GCSE
# BUSINESS
# 8132/1

Paper 1 Influences of operations and HRM on business activity

**Mark scheme**

June 2020

Version: 1.1 Final mark scheme

*206G8132/1/MS*

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

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

Further copies of this mark scheme are available from aqa.org.uk

# Level of response marking instructions

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

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

## Step 1 Determine a level

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

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

## Step 2 Determine a mark

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

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

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

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

**The own figure rule**

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

## Section A

**Total for this section: 20 marks**

### Multiple Choice Questions

| Question Number | Answer |
|---|---|
| **1.1** | C |
| **1.2** | D |
| **1.3** | D |
| **1.4** | D |
| **1.5** | C |
| **1.6** | C |

Q1.1 to Q1.6 = AO1 × 6 **[1 mark for each correct answer]**

| | |
|---|---|
| **1.7** | Identify **two** consequences for a business of producing poor quality goods. **[2 marks]** |

**Marks for this question: AO1 - 2 marks**

1 mark for each correct reason identified up to a maximum of 2 marks.

**Answers may include:**
- not meeting customer expectations/customer complaints
- returned products
- loss of repeat customers
- loss of sales/refund
- loss of reputation
- have to lower selling price
- wasted resources
- returned products/repair or replacing products.

| 1.8 | Identify and explain an objective a business might set. **[2 marks]** |
|---|---|

**Marks for this question: AO1 - 2 marks**

1 mark for identifying an objective and 1 mark for some explanation of what the objective is or why it might be an objective.

**Answers may include:**
- survival
- profit maximisation/make a profit
- growth
- market share
- customer satisfaction
- social or ethical
- shareholder value
- increased sales.

**Examples of a developed answer**
Survival (1) this is where a business aims for revenue to equal costs (1).

Profit maximisation (1) they want to increase profits from a previous year (1).

Make a profit (1) where a business is aiming to turn around a loss/survival from a previous year (1).

| 1.9 | Explain **one** way a rise in unemployment might affect a business. **[2 marks]** |
|---|---|

**Marks for this question: AO1 - 2 marks**

1 mark for identifying a way and 1 mark for some development.

**Possible answers may include:**
- reduce consumer spending
- reduce wage rates
- reduce sales
- improve staff retention/reduce labour turnover
- larger availability of labour.

**Examples of a developed answer**
A rise in unemployment may reduce consumer spending (1) this is because customers may not have a job and incomes are lower (1).

It will reduce business spending on wages (1) as skilled workers are more readily available at a lower rate (1).

| 1.10 | Explain **one** disadvantage of flow production. **[2 marks]** |
|---|---|

**Marks for this question: AO1 - 2 marks**

1 mark for identifying a disadvantage and 1 mark for some development.

**Possible answers may include:**
- initial costs are high
- it may lack flexibility
- specialisation may lead to boredom of workers
- breakdowns can be very disruptive/costly
- risk of equipment not used
- lack of personalisation.

**Examples of a developed answer**
Initial costs are high (1) as often expensive machinery is needed to increase the scale of production (1).

Specialisation may lead to boredom of workers (1) this can increase absenteeism and cause disruption (1).

| 1.11 | Explain **one** way health and safety law might affect a business. **[2 marks]** |
|---|---|

**Marks for this question: AO1 - 2 marks**

1 mark for identifying an affect and 1 mark for some development in terms of health and safety law.

**Possible answers may include:**
- provide protective clothing
- install/maintain safety equipment
- giving employees breaks
- provide training
- increases costs
- carry out safety inspections
- putting up notices
- risk of action/fines if standards are not kept.

**Example of a developed answer**
Health and safety legislation can increase costs for a business (1) for example they need to carry out staff training in health and safety (1).

| | |
|---|---|
| **1.12** | Explain **two** benefits to a business of having an effective recruitment and selection process. **[4 marks]** |

**Marks for this question: AO1 - 4 marks**

1 mark for identifying a benefit and 1 mark for explaining the benefit to a business × 2.

**Answers may include:**
- high levels of productivity
- high quality output
- high quality customer service
- better staff retention
- the right people with necessary skills

**Examples of a developed answer**
High levels of productivity (1) employing skilled workers will produce more products (1).

High quality output (1) employing skilled workers will produce products making fewer mistakes (1).

Staff retention (1) less costs of recruiting replacement staff (1).

The right people with necessary skills (1) leading to job satisfaction and higher motivation (1).

## Section B

**Total for this section: 34 marks**

| | |
|---|---|
| **2.1** | Define sustainability. **[2 marks]** |

**Marks for this question: AO1 - 2 marks**

1 mark for giving a limited description and 1 mark for some development/example linked to production

**Answers may include:**
- methods of production which can be continued in the long term
- limits damage to the environment
- producing goods and services without chemicals
- using renewable materials
- use of renewable sources of energy
- transport that does not cause pollution
- limiting the effects of global warming
- limiting use of scare resources.

**Examples of a developed answer**
Methods of production which can be continued in the long term (1) and don't cause damage to the environment (1).

Using sustainable methods of production (1) for example producing goods and services without using chemicals (1).

| | |
|---|---|
| **2.2** | Using **Item A**, give **one** reason why John became an entrepreneur. **[1 mark]** |

**Marks for this question: AO2 - 1 mark**

1 mark for applying knowledge of objectives of an entrepreneur.

**Answers may include:**
- was unhappy with his previous job
- to pursue an interest/water sports.

| | |
|---|---|
| **2.3** | Use **Table 1**, to calculate the average unit cost for 24 participants in the windsurfing weekend.<br><br>State the average unit cost formula used and show your workings.<br>**[5 marks]** |

**Marks for this question: AO1 - 1 mark AO2 - 4 marks**

1 mark for correct identification of average cost formula
total costs/output or participants (1) **or** fixed costs + variable costs/output or participants (1) AO1

4 marks for calculation

Average unit cost £322.50 (4) AO2

**Method**

Variable cost per customer 2600/10 = £260 (1)

Total variable costs = £260 × 24 = £6240 (1) (OFR)

Total cost = £6240 (OFR) + 1500 = £7740 (1)

£7740/24 = **£322.50 average unit cost (1) OFR**

**Markers Note**
OFR is awarded if the students answer is incorrect but their methodology shows understanding.

For example if the student makes a mistake when calculating variable cost per customer they will lose the first mark. However if they then use this figure and correctly complete the next three stages of the calculation then the OFR can be awarded and they would gain 3 marks.

| | |
|---|---|
| **2.4** | John is considering forming a partnership with his friend Lucas. Although the extra investment his friend will contribute to the business is a benefit, John does not want to make his decision based on this.<br><br>Recommend whether John should form a partnership with Lucas.<br><br>Give reasons for your recommendation.<br>**[9 marks]** |

**Marks for this question: AO2 - 3 marks AO3 - 6 marks**

| Level | Marks | Description |
|---|---|---|
| 3 | 7–9 | **Detailed analysis and evaluation of topics based on the context**<br>• Sustained line of reasoning, which is coherent, relevant and substantiated with a focused conclusion that is fully justified.<br>• Business areas are fully analysed.<br>• Applies knowledge and understanding to the context sufficiently. |
| 2 | 4–6 | **Sound analysis and evaluation of topics based on the context**<br>• A line of reasoning, with a conclusion that has some justification.<br>• Business areas are partially analysed.<br>• Applies some knowledge and understanding to the context. |
| 1 | 1–3 | **Basic analysis and evaluation of topics based on the context**<br>• Basic line of reasoning with a conclusion.<br>• Basic analysis of business areas.<br>• Basic knowledge and understanding is applied to the context. |
| 0 | 0 | Nothing written worthy of credit. |

**Indicative content:**

| Application | Analysis |
|---|---|
| The business can benefit from the friend's experience of the ski resort in Italy where the business will be selling holidays. | This may lead to better decisions being made as the partner will have an idea of issues that may happen as the business expands into this area. This will mean that long term, the strategies and direction of the business may be more successful. |
| The partners could specialise in the area they know, eg John in the UK and the friend in the ski resort. | This can provide more specialist knowledge to customers. They will expect the business to give detailed advice on the ski holidays and John will not be able to do this. Although he could employ someone to do this, a partner will have more at stake as he has invested money and this could lead to a higher level of service. |
| John has strong views on being a sustainable business and this could lead to conflict. | John's friend does not believe they should pay a premium price for hotels, therefore his objectives for the ski holidays are likely to differ from John. This could lead to |

| | |
|---|---|
| | disputes and cause the breakdown of the partnership. As John is bringing in the partner with equal status this means that their votes will be split and could slow down decisions. |
| The friend has never run their own business and the experience is something an employee could equally bring into the business. | John has run his business now for several years and is experienced in what decisions should be made when selling holidays. Although the friend knows the ski resort, this knowledge can be found by advertising for a suitable employee who will be employed to run the ski side of the business with the same objectives as John requires. |

**Evaluation**
- As profits may be higher long term, if John is sharing them with a partner it may have financial implications for him.
- If there is a conflict in decision making this could mean that the business does not take opportunities quick enough when they become available.
- If John makes decisions about the ski holidays on his own, as he has no experience or insight, he could possibly make mistakes which will cost money and impact on the reputation of the business.

| | |
|---|---|
| **2.5** | Explain, using an example, the difference between a need and a want. **[2 marks]** |

**Marks for this question: AO1 - 2 marks**

1 mark for giving a description and 1 mark for an example.

**Examples of a developed answer**
A need is a basic human requirement whereas a want is the desire for a particular product (1), for example you need to eat but you desire chocolate (1).

A need is a basic requirement, eg food (1) whereas a want is a luxury, eg a holiday (1).

| | |
|---|---|
| **2.6** | Analyse **one** benefit to John of drawing up a business plan to expand into ski holidays. **[6 marks]** |

**Marks for this question: AO2 - 3 marks AO3 - 3 marks**

| Level | Marks | Description |
|---|---|---|
| 3 | 5–6 | **Detailed analysis of topics based on the context**<br>• Business areas are fully analysed.<br>• Applies knowledge and understanding to the context sufficiently. |
| 2 | 3–4 | **Sound analysis of topics based on the context**<br>• Business areas are partially analysed.<br>• Applies some knowledge and understanding to the context. |
| 1 | 1–2 | **Basic analysis of topics based on the context**<br>• Basic analysis of business areas.<br>• Basic knowledge and understanding is applied to the context. |
| 0 | 0 | Nothing written worthy of credit. |

**Answers may include:**
**Application:**
- **set targets for the employees to achieve** – 30% market share, double profit, 2000 ski holidays
- **co-ordinate actions -** such as moving to the new office, employing new staff
- **to manage change -** such as moving to the new office, employing new staff
- **to track progress** - 30% market share, double profit, 2000 ski holidays
- **to allow other stakeholders to assess the business, eg financial backers etc** – finance to fund new office and additional employees

**Example of a L3 developed answer.**
A benefit of drawing up a business plan is that it allows John to review potential sales and draw up targets such as the 30% market share and 2000 average sales. This will mean that it is clear to staff how the success of the new project will be judged and gives them clear guidance on what they need to achieve. Decisions that they make can be made with this target in mind and motivate them to achieve this. In the medium to long term the business plan can be reviewed and action taken if targets are not going to be achieved.

| | |
|---|---|
| **2.7** | Adventures made a profit of £50 000 last year. John would like to reward all his employees and is considering offering profit sharing of 10%. This would be shared amongst all the employees in equal amounts, regardless of their sales or how long they have been employed.<br><br>Recommend whether John should introduce this profit-sharing scheme as a way of motivating employees.<br><br>Give reasons for your recommendation.<br>**[9 marks]** |

**Marks for this question: AO2 - 3 marks AO3 - 6 marks**

| Level | Marks | Description |
|---|---|---|
| **3** | **7–9** | **Detailed analysis and evaluation of topics based on the context**<br>• Sustained line of reasoning, which is coherent, relevant, substantiated with a focused conclusion that is fully justified.<br>• Business areas are fully analysed.<br>• Detailed application of interpretation of financial data including calculation of relevant figures. |
| **2** | **4–6** | **Sound analysis and evaluation of topics based on the context**<br>• A line of reasoning, with a conclusion that has some justification.<br>• Business areas are partially analysed.<br>• Sound application of interpretation of financial data including calculation of relevant figures. |
| **1** | **1–3** | **Basic analysis and evaluation of topics based on the context**<br>• Basic line of reasoning with a conclusion.<br>• Basic analysis of business areas.<br>• Basic application of interpretation of financial data including calculation of relevant figures. |
| **0** | **0** | Nothing written worthy of credit. |

| **Application** | **Analysis** |
|---|---|
| Profits at £50 000 the previous year and the employees are unlikely to receive a large amount.<br><br>Sales have fallen and staff absenteeism has increased recently suggesting staff may need motivating regarding this.<br><br>Sales targets of 2000 a year in ski holidays could be shared amongst staff. | Money does not always motivate people and will need to benefit employees for it to act as an incentive. In the next few years as the business is building up the sale of ski holidays profits are likely to be lower. Therefore if staff believe that they are not likely to receive a fair amount, if a staff member has worked harder than other staff they may resent the fact all employees share the 10% equally. Other methods may be more suitable in the short term. |
| Profit sharing at 10% is an attractive offer for employees to boost their salary. If profits double in three years then all employees would receive £1000 each. | As the jobs are not just sales the employees will be encouraged to carry out all tasks to the highest level. Therefore overall profit sharing will encourage them to consistently carry out all tasks and not just focus on sales which commission would do. Once sales targets are achieved then there remains a long-term incentive for employees as every extra customer will contribute towards profit. |

**Evaluation**
- As profit sharing does not restrict employees on what they can spend the money on then this may be more powerful as an incentive than offering discount on holidays.
- As employees are keen ski/water sport enthusiasts then the discount on the holidays are more likely to appeal and lead to increased productivity and sales of holidays.

**Section C**

**Total for this section: 36 marks**

| | |
|---|---|
| **3.1** | Businesses are affected by changes in the external business environment.<br><br>Identify **two** factors in the business environment that can influence a business.<br>**[2 marks]** |

**Marks for this question: AO1 - 2 marks**

1 mark for each correct factor identified up to a maximum of 2 marks.

**Answers may include:**
- technology change
- economic change (interest rates, inflation, customers' incomes)
- legal change
- environmental expectations
- increased competition.

| | |
|---|---|
| **3.2** | Using **Item C**, explain **one** risk for JCC Shoes as a business operating in the shoe market.<br>**[2 marks]** |

**Marks for this question: AO2 - 2 marks**

1 mark for identifying a risk JCC Shoes face in its market.
1 mark for applying understanding of the risk to JCC Shoes.

**Answers may include:**
- **increasing competition** – lower sales for more fashionable shoes, increasing competition for school shoes, redesigning shoes
- **negative media attention and bad publicity** – newspaper reports on children sent home from school

**Example of a developed answer**
Bad publicity is a risk that JCC Shoes faces (1) as the newspapers are reporting its school shoes are not matching the rules of some schools then parents may stop buying them as they don't want their child sent home (1).

| | |
|---|---|
| **3.3** | Using the information in the graph, calculate the percentage increase of Instagram responses between 2018 and 2019.<br><br>Assuming this percentage increase continues in 2020, calculate the number of customer responses JCC Shoes should receive in 2020 on Instagram.<br><br>Show your workings.<br>**[4 marks]** |

**Marks for this question: AO2 - 4 marks**

4 marks for calculation

1 080 000 (4) AO2

**Method 1**

900 000 – 750 000 = 150 000 (1)
150 000(OFR)/750 000 x 100 = 20% (1)

900 000 × 1.20 OFR (1) = 1 080 000 (1)

**Method 2**

900 000 – 750 000 = 150 000 (1)
150 000 (OFR)/750 000 x 100 = 20% (1)

20% (OFR) x 900 000 = 180 000 + 900 000 (1) = 1 080 000 (1)

**Markers Note**

To gain the final mark students must recognise the answer is in 000's. For example 1 080 will be awarded 3 marks.

| | |
|---|---|
| **3.4** | Analyse **one** way in which the greater use of social media can improve customer service for JCC Shoes. **[6 marks]** |

**Marks for this question: AO2 - 3 marks AO3 - 3 marks**

| Level | Marks | Description |
|---|---|---|
| **3** | **5–6** | **Detailed analysis of topics based on the context**<br>• Business areas are fully analysed.<br>• Applies knowledge and understanding to the context sufficiently. |
| **2** | **3–4** | **Sound analysis of topics based on the context**<br>• Business areas are partially analysed.<br>• Applies some knowledge and understanding to the context. |
| **1** | **1–2** | **Basic analysis of topics based on the context**<br>• Basic analysis of business areas.<br>• Basic knowledge and understanding is applied to the context. |
| **0** | **0** | Nothing written worthy of credit. |

**Answers may include:**

**Application:**
- **collect a wide range of customer opinions on products etc** – a large number of customer responses on both social media platforms, eg 1080 000 (OFR) responses on Instagram alone
- **deeper understanding of customers** – allows customer to post comments, photos and videos
- **get feedback and monitor satisfaction** - a large number of customer responses on both social media platforms, allows customer to post comments, photos and videos

**Example of a Level 3 developed answer**
Social media allows the business to quickly collect customer comments, with 200 000 followers on both social networks. This is a large number of instant customer opinions which can be gathered and analysed. As posts are made daily, this can lead to a review of possible changes immediately without delay before it can impact too greatly on sales. These changes can also be communicated straight away directly to customers via social media, improving customer satisfaction quicker than other methods of communication.

| | |
|---|---|
| **3.5** | JCC Shoes currently measures the success of the business by its sales and the amount of profit that it makes.<br><br>Explain **one** other way JCC Shoes could measure the success of the business. **[4 marks]** |

**Marks for this question: AO1 - 2 marks AO2 - 2 marks**

| Level | Marks | Description |
|---|---|---|
| 2 | 3–4 | **Sound understanding and application of the topics.**<br>• Applies knowledge and understanding to the context sufficiently.<br>• A sound understanding of one or more business concepts and issues. |
| 1 | 1–2 | **Basic understanding and application of the topics.**<br>• Applies basic knowledge and understanding to the context.<br>• A basic understanding of one or more business concepts. |
| 0 | 0 | Nothing written worthy of credit. |

**Answers may include:**

**Knowledge and application:**
- **customer satisfaction** – customers value the level of service, posts on social media, repeat sales for children's shoes
- **shareholder value** – 10% increase in share price
- **product quality** – correct fitting of children's shoes
- **reputation** – full money back guarantee

**Examples of a L2 developed answer**
The success could be measured by shareholder value. The 10% increase in share price shows that the shareholder value has increased and this could be used to set a similar target for the next financial year and then used to see if shareholders are achieving what they want.

Customer satisfaction can be used to measure success. JCC Shoes have customers who regularly return to purchase shoes. If customers are satisfied with the level of service or products which they buy, this shows they are more likely to come back. If a record is kept of the number of returning customers then this can be measured and a target set for each store.

| | |
|---|---|
| **3.6** | All important decisions at JCC Shoes are made at its Head Office.<br><br>Analyse **one** advantage of the centralisation of recruitment at JCC Shoes.<br>**[6 marks]** |

**Marks for this question: AO2 - 3 marks AO3 - 3 marks**

| Level | Marks | Description |
|---|---|---|
| 3 | 5–6 | **Detailed analysis of topics based on the context**<br>• Business areas are fully analysed.<br>• Applies knowledge and understanding to the context sufficiently. |
| 2 | 3–4 | **Sound analysis of topics based on the context**<br>• Business areas are partially analysed.<br>• Applies some knowledge and understanding to the context. |
| 1 | 1–2 | **Basic analysis of topics based on the context**<br>• Basic analysis of business areas.<br>• Basic knowledge and understanding is applied to the context. |
| 0 | 0 | Nothing written worthy of credit. |

**Answers may include:**

**Application:**
- **specialist employees at head office** – human resources, knowledge of employment law
- **job advertisements are correct and contain the right legal information** - human resources, knowledge of employment law
- **quicker decision making** – job advertisements, interviewing employees
- **standardised approach to decision making** – HR department dealing with all recruitment of employees
- **less duplication of resources –** specialist staff only employed at head office eg HR department dealing with all recruitment of employees

**Example of a L3 developed answer**
Centralisation allows for specialist managers to make important decisions that will affect the whole recruitment of the business. By employing specialist human resource employees who have knowledge of employment law then mistakes are less likely to be made in designing advertisements or the questions asked at interview. Although this means that it may take longer for the information to be passed to Head Office in the long term it means that people with the necessary skills are dealing with the job and money is not wasted on advertisements which are not effective or legally correct.

| | |
|---|---|
| **3.7** | The managers of JCC Shoes want to reduce costs and are considering **two** options to achieve this. Both options will result in the exactly the same amount of cost savings for the business.<br><br>• Use delayering, with the area manager jobs being removed.<br>• Reduce the one-week training of sales assistants in customer service to one day.<br><br>Analyse the effect of **each** of these **two** options on JCC Shoes.<br><br>Evaluate which of these **two** options will have the biggest long-term impact on JCC Shoes.<br><br>You are not expected to evaluate the effect on costs as this will be the same.<br>**[12 marks]** |

**Marks for this question: AO1 - 3 marks AO2 - 3 marks AO3 - 6 marks**

| Level | Marks | Description |
|---|---|---|
| **4** | **10–12** | **Developed, integrated analysis and evaluation of topics with sustained judgement based on context**<br>• An integrated line of reasoning, which is coherent, relevant, with a conclusion where the area which has been impacted on the most has been fully justified.<br>• Interdependent nature of business areas is fully analysed.<br>• Applies knowledge and understanding to the context and successfully draws together several functional areas of business. |
| **3** | **7–9** | **Detailed analysis and evaluation of topics based on the context**<br>• A line of reasoning, which is coherent, relevant, with a conclusion that is justified.<br>• Different business areas are analysed independently or the interdependent nature of business areas is partially analysed.<br>• Applies knowledge and understanding to the context and starts to draw together several functional areas of business. |
| **2** | **4–6** | **Sound analysis and evaluation of topics in isolation of their interdependence based on the context**<br>• A line of reasoning, with a conclusion that has some justification.<br>• One business area is analysed independently.<br>• Applies some knowledge and understanding to the context. |
| **1** | **1–3** | **Basic generic discussion of topics**<br>• A basic understanding of business concepts in isolation.<br>• A basic understanding of one or more business concepts.<br>• Partial relevance to the question. |
| **0** | **0** | Nothing written worthy of credit. |

**Indicative content:**

| **Understanding** | **Application** | **Analysis/evaluation** |
|---|---|---|
| Delayering would reduce the levels of the hierarchy and so improve speed of communication. | The area managers relay information from the store managers to the Head Office.<br><br>Area manager only visits Head Office once a month for a meeting. | This can make communication quicker as there are fewer levels of the hierarchy for information to move up or down the chain of command. Therefore the business can respond to changes in the business as managers at stores will be able to communicate any problems with sales etc to head office so they can complete tasks such as marketing more quickly which can boost sales locally. |
| Delayering could improve the quality of communication. | There was a problem with messages about staff recruitment not being accurately passed on and a store was without a manager. | As the managers do not have direct contact with head office then issues cannot always be accurately passed on. This can affect the smooth running of the business as was seen when a store was without a staff member for several weeks. This will have reduced the stores' customer service. |
| Delayering could cause problems with span of control. | The business has 200 stores and with a manager in each store then Head Office will have a large number of managers reporting directly to them. | This can impact on the ability to monitor their work effectively as there will be insufficient time to monitor all the stores. With such a large span of employees, meetings may not happen regularly and this may lead to mistakes being made at stores as store managers are not getting the advice and support that they need. |
| Reducing training could lead to a lack of skills of the employees. | The sales assistants receive training on shoe measurements etc | This level of customer service is valued by customers who often return to purchase more shoes. If the sales assistant is not adequately trained then incorrect shoe measurements may lead to higher returns due to the guarantee made. This will reduce sales and profit due to returns. It will also make customers think twice about repeat purchases and therefore significantly reduce sales further for a long time. |
| Reduced training could lead to employees starting the job quicker. | A week's intensive training seems excessive.<br><br>Could be done with less time and closer supervision with the manager for a few days. | The time spent on the training could mean that the employees are serving customers more quickly rather than having to wait a week. If they are given the basics of how to measure the feet they could shadow an experienced employee to learn more about how to deal with customers. This way they can boost sales without the issue of making mistakes with shoes sizes before the final sale is made to the customer. |

**What does it depend on? Evaluation and integration**

- Delegation depends on skills of the managers, however this is short term as training can be given to help.
- Management style of managers and employees at Head Office and is difficult to change even over time.
- If the manager will be motivated by the extra responsibility. This is something that is individual and can be long term.
- Training in store may lead to bad habits being passed on. This will have a long-term impact on customer service.
- Making staff redundant may affect motivation of a lot of the workforce. However this can have a short-term effect as other staff realise their jobs are not affected.
- USP is advice on shoe fitting so reducing training could damage this and lead to long-term effects on sales.
- Ethical stance of the business and how redundancies affect this.