect the operations of Google.</p> <p>Some supported judgements made with relevant issues discussed.</p>
1	<p>1 mark</p> <p>Limited understanding of legal factor(s) that affect the operations of a business.</p>	<p>1 mark</p> <p>Limited application of the legal factor(s) affecting Google.</p> <p>The response is mainly theoretical.</p>	<p>1 mark</p> <p>Limited analysis of the legal factor(s) affecting Google.</p> <p>Superficial analysis with undeveloped points.</p>	<p>1 mark</p> <p>Limited evaluation of the extent to which legal factor(s) will affect the operations of Google.</p> <p>Judgements are superficial and unsupported.</p>
0	<p>0 marks</p> <p>No valid understanding.</p>	<p>0 marks</p> <p>No valid application.</p>	<p>0 marks</p> <p>No valid analysis.</p>	<p>0 marks</p> <p>No valid evaluation.</p>

Indicative content:

There are a number of different laws that affect the way businesses can operate. These laws are designed to protect individuals, customers, employees and the environment from the potential negative acts of business. Business legislation covers a number of areas including:

- **Competition policy**

Competition policy in the UK is focused on controlling the abuse of market power of big businesses. Google were fined 2.42 billion euros for taking advantage of the businesses dominance as a search engine provider by giving an illegal advantage to its shopping comparison site. This is a significant fine which may have an impact on company profits but more importantly may have damaged the company's reputation which could give rival businesses a competitive advantage.

- **Data protection**

Data protection is concerned with how personal data gathered by organizations is used and kept secure. Businesses are required to have a Data Protection Officer whose role is to ensure that the requirements of the Data Protection Act are met. Google have been found to break data protection law by not informing customers of how their personal data would be stored and used. As a result they received a fine of 50 million euros in 2019. Instances of companies failing to protect customers' data online are very much on the increase and it is an issue that Google are urgently attempting to address.

- **Intellectual property law**

Intellectual property law covers the legal rights of individual and companies in regard to designs, inventions and artistic works.

- **Patent law** covers inventions and gives rights to the inventor or patent owner for a limited period to stop others from making, using or selling an invention without the permission of the inventor or owner. Google patented over 2 500 new technologies in 2022. This is beneficial to them because it prevents other businesses from imitating their products and services. Businesses found guilty of infringement have to pay damages and a court injunction to prevent further infringements occurring.
- **Copyright law** gives the creators of literary, dramatic, musical and artistic works, sound recordings, broadcasts and films, rights to control the ways in which their material may be used. The law means that it is an offence to do any of the following without the consent of the owner:
 - Copy the work; rent, lend or issue copies of the work to the public
 - Perform, broadcast or show the work in public
 - Adapt the work in any way

Consent can be given, but the owner of the copyright may demand payment.

Copyright reforms will have a serious impact on one of Google's most successful products. YouTube may have issues with the use of videos. There are so many products uploaded to YouTube that Google are bound to be breaking elements of the new copyright laws. This may result in vast fines and changes to the business model that may impact on the quality of the product. This may negatively affect both sales revenue and profit if it results in fewer users as businesses may choose alternative methods of advertising. In addition, with competitors such as Facebook and Netflix trying to take users away from YouTube, the new copyright reforms could have far reaching effects on the market share of YouTube.

- **Company law**

When a business is incorporated, it exists as a separate legal entity. As public limited company, Google would need to apply by the rules set out under this piece of legislation and failure to comply with company law can lead to company directors being fined, struck off or even to the compulsory liquidation of the company. Compulsory liquidation or winding up can be requested through courts by creditors e.g. nonpayment to HMRC. The UK have amended tax laws and will now apply tax on the value of UK sales rather than just company profits, which will prevent tax avoidance from multinational companies that shift profits overseas. Google have already agreed to pay £130million in back tax and incur a greater tax burden in the future. Again, this will have a negative impact on company profits in the future with increased tax bills. **However**, with Google agreeing to pay back a large sum of money in back tax, this may have a positive impact on the company's reputation.

Google are likely to employ professional company secretaries to ensure that the company meets with required legislation. This obviously increases business costs, but non-compliance would have greater negative effects on the operations of Google.

- **Consumer protection**

Google are now selling a wide range of consumer goods and services and when consumers purchase goods or services, a contract is formed between the consumer, the retailer and the producer of those goods or services. Legislation, for example, makes it a criminal offence to give untrue or misleading descriptions of goods in regard to their content, size, weight and price. As a result of this legislation, manufacturers and retailers have to take a great deal of care about information presented on their packaging or within advertisements and any other form of promotional material.

Goods must also be of merchantable quality – fit for their intended purpose and be as described. This means that the goods must be capable of doing what they were designed to do and what the purchaser would reasonably expect them to be able to do.

Credit any other valid point including; employment legislation such as anti-discriminatory laws, health and safety and minimum wage etc.

1 4	“Organic growth has been more important to Google than external growth”. Discuss.			[12]
Band	AO2	AO3	AO4	
	2 marks	4 marks	6 marks	
3		4 marks Excellent analysis of the strategies used by Google to achieve growth. The analysis will be balanced with developed lines of reasoning.	5-6 marks Excellent evaluation of the strategies used by Google to achieve growth. The arguments are well balanced. Well-supported judgements are made. May give an overall conclusion.	
2	2 marks Good application of the strategies used by Google to achieve growth. The learner makes good use of the data in the case study	2-3 marks Good analysis of the strategies used by Google to achieve growth. The analysis may be unbalanced but points are well developed.	3-4 marks Good evaluation of the strategies used by Google to achieve growth. The argument may be unbalanced. Supported judgements are made.	
1	1 mark Limited application of the strategies used by Google to achieve growth. The learner makes some use of the case study.	1 mark Limited analysis of the strategies used by Google to achieve growth. Developments may be brief.	1-2 marks Limited evaluation of the strategies used by Google to achieve growth. Judgements are superficial and unsupported.	
0	0 marks No valid application.	0 marks No valid analysis.	0 marks No valid evaluation.	

Indicative content:

External growth involves Google using the resources of another business usually through a takeover or a merger. In terms of Google, this has involved acquisitions:

- ✓ Acquisitions have given Google immediate **access to markets** within specific areas of markets. This has helped the company to widen its product portfolio and helped them to spread risk. For example, their video subscription service was failing in comparison to rival firms. Therefore, the takeover of YouTube allowed them to become the market leader in that market. Providing a platform to access a wide market to increase revenues.
- ✓ Acquisitions have allowed Google **access to technologies and expertise** that they may have lacked. For example, the takeover of Android paved the way for Google to enter the mobile phone market.
- ✓ **Potential economies of scale** – managerial and marketing.
- ✗ **High cost** involved in takeovers can be a burden on many companies. Whilst Google have vast financial resources the capital investment in takeovers has been extremely high. This presents huge risks and has proven to be a problem in the past. For example, Google have spent £billions on various takeovers some of which may have failed. This presents an opportunity cost.
- ✗ **Difficult to manage external growth** – staff from businesses such as Android or YouTube may be resistant to change and fearful of redundancy etc. This may be difficult to manage for Google senior management and may cause inefficiencies.

Organic growth involves Google using its own resources such as capital, labour and enterprise to grow:

- ✓ Google have invested in the development of their own products and services such as the original and core product which is the search engine and this has become the market leader over Bing and Yahoo. This is **more manageable and takes place at a slower pace**.
- ✗ **Missed opportunities** - being late to social media and smart speaker market. For example, by developing their own social media platform Google+, they have not been as successful as Facebook and by developing the Google Home Hub, then Google have fallen behind Amazon.

Global branding has been used to help Google expand. Even businesses as well-established on a global basis as Google continue to build their brand identity. It is an ongoing process and they must continue to invest in advertising and develop promotional campaigns in order to reinforce their brands.

Credit any other valid point.

1 5	Apart from legislation, evaluate the impact of internal and external causes of change on Google and its stakeholders. [14]			
Band	AO1	AO2	AO3	AO4
	2 marks	2 marks	4 marks	6 marks
3			<p>4 marks Excellent well-developed analysis of the impact of changing internal and external factors on Google and its stakeholders.</p> <p>Key impacts for Google and stakeholders are discussed.</p> <p>Clear impact on the key stakeholders</p>	<p>5-6 marks Excellent evaluation of the impact of changing internal and external factors on Google and its stakeholders.</p> <p>Well-supported judgements are made.</p> <p>Key issues have been discussed.</p> <p>May give an overall conclusion.</p>
2	<p>2 marks Good understanding of internal and external factors.</p>	<p>2 marks Good application of the impact of the changing factors on Google and its stakeholders.</p> <p>The learner makes good use of the data in the case study.</p>	<p>2-3 marks Good analysis of the impact of changing internal and/or external factors on Google and at least 1 stakeholder.</p> <p>Impact(s) for Google and at least 1 stakeholder are discussed.</p>	<p>3-4 marks Good evaluation of the impact of changing internal and/or external factors on Google and at least 1 stakeholder.</p> <p>Supported judgements are made. Some relevant issues are evaluated.</p>
1	<p>1 mark Limited understanding of internal and/or external factors.</p>	<p>1 mark Limited application of the impact of changing factors on Google and/or its stakeholder(s).</p> <p>The learner makes some use of the case study.</p>	<p>1 mark Limited analysis of the impact of changing factors on Google and/or its stakeholder(s).</p>	<p>1-2 marks Limited evaluation of the impact of changing factors on Google and/or stakeholder(s).</p> <p>Judgements are superficial and unsupported.</p>
0	<p>0 marks No valid understanding.</p>	<p>0 marks No valid application.</p>	<p>0 marks No valid analysis.</p>	<p>0 marks No valid evaluation.</p>

Indicative content:

Change is an ongoing process and businesses cannot avoid having to deal with its consequences. Change in some businesses can be gradual, with small, incremental changes made to the way they operate year after year or increasingly there are factors that cause rapid change, totally altering the way a business operates in a relatively short period of time.

Internal change is caused by a change of ownership, change in leadership, changing technology or change in business size. From the case study it is clear that Google would be affected by a change in business size and changing technology.

- **Business Size** – the business has grown significantly since it was launched to the market in 1998. In 1998 the business employed just 3 people from one office and now they employ over 118 000 people, based in offices across the world.
 - The business has grown both organically and externally. Whilst organic growth was slower both required huge levels of investment which may have resulted in the need to bring in external investment which can impact on the control of the organisation.
 - With a wide range of products the business could lose sight of its USP and there could be issues with the quality of individual products and services that could result in a loss of customers. However, the increases in size and wide product portfolio has allowed the business to spread risk and increase sales revenue, brand recognition etc.

Changing technology – Google are investing heavily into research and development and external growth in order to compete. Competitors are embracing new technology and Google are forced to do the same to ensure that it remains competitive or maintains its leadership in certain areas such as online advertising and its search engine.

- Increased costs of adapting to new technology and developing products to meet customer demand.
- Staff training is required to meet new requirements of new technology used which takes time and increases costs. However, opportunity to develop staff and improve skills which will motivate them etc. In addition, it may be an opportunity to attract more skilled employees which may improve efficiency and innovation of Google.

Shareholders - Both of the internal changes require huge investments which can have both positive and negative impacts on shareholders. It is positive because new products and services are developed and commercially exploited to generate huge sums of revenue and potential profit. However, the investment could also cause short term negative impact on profit.

Customers – The growth of Google is beneficial to customers because the products and services are available to customers all over the world. The product development also benefits customers with more choice in terms of smartphones and smart speakers. However, users of certain Google products and services may be negatively affected by data protection issues. Also, new technological products may be expensive with certain demographics unable to afford these goods.

Employees – Benefit from more training so that they feel valued and may have opportunities for better job roles within Google or elsewhere in technological market. However, new technology may result in jobs being replaced by technology such as AI.

External change may be caused by competition, PESTLE factors, changing technology or changing consumer tastes.

Political factors

- It is clear from the case study that in most developed countries the governments are providing stable business environments in terms of inflation and interest rates. This is beneficial to Google because it means that its business customers will be confident enough to spend on advertising and the general public may be confident to spend on consumer goods such as smartphones. Thus increasing revenues and potential profitability of Google. This will benefit shareholders who may receive higher returns on investment as can be seen from the increasing ROCE. However, government actions and political instability such as that caused by Brexit may cause economic

conditions to change and have adverse effects on consumer confidence. This will negatively impact on the returns of shareholders but also impact on the operations of Google in terms of changing strategy – pricing decisions, growth strategies, and investment in new technologies etc.

- Governments are changing fiscal policies – The UK are introducing new tax policies to prevent tax avoidance and ensure that large companies such as Google are paying a fair amount of tax. This benefits the government and the countries in which Google operate such as the UK because the government will have more capital to spend on improving the economy by investing in education and training, investing in infrastructure or support SME's and other large business or by investing in the public sector. However, Google may earn lower levels of profit and the shareholders of Google may suffer with lower returns on investment and large multinational companies may relocate causing mass unemployment.
- Credit arguments over the impact of national security e.g. wars and protectionist measures.

Economic factors

- Whilst many of the markets in which Google operates are stable, the company is vulnerable to fluctuating exchange rates due to the amount of cash held in foreign countries. If the dollar is strong, Google could lose a lot of money if it is forced to bring a lot of cash back into the United States. The company could also lose money if the dollar is weak because it could be forced to exchange a stronger currency for a weak dollar. Either of these situations would have a negative impact on the shareholders of Google with a loss of revenue and profits.
- Inflation can be an issue because Google hold a lot of cash across the world, a sudden drop in the value of a currency could reduce the company's value. This would be detrimental to share capital which could impact on the amount of capital the business has to spend on new product development or upgrading existing products – this in turn impacts on customers who use Google products and services.

Social factors

- Changing trends and habits of customers which have seen people use alternative platforms to view video content. Whilst Google took advantage of this by setting up its own streaming website and then taking over YouTube to generate huge sales revenue. A number of competitors are now entering the market and have the potential to offer products that Google are not such as Amazon Prime, Apple TV or Netflix. Whilst different to YouTube, they do present competition especially with the copyright laws changing which may restrict the YouTube business model. Customers may spend a lot less time on YouTube by viewing video content on other platforms. This may reduce revenue for the business and possible returns for shareholders if profits fall. However, this may be an opportunity for Google to be innovative and develop a new product or adapt the existing product (YouTube) to target the new market and achieve organic growth.

Technological factors

- Google are a giant in the technological market, but it is an industry with a number of large businesses including some of the world's largest such as Amazon, Microsoft and Apple. All of these businesses are launching new products such as Amazon Alexa or Microsoft Teams. This presents a threat to Google who have to continue to spend huge sums of capital on research and development to ensure that it stays ahead of the competition. This impacts on shareholders in the short term because it may reduce profit that they could receive. However, in the long term it may benefit them if the competition and changing technology encourages more product development so that Google improves the quality of its products to be more competitive in each market it operates. If Google products become better than rivals with USP's, then sales will increase.
- Technological change is also good for **customers** because it gives them choice and the potential to switch depending on price and quality. For example, a wide range of smartphones, tablets and other devices.

Credit any other valid point such as difficulty controlling such a large workforce or motivating staff, potential resistance from staff through growth etc.

2 1	Describe the purpose of a business plan for a start-up social enterprise. [10]	
Band	AO1	AO2
	6 marks	4 marks
3	<p>5-6 marks</p> <p>Excellent knowledge and understanding of the purposes of a business plan.</p> <p>A range of purposes are described in detail.</p>	
2	<p>3-4 marks</p> <p>Good knowledge and/or understanding of the purposes of a business plan.</p> <p>A few purposes are described in detail, or a range of purposes are described briefly.</p>	<p>3-4 marks</p> <p>Good application of the purpose of a business plan.</p> <p>The candidate clearly identifies key reasons why a business plan would be helpful to a start-up social enterprise.</p>
1	<p>1-2 marks</p> <p>Limited knowledge and/or understanding of the purpose of a business plan.</p> <p>Purposes may be listed or briefly described.</p>	<p>1-2 marks</p> <p>Limited application of the purpose of a business plan.</p> <p>The candidate response is mainly theoretical with the inclusion of some reference to the context.</p>
0	<p>0 marks</p> <p>No valid understanding.</p>	<p>0 marks</p> <p>No valid application.</p>

Indicative content:

A social enterprise is an activity of a non-profit that employs entrepreneurial strategies to earn an income to support its social objective. A business plan is essential to both profit making and non-profit making organisations. The business plan makes clear the objectives of the business and how the business intends to achieve these objectives. A business plan is also a road map that provides directions so a business can plan its future and helps it avoid bumps in the road. The purpose of a business plan is:

The introduction – sometimes called the executive statement will be important to any new business. It provides an overview of the business's strategy and is evidence that the proposal is viable. It sets out how the business is going to be run and includes **aims and objectives**. For example, a start-up social enterprise will differ from private sector business, with the aims being social rather than being about profit. For example, the aims may involve support those less fortunate or may be supporting people with illnesses. Whatever the aim, it will be very much different to private sector businesses.

The **market research element of the business plan** may help the social enterprise to discover ways to compete with them successfully. For example, the **marketing plan** may focus on promoting the ethical side of the business and informing the public about the importance of the work it does, this may encourage the general public to support the cause either by buying from the business, volunteering for the business or simply providing stock through donations if it were selling goods.

A good plan will provide focus on a wide range of important issues, some of which may not be considered if a plan had not been drawn up. Entrepreneurs do not always have a range of business skills and a business plan helps them deal with those aspects of running a business that they may have not fully considered. For example, the owner of the start-up social enterprise would need the **Human Resources Plan** to know how many employees would be needed and what skills are required in order to run the business successfully.

Social enterprises will need to create a **financial plan** for similar reasons to private sector business. It will provide the framework for social entrepreneurs to forecast the resources needed to create and sustain social and economic value.

The plan should **convince suppliers of funds** that there will be a non-financial return on investment such as achieving the desired social outcomes. However, social enterprises in the non-profit environment will typically raise money from traditional fundraising, loans and other forms of social finance.

New enterprises can use the business plan to **monitor their progress**. Problems can be highlighted, and costs controlled. Any issues that need resolving can be addressed. This will allow the owner of a new business to track progress and take steps to overcome problems such as a lack of sales by using promotions to attract customers to the café or by promoting meal deals etc. on social media.

To help a new business **survive** the difficulties that it is likely to encounter when operating in a competitive market. For example, the social enterprise is likely to operate in a monopolistic with private sector businesses selling similar good and services.

Credit any other valid point.

2 2	“Small to medium sized enterprises have a greater impact on the UK when compared to large multinational businesses”. To what extent do you agree with this statement? [20]		
Band	AO1	AO3	AO4
	4 marks	8 marks	8 marks
3		<p>6-8 marks</p> <p>Excellent analysis of the impact upon the UK of both SME's and large multinational businesses.</p> <p>The key issues for both sides of the debate are discussed in detail.</p> <p>The analysis will be well balanced, well developed and with a clear line of argument.</p>	<p>6-8 marks</p> <p>Excellent evaluation of the relative importance of SME's and large multinational businesses to the UK.</p> <p>The evaluation is balanced and detailed and will focus on the key issues.</p> <p>The evaluation provides a broad range of arguments on both sides of the debate.</p> <p>Clear judgements are made with supporting statements to build an argument.</p> <p>A holistic evaluation will be offered with an overall conclusion.</p>
2	<p>3-4 marks</p> <p>The learner shows good understanding of the impact of both SME's and large multinational businesses.</p>	<p>3-5 marks</p> <p>Good analysis of the impact upon the UK of SME's and large multinational businesses.</p> <p>A number of key issues are analysed.</p> <p>The analysis may be uneven, with some well-developed ideas and others where the development is more limited.</p>	<p>3-5 marks</p> <p>Good evaluation of the relative importance of SME's and large multinational businesses to the UK.</p> <p>The evaluation will include most of the key issues.</p> <p>Judgments are made with some attempt to support statements and build arguments.</p> <p>A brief conclusion will be offered.</p>
1	<p>1-2 marks</p> <p>The learner shows limited understanding of the impact of SME's and/or large multinational businesses.</p>	<p>1-2 marks</p> <p>Limited analysis of the impact upon the UK of SME's and/or large multinational businesses.</p> <p>A limited number of issues are analysed.</p> <p>The analysis may focus on one side of the argument.</p>	<p>1-2 marks</p> <p>Limited evaluation of the relative importance of SME's and/or large multinational businesses to the UK.</p> <p>The evaluation will include some of the key issues but with limited development.</p> <p>Judgements are superficial and unsupported.</p> <p>Evaluation will be uneven and focus on one side of the argument.</p> <p>Evaluation tends to be asserted rather than explained.</p>
0	<p>0 marks</p> <p>No valid understanding.</p>	<p>0 marks</p> <p>No valid analysis.</p>	<p>0 marks</p> <p>No valid evaluation.</p>

Indicative content:

Arguments against statement/arguments for large business:

- Large multinationals will create 1000's of new jobs within an economy and will have a positive multiplier effect on the local and national economy. The success of large multinationals may attract other large businesses to locate in an area.
- Create better living standards by generating wealth and providing goods and services to meet the needs and wants - increased customer choice.
- Suppliers and local businesses will benefit from large multinational business locating in an area. There will be more money spent in other businesses and suppliers will most likely have increased orders and generate more revenue – this may benefit SMEs.
- Large multinational businesses are more likely to provide skills academies or develop the workforce with transferable skills which may benefit other businesses.
- Many small businesses fail within their first two years and the support they may have been offered to set up is wasted.
- Investment leads to infrastructure development.
- Pay taxes to the government.
- Introduce new technology and working methods.

Arguments for statement/arguments against large business:

- Multinational companies can severely impact local industries because they increase competition in the economy. They can cause both small and large British businesses to go out of business, leading to increased unemployment.
- Large amounts of money that is usually invested by the Government in the form of grants or investment in infrastructure improvements. Governments could be better off spending money elsewhere in the economy such as the public sector.
- Additionally, placing a very large amount of money into large multinationals poses a big risk if those businesses run into difficulties and sales fall, they could possibly close or leave. This would cause significant unemployment in an area and result in wasted government expenditure. Bosch, Panasonic and now Ford are examples of large businesses which no longer manufacture within the UK having received financial support from the government when they initially set up.
- Multinationals have been accused of destroying local culture. Having recognisable 'super brands' will inevitably lead to a loss of localised products and a shift in habits.
- They may have negative environmental impacts, such as pollution, noise, congestion and destruction of the environment.
- The vast majority of people in Wales are employed by micro, small and medium sized businesses, so it would seem essential that the government supports them and encourages them to set up. The long-term impact could be greater in terms of employment when compared to the smaller number of large businesses in Wales.

Credit any other valid point.

3 1	Describe the most suitable methods of training for job roles within the hotel industry. [10]	
Band	AO1	AO2
	6 marks	4 marks
3	5-6 marks Excellent knowledge and understanding of the methods of training available. A range of methods are described in detail.	
2	3-4 marks Good knowledge and/or understanding of the methods of training available. A few methods are described in detail, or a range of methods are described briefly.	3-4 marks Good application of the methods of training available within the hotel industry. The candidate identifies suitable methods and clearly shows how they are suitable within the context of the hotel industry.
1	1-2 marks Limited knowledge and/or understanding of the methods of training available. Methods may be listed or briefly described.	1-2 marks Limited application of the methods of training available within the hotel industry. The candidate response is mainly theoretical.
0	0 marks No valid understanding.	0 marks No valid application.

Indicative content:

AO1

- **Induction training** - training to become familiar with the environment in which an employee works and involves meeting existing staff and management, tour of the workplace and understanding the basic job duties.
- **On the job training involves training that takes place within the workplace** - with on-the-job training an employee is shown or taught how to complete tasks by a more experienced worker. Mentoring, coaching, job shadowing, job rotation, apprenticeships and graduate training schemes can all be regarded as forms of on-the-job training.
- **Training can be off-the-job** – where the employee trains away from the place of work. For example; attends college to study for qualifications such as NVQs or MBAs, or through the use of internal (in-house) courses structured directly for the needs of the business.

AO2

- New management may have already achieved qualifications from University in Hotel Management or some other type of management degree but may need to be mentored by existing management to learn procedures, policies etc. to ensure the smooth running of the restaurant. In addition, they may receive further off-the-job training to develop new approaches. Alternatively, management could come from existing staff who are receiving on-the-job training and working their way up the organisation whilst also attending university to achieve relevant qualifications.
- Aspiring chefs may pursue formal training through culinary programs offered by colleges, universities including foundation degrees and degrees. Alternatively, potential chefs could also obtain culinary knowledge through formal apprenticeships, which combine hands-on training with classroom education.
- Apprenticeships may be offered for new employees to train up to become a Chef or a Hotel Manager.
- Front of house would likely have on-the-job training such as teambuilding, role play activities to ensure the highest level of service is provided. However, certain certificates may need to be achieved in customer services such as Level 1-3 depending on level of responsibility.
- A new porter, cleaner or waiter may shadow or be mentored by an existing member of staff to learn about the job role and completing tasks efficiently.
- All staff handling food would need to undertake food hygiene training. Certain standards should be achieved and this could be done on the job whilst working towards NVQ's or outside providers could be used to enable employees to achieve the relevant standard. Management would be expected to achieve the highest standard of food hygiene (Level 4).

Credit any other valid point.

3 2	“Effective training is the best way for businesses to improve the quality of their goods and services”. Discuss [20]		
Band	AO1	AO3	AO4
	4 marks	8 marks	8 marks
3		<p>6-8 marks</p> <p>Excellent analysis of the impact of training and other methods of improving quality.</p> <p>The key issues for both sides of the debate are discussed in detail.</p> <p>The analysis will be well balanced, well developed and with a clear line of argument.</p>	<p>6-8 marks</p> <p>Excellent evaluation of the impact of training and other methods of improving quality.</p> <p>The evaluation is balanced and detailed and will focus on the key issues.</p> <p>The evaluation provides a broad range of arguments on both sides of the debate.</p> <p>Clear judgements are made with supporting statements to build an argument.</p> <p>A holistic evaluation will be offered with an overall conclusion.</p>
2	<p>3-4 marks</p> <p>Good understanding of the importance and impact of training and other methods of improving quality.</p>	<p>3-5 marks</p> <p>Good analysis of the impact of training and at least 1 other method of improving quality.</p> <p>A number of key issues are analysed.</p> <p>The analysis may be uneven, with some well-developed ideas and others where the development is more limited.</p>	<p>3-5 marks</p> <p>Good evaluation of the impact of training and at least 1 other method of improving quality.</p> <p>The evaluation will include most of the key issues.</p> <p>Judgments are made with some attempt to support statements and build arguments.</p> <p>A brief conclusion will be offered.</p>
1	<p>1-2 marks</p> <p>Limited understanding of the importance and impact of training and/or other method(s) of improving quality.</p>	<p>1-2 marks</p> <p>Limited analysis of the impact of training and/or other method(s) of improving quality.</p> <p>A limited number of issues are analysed.</p> <p>The analysis may focus on one side of the argument.</p>	<p>1-2 marks</p> <p>Limited evaluation of the impact of training and/or other method(s) of improving quality.</p> <p>The evaluation will include some of the key issues but with limited development.</p> <p>Judgements are superficial and unsupported.</p> <p>Evaluation will be uneven and focus on one side of the argument.</p> <p>Evaluation tends to be asserted rather than explained.</p>
0	<p>0 marks</p> <p>No valid understanding.</p>	<p>0 marks</p> <p>No valid analysis.</p>	<p>0 marks</p> <p>No valid evaluation.</p>

Indicative content:

Arguments for and against effective training:

Staff training is important to businesses because:

- It helps **improve the quality** of products and services – a well trained workforce will have the relevant skills to produce good quality products or provide high standards of services – this will improve sales and benefit both owners of business and customers.
- It **motivates workers** – Motivational theorists such as Maslow & Herzberg would agree – this benefits management as it may increase labour productivity and/or it may lower staff turnover and/or lower absenteeism – it will ensure that staff are more experienced to provide better service to customers or ensure that their job role is performed efficiently.
- It may help with **recruiting the best staff** – it will give businesses a good reputation and therefore more skilled staff will be working for the business which will obviously lead to better quality production of goods and provision of services.
- It may reduce the need for tall organisational structures and some layers of hierarchy and can **allow empowerment / delegation** to successfully take place – this reduces the likelihood of messages and instructions being misunderstood which can impact negatively on quality.

However, training may be less important to businesses because:

- It **costs money** – It may mean that less money is spent elsewhere such as recruitment or the employment of other strategies to improve quality.
- There may be a **reduction in output** whilst workers are being trained - it takes workers away from the jobs they would normally be doing (especially off-the-job training) – this could mean that customers' orders are not completed due to a shortage of staff resulting in unhappy customers and poor quality service.
- Well trained workers may then **leave or be head hunted** – this may result in a waste of money but also inexperienced staff being employed in areas that have a negative impact on quality.
- Well trained workers with new skills may **demand a pay rise** – this will increase business costs having a negative effect on the capital available to invest in other ways of improving quality such as buying better quality raw materials, investing in new technology or implementing new quality procedures such as TQM.
- If the training is not implemented correctly it may **de-motivate** instead of motivating staff – this may lead to absenteeism there will be less staff to provide good quality.

Other lines of argument could include:

- Investing in technology – pros and cons
- The use of lean production techniques – pros and cons
- The use of TQM e.g. quality circles, kaizen, benchmarking etc.
- Using market research data such as consumer feedback to improve quality
- Investment in R&D – pros and cons
- Quality raw materials
- Recruitment process – unless this is effective in selecting the best candidates then training may not be effective in improving quality.

Concluding Statements:

Whilst other methods may lead to improvements in quality it is likely that the adoption of these strategies may result in the need for further training so that they can be implemented effectively. Therefore, training is likely to be essential to improving quality. but it is not the only thing.

Credit any other valid argument.

4 1	Describe below-the-line promotional strategies that could be used by manufacturers of breakfast cereals in order to increase sales. [10]	
Band	AO1	AO2
	6 marks	4 marks
3	<p>5-6 marks</p> <p>Excellent knowledge and understanding of below-the-line promotional strategies.</p> <p>A range of strategies are described in detail.</p>	
2	<p>3-4 marks</p> <p>Good knowledge and/or understanding of below-the-line promotional strategies.</p> <p>A few strategies are described in detail, or a range of strategies are described briefly.</p>	<p>3-4 marks</p> <p>Good application to at least 2 below-the-line promotional strategies used by manufacturers of breakfast cereals.</p> <p>Good understanding of how at least 2 below-the-line promotional strategies might be used by the manufacturers of breakfast cereals within the context of increasing sales.</p>
1	<p>1-2 marks</p> <p>Limited knowledge and/or understanding of below-the-line promotional strategies.</p> <p>Strategies may be listed or briefly described.</p>	<p>1-2 marks</p> <p>Limited application of 1 or 2 below-the-line promotional strategies used by manufacturers of breakfast cereals.</p> <p>Suggestions of the use of promotional strategies are generic and may not be suitable to the manufacturers of breakfast cereals within the context of increasing sales.</p>
0	<p>0 marks</p> <p>No valid understanding.</p>	<p>0 marks</p> <p>No valid application.</p>

Indicative content:

Below the line promotional strategies used to target consumers directly:

- **Personal Selling** – Using sales staff within town centres, supermarkets, independent grocery stores to speak to the public directly and could offer taste testing of new confectionary products.
- **Direct mailing** (junk mail).
- **Loyalty cards**
- **Packaging** – When customers purchase breakfast cereal products the branding, colourful packaging and logos could entice other potential customers to purchase the produce. For example, Kellogg's produce products with different colour schemes and characters to attract different target groups such as Coco Pops, Rice Crispies and Rice Crispies multi grain shapes.
- **Sales Promotion** – These include discounts, 3for2, free gifts and competitions which attract customers, particularly the young, to want to purchase goods. for example:
 - Nestle Cereals run a competition in 2023 to win one of 100 Crayola bundles worth £100 with promotional packs of Cheerios UK and other family favourite cereals
 - Weetabix had a competition with a chance to win £10 000 in 2020
 - Kellogg's Cornflakes always offer megapacks which are larger for the same price as a smaller pack.
 - Another example is the chance to win a free gift such as bowls provided during sporting events or a customised spoon offered by Coco Pops in 2020. **Kellogg's offer a 2 for 1 Voucher For Merlin Attractions. Nestlé Cereals are offering the chance to win tickets to cheer on ParalympicsGB in Paris 2024.**

These help attract customers and encourage them to purchase these products over others which are increasing sales.

- **Public Relations** – E.g. Media reports and sponsoring events could be a way of building brand image and trust with potential customers. For example, Kellogg's supports school breakfast clubs and they offer £1000 grants to help fund breakfast clubs. Weetabix is working with Wildcats to help them learn more about the importance of breakfast and make healthy, tasty choices. It is also title partner of the Football Association Wales Trust grassroots girls' football initiative, 'Huddle, powered by Weetabix'.

Credit any other valid point.

4 2	“Investing significantly in e-commerce (selling online) is essential to the success of all businesses”. Discuss. [20]		
Band	AO1	AO3	AO4
	4 marks	8 marks	8 marks
3		<p>6-8 marks Excellent analysis of the impact of e-commerce on UK businesses.</p> <p>The analysis will be well balanced, well developed and with a clear line of reasoning.</p>	<p>6-8 marks Excellent evaluation of the impact of e-commerce on UK businesses.</p> <p>The evaluation is balanced and detailed and will focus on the key issues.</p> <p>The evaluation provides a broad range of arguments on both sides of the debate.</p> <p>Clear judgements are made with supporting statements to build an argument.</p> <p>A holistic evaluation will be offered with an overall conclusion.</p>
2	<p>3-4 marks Good understanding of the impact of e-commerce on UK businesses.</p> <p>Clear understanding of e-commerce.</p>	<p>3-5 marks Good analysis of the impact of e-commerce on UK businesses.</p> <p>A number of key issues are analysed.</p> <p>The analysis may be uneven, with some well-developed ideas and others where the development is more limited.</p>	<p>3-5 marks Good evaluation of the impact of e-commerce on UK businesses.</p> <p>The evaluation will include most of the key issues.</p> <p>Judgments are made with some attempt to support statements and build arguments.</p> <p>A brief conclusion may be offered.</p>
1	<p>1-2 marks Limited understanding of the impact of e-commerce on UK businesses.</p> <p>The learner briefly describes e-commerce.</p>	<p>1-2 marks Limited analysis of the impact of e-commerce on UK businesses.</p> <p>A limited number of issues are analysed.</p> <p>The analysis may focus on one side of the argument.</p>	<p>1-2 marks Limited evaluation of the impact of e-commerce on UK businesses.</p> <p>The evaluation will include some of the key issues but with limited development.</p> <p>Judgements are superficial and unsupported.</p> <p>Evaluation will be uneven and focus on one side of the argument.</p> <p>Evaluation tends to be asserted rather than explained.</p>
0	<p>0 marks No valid understanding.</p>	<p>0 marks No valid analysis.</p>	<p>0 marks No valid evaluation.</p>

Indicative content:

Arguments in favour of statement:

- **E-commerce will improve the competitiveness of businesses**
 - Almost all businesses are utilising e-commerce with customers expecting to be able to view products and services online as well as make a purchase. For example, Amazon have become one of the biggest companies in the world by offering goods only online.
 - Even businesses late to e-commerce such as Morrisons are now investing heavily in e-commerce because they recognise the advantages of attracting a wider market and meeting the needs of customers in terms of convenience.
 - Many large businesses are de-scaling their physical stores to focus online – presents opportunity to reduce costs and improve competitiveness in terms of marketing decisions such as pricing and promotion.
 - Easier to keep in contact with customers with the use of automated emails to let customers know about promotions or simply to check in for a more personal touch plus the use of cookies allows for better adaptation of stores or simply to monitor consumer behaviour.
- **E-commerce is most likely the best growth strategy for the future**
 - E-commerce can manage growth far easier than having to worry about physical store aspects.
 - It is likely that e-commerce is going to be disruptive to businesses in many markets by creating opportunities for competitive advantages and increasing the threat of new entrants. Technology will change and new developments will arise so not investing may be a big risk for many businesses e.g. M-commerce.
- New market entrants and existing competitor are likely to be investing heavily in e-commerce – a lack of investment would result in businesses losing ground to rivals in competitive markets.

Argument against the statement:

- **Depends on the market and business model**
 - Depends on the markets being targeted and the type of products and services being offered. For example, many small businesses will not invest in e-commerce because they believe it is simply not needed due to the lack of competition in their areas.
 - Many customers still prefer the personal touch and relationship of shopping at physical stores – this is particularly true when purchasing specialised products and services as they may want to gain advice and guidance from an expert and customer service hotlines, FAQs etc. cannot meet this need effectively.
- **Investment in e-commerce is a significant risk**
 - Businesses still incur costs such as those involved in planning, designing, creating, hosting, securing and maintaining a professional and appealing online platform – these are both high start-up costs and ongoing costs of maintenance.
 - Infrastructure costs are high with costs of physical space to fulfil orders, warehousing goods, dealing with returns and staffing these costs.
 - Online marketing demands a generous budget especially if competition is in a crowded market.
 - Security of data is an issue and it's not only customers who are concerned about security of data. Businesses that have faced a cyber-attack often need to answer to customers, employees and regulators. Breaches of security can have an impact financially, but it will also impact negatively on the brand name.
- Impact of e-commerce may have already been seen – unsure how much more technology could be developed and those that have not invested may simply play catch up on those early adopters.
- Credit any other valid line of argument such as legal issues and consumer trust.
- Other factors affect the success of a business such as; marketing strategy, external influences or manufacturers may not need e-commerce etc.

Credit any other valid point.