

GCSE (9-1)

Business

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

General Certificate of Secondary Education

Mark Scheme for Autumn 2021

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All examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes should be read in conjunction with the published question papers and the report on the examination.

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1. Annotations

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

Question	Answer	Marks	Assessment Objective				
SECTION A							
1	В	1	1a				
2	Α	1	2				
3	В	1	2				
4	С	1	1b				
5	С	1	2				
6	В	1	2				
7	С	1	2				
8	D	1	1b				
9	С	1	2				
10	С	1	1a				
11	Α	1	2				
12	С	1	2				
13	В	1	2				
14	С	1	2				
15	D	1	1b				

Question	Answer	Mark	Guidance
	SECTION B		•
16 (a)	Explain what is meant by a focus group. Knowledge/Understanding may include: Primary research method Small/selected/representative group of people Asked questions/give views/voice opinions about firm's ideas/products/services. Exemplar response: It is a small group of people (1) who are asked to give their views about a product being developed (1).	2 AO1a AO1b	One mark for knowledge relating to a focus group. One further mark for explanation relating to a focus group.
(b)	Explain one advantage for Waitrose of using customer trials. Understanding may include: Less expensive than a full release Saves money in case product fails Less likely to damage reputation nationally if product fails Safer way to market as only launched in selected stores Sales figures give an indication of actual demand. Application may include: New product development is important to Waitrose Supermarket industry is competitive Waitrose targets customers with higher levels of income Specialises in good quality food Over 300 stores throughout the UK Qualitative data is being used by Waitrose. Exemplar response: Keeps market research spend to a minimum by only releasing (U) in a few of Waitrose's 300 stores (APP).	2 AO1b AO2	One mark for understanding of an advantage of using customer trials. No application marks can be gained without understanding. One further mark for application to Waitrose. Do not award answers relating to the benefits of doing market research in general. Do not award answers relating to promotional methods e.g. giving away free samples.

Question	Answer	Mark	Guidance
(c)	Explain one benefit for Waitrose of having good business communication between employees at its Head Office.	2 AO1b AO2	One mark for understanding of a benefit of good business communication.
	 Understanding may include: Ensures messages are passed to the required employees Ensures messages are passed on correctly/effectively Ensures messages are clear/no misunderstanding/no miscommunication Minimises confusion All functional areas are involved in new product development so need to communicate. 		No application marks can be gained without understanding. One further mark for application to Waitrose.
	 Application may include: New product development is important to Waitrose Supermarket industry is competitive Over 300 stores throughout the UK Over 50 000 employees Qualitative market research data. 		
	Exemplar responses: It ensures accurate messages are passed on effectively (U) so that Waitrose can swiftly launch its new products in the competitive industry (APP). It ensures that all employees have all of the information that they need (U) to make key		
	decisions about new product development which is important to Waitrose (APP).		

(d)	Explain one advantage for Waitrose of using external recruitment.	2	One mark for understanding of an
		AO1b	advantage of external
	Understanding may include:	AO2	recruitment.
	New skills/fill skills gap		
	New experiences		No application marks can be gained
	New ideas		without understanding.
	No backfilling of the role required		
	To avoid internal politics.		One further mark for application of
			an advantage of using external APP
	Application may include:		recruitment at Waitrose.
	Waitrose targets customers with higher levels of income		D
	Waitrose uses a lengthy selection process (interviews, group activities and tests)		Do not award 'more applicants'/'more to
	Over 300 stores throughout the UK		choose from', 'larger pool' unless the advantage is clearly stated.
	Over 50 000 employees		auvantage is clearly stated.
	Supermarket industry is competitive		
	New product development is important.		
	Exemplar responses:		
	Externally appointed employees may have new ideas (U) which is important to be successful in the competitive supermarket industry (APP).		
	External recruitment avoids the costs of backfilling of another role (U) given the lengthy process used by Waitrose (APP).		
(-)	ARA	•	On a manufacture and advantage
(e)	Analyse one likely reason why Waitrose provides its employees with regular	3 AO1a	One mark for knowledge of a
	training.	AO1a AO2	reason for employee training.
	Knowledge may include:	AO3a	No further marks can be gained without
	Improve employee knowledge		knowledge.
	Improve employee knowledge Improve skill base		Miowicage.
	Improve skill base Improve methods of working e.g. team work, flexibility		One further mark for application to
	Minimise mistakes		Waitrose
	Personal development of staff		APP
	Professional development of staff		One further mark for analysis of a 🛮 💜
	Reduce the need for external recruitment		reason for a business to provide
	- Reduce the floor for external regularity		all employees with regular training.

- Improve productivity
- Maintain/improve customer service
- Increase employee motivation
- Improve employee retention.

Application may include:

- Supermarket industry is competitive
- Waitrose targets customers with higher levels of income
- Over 300 stores throughout the UK
- Over 50 000 employees
- Waitrose recruits many employees via external recruitment
- New product development is important
- Communication needs to be effective at Head Office.

Analysis may include:

- Competitive advantage
- Higher sales revenue
- Higher profit
- Greater customer satisfaction
- Improved reputation.

Exemplar responses:

Staff training will improve employees' knowledge (U) and customer service skills which is important in the competitive supermarket industry (APP) to maximise sales revenue (AN).

Waitrose's customers are more likely to be highly satisfied (AN) if employees are knowledgeable (U) about the products sold for example Halloween confectionery (APP).

ARA

 (5)				
(f)	(i)	Identify two non-financial methods of motivating employees.	2	One mark for knowledge of each
			AO1a 2	non-financial method of
		Answers may include:		motivation, to a maximum of two.
		Praise/reassurance		
		 Award schemes e.g. employee of the month scheme/certificates/badges 		Do not award financial methods e.g.
		Good /improved working environment		'promotion' or 'fringe benefits' (free gym
		Teamwork		membership, a company car, a mobile
		Job rotation		phone, free holidays, additional holiday
		Job enrichment		allowance, extra days off, gift cards,
		Job enlargement		vouchers, coupons, subsidised food,
		Increased responsibility		etc).
		Empowerment.		
		• Empowerment.		
(f)	(ii)	Evaluate whether or not Waitrose should continue to offer profit sharing to its	7	Use the level of response marking
(1)	(11)	employees.	AO2 2	grid to assess skill levels.
		emproyees.	AO3a 2	gila to assess skill levels.
		Application may include:	AO3b 3	Annotate as:
			71000	
		Another supermarket stopped offering profit sharing to employees Our amount of industry is a great attitude.		Up to 2 marks for application to
		Supermarket industry is competitive		Waitrose
		Waitrose targets customers with higher levels of income		Up to 2 marks for analysis
		Specialises in good quality food		Up to 3 marks for evaluation
		Over 300 stores throughout the UK		
		Over 50 000 employees.		Analysis must be a business facing
				impact on Waitrose.
		Analysis may include:		impact on Waltiooo.
				For strong evaluation i.e. the full three
		The impact/consequence of any correct piece of understanding about <u>profit</u>		marks, the evaluation must be
		<u>sharing</u> e.g.		contextual.
		 Impact on recruitment 		oontoxtaan.
		 Impact on productivity 		
		 Impact on customer service 		
		o Impact on quality		
		o Impact on operational costs		
		o Impact on cash flow		
		o Impact on profit.		
		Evaluation may include:		

Candidate may justify continuing with the profit sharing scheme, not continuing with the profit sharing scheme, switching to higher rates of pay, switching to another motivational method or stopping any specific measures for motivating staff.

Exemplar response:

Profit sharing is likely to motivate only some of Waitrose's 50,000 employees (APP). Those that are not motivated by the profit sharing may work less hard, reducing customer service levels at Waitrose (AN).

However, a profit sharing scheme means that all staff are rewarded equally. This could improve staff morale, increasing employee retention (AN) and the need for regular training. All of these things are important to Waitrose because it targets customers with higher levels of income (APP) and who demand a quality service.

Overall, profit sharing should not be offered in the future (EVAL). Most of the supermarket's 50,000 employees would likely prefer the security of higher wages each month rather than a profit share that is not guaranteed and only paid annually. So, paying higher wages is more likely to increase productivity, customer service and employee retention (EVAL)(EVAL).

ARA

Q16(fii) Evaluate whether or not Waitrose should continue to offer profit sharing to its employees.

	Application (2 marks)	Analysis (2 marks)	Evaluation (3 marks)
Strong			3 marks
	2 marks Two <u>uses</u> of context	2 marks Two analytical points about <u>profit sharing</u> at Waitrose	A justified contextual judgement about whether Waitrose should continue to offer profit sharing [EVAL] [EVAL] [EVAL]
Good	[APP] [APP]	[AN] [AN]	2 marks A justified judgement about whether Waitrose should continue to offer profit sharing [EVAL] [EVAL]
Limited	1 mark	1 mark	1 mark
	One <u>use</u> of context	One analytical point about <u>profit sharing</u> at Waitrose	A judgement of whether Waitrose should continue to offer profit sharing
	[APP]	[AN]	[EVAL]

Question	Answer	Mark	Guidance
17 (a)	Explain one way that employment law may affect Greggs' employment of workers. Knowledge may include: Equality/no discrimination e.g. disability, ethnicity, sex/gender, religion/beliefs, sexual orientation Diversity of employees Limit on working hours Minimum holiday entitlement Right to a contract	AO1a AO2	One mark for knowledge of an aspect of employment law. No application marks can be gained without knowledge. One further mark for application to Greggs.
	 Equal pay Right to minimum wage. Application may include: 20 000 employees Aims to be the customers' favourite for 'food-on-the-go' in the UK Team of people to keep up-to-date with changes in employment law Fast growing sector One of the UK's happiest places to work Offer part-time roles. Exemplar response: Employment law ensures that all 20 000 employees (APP) are not discriminated against (1). ARA		

(b)	Other than the government, explain one external stakeholder's influence on Greggs.	2 AO1a AO2	One mark for knowledge of the influence of an external stakeholder on business.
	 Knowledge may include: Stakeholders e.g. Customers/consumers, suppliers, local community Influence e.g. Product range, prices, costs, complaints, litter, etc. 		No application marks can be gained without knowledge.
	 Application may include: 20 000 employees Aims to be the customers' favourite for 'food-on-the-go' in the UK Market growth from £18.5b to £23.4b is forecast New product development, e.g. vegan products Growing number of vegans in the UK. 		One further mark for application of the external stakeholder's influence on Greggs. NB Influence on Greggs and application required for the second mark.
	Exemplar response: Customers influence Greggs' product ranges (1), leading to Greggs launching a vegan sausage roll (APP). ARA		NB Influence must match the stakeholder group. Watch out for stakeholder/influence mismatch, especially between customers and the local community.

Explain the purpose of planning business activity for Greggs' managers.	2	One mark for knowledge of a
Knowledge may include:	AO1a AO2	purpose of planning business activity.
 Reduce risk Help a business to succeed Obtain information for any business function e.g. new markets to enter, what to produce, what to purchase, etc Help obtain finance Identify resources required to operate Help to set/work towards/achieve aims and objectives Supports the evaluation of business performance. Application may include: Market growth from £18.5b to £23.4b is forecast New product development, e.g. vegan products 20 000 employees Aims to be the customers' favourite for 'food-on-the-go' in the UK 		No application marks can be gained without knowledge. One further mark for application to Greggs. 'To be organised'/'help the business flow' are too vague. Please annotate 'TV'. NB The <u>purpose</u> of planning is required. Do not award answers which solely say what should be planned.
 Growing number of vegans in the UK (data from chart) One of the UK's happiest places to work. Exemplar response:		'
Planning business activity helps Greggs to obtain new finance (1) to support its aim to be the customers' favourite for 'food-on-the-go' in the UK (APP).		
Part-time is one way of working. State two other ways of working. Indicative content: Full-time Temporary/fixed term contract/short term contract Permanent Flexible working/flexitime Zero hours Shift work Working from home	2 AO1a 2	One mark for knowledge of a way of working, to a maximum of two. Do not award 'part-time' as this is excluded by the question.
	Knowledge may include: Reduce risk Help a business to succeed Obtain information for any business function e.g. new markets to enter, what to produce, what to purchase, etc Help obtain finance Identify resources required to operate Help to set/work towards/achieve aims and objectives Supports the evaluation of business performance. Application may include: Market growth from £18.5b to £23.4b is forecast New product development, e.g. vegan products 20 000 employees Aims to be the customers' favourite for 'food-on-the-go' in the UK Growing number of vegans in the UK (data from chart) One of the UK's happiest places to work. Exemplar response: Planning business activity helps Greggs to obtain new finance (1) to support its aim to be the customers' favourite for 'food-on-the-go' in the UK (APP). ARA Part-time is one way of working. State two other ways of working. Indicative content: Full-time Temporary/fixed term contract/short term contract Permanent Flexible working/flexitime Zero hours Shift work	Knowledge may include: Reduce risk Help a business to succeed Obtain information for any business function e.g. new markets to enter, what to produce, what to purchase, etc Help obtain finance Identify resources required to operate Help to set/work towards/achieve aims and objectives Supports the evaluation of business performance. Application may include: Market growth from £18.5b to £23.4b is forecast New product development, e.g. vegan products One of the UK's happiest places to work. Exemplar response: Planning business activity helps Greggs to obtain new finance (1) to support its aim to be the customers' favourite for 'food-on-the-go' in the UK (APP). ARA Part-time is one way of working. State two other ways of working. Indicative content: Full-time Temporary/fixed term contract/short term contract Permanent Flexible working/flexitime Zero hours Shift work Working from home

	Self-employed/Freelance.		
(e)	Analyse one benefit for Greggs of using market data to create new products.	3 AO1b	One mark for understanding a benefit of using market data.
	Understanding may include:	AO2	3
	 Market data will show trends in the market Help identify market gaps/opportunities Shows demand/unfulfilled demand Shows customer wants/needs/interests/preferences 	AO3a	No further marks can be gained without understanding. One further mark for application of
	Help to justify any decision made.		understanding to Greggs. APP
	 Application may include: New product development, e.g. vegan sausage roll 26% increase (£18.5b to £23.4b in 5 years) in the market is forecast Aims to be the customers' favourite for 'food-on-the-go' in the UK 9.6% increase in sales at start of 2019 Growing number of vegans in the UK (data from chart shows a fourfold increase). 		One further mark for analysis of one benefit to a business of using market data to create new products. NB Do not award 'to create new products' as this is the wording of the question.
	Analysis may include:		
	Higher sales revenue		
	Greater market share		
	More customersCompetitive advantage		
	More growth.		
	Exemplar response:		
	Greggs may use market data to identify trends in the market (U) such as the fourfold increase in people choosing a vegan diet (APP). This will help Greggs' managers to introduce the right sort of products to the market, increasing profit (AN).		
	ARA	ı	

(f) (i)	Analyse one benefit for Greggs of business growth using each of the following methods.	3 AO1b AO2	One mark for understanding one benefit of merging with a supplier.
	Merge with a flour producer Understanding may include:	AO3a	No further marks can be gained without understanding.
	 May help to reduce <u>raw material</u> costs/costs of <u>flour/</u>costs of <u>ingredients</u> Guarantee the supply of raw materials Control the supply of flour 		One further mark for application of understanding to Greggs.
	 Reduce competitors' access to flour Charge higher prices to competitors for the flour Have control over quality of supplies (e.g. safe for Vegans) Shorter/increased efficiency of the supply chain. 		One further mark for analysis of one benefit for a business of merging with a supplier.
	 Application may include: New product development, e.g. vegan sausage roll Aims to be the customers' favourite for 'food-on-the-go' in the UK Fast growing business sector Flour is a raw material to produce Greggs' products Growing number of vegans in the UK. 		NB Simply mentioning the word 'flour' is not application as the question is about merging with a flour producer.
	 Analysis may include: Cost reduction Improved product quality, reliability of supplies, productivity Can provide a competitive advantage Could lower their retail prices Increased profits. 		
	Exemplar responses:		
	Reduces raw material costs (U) for Greggs as flour is a key ingredient of pastries (APP). This may allow Greggs to reduce its prices to customers (AN).		
	Greggs can guarantee its supplies of flour (U). This is beneficial because the business is looking to take advantage of the fourfold growth in the vegan market (APP). This may help Greggs to have a competitive advantage over its competitors (AN).		
	ARA		

(f	(ii)	Takeover a rival 'food-on-the-go' retail brand	3	One mark for understanding one
`	/ ` /	Understanding may include:	AO1b	benefit of taking over a rival
		Less competition/removes a competitor	AO2	business.
		Increase in stores/outlets/locations	AO3a	
		Greater brand awareness/more well known		No further marks can be gained without
		Increase in the number of customers/sales/market share		understanding.
		Economies of scale e.g. bulk discounts		
		More control of the market e.g. price setting.		One further mark for application of
				understanding to Greggs. APP
		Application may include:		One further mark for analysis of
		New product development, e.g. vegan sausage roll		one benefit for a business of
		Already 20 000 employees		taking over a rival business.
		Raw materials include flour, yeast and meat		taking over a rival basiness.
		Aims to be the customers' favourite for 'food-on-the-go' in the UK		
		Growing number of vegans in the UK.		
		Analysis may include:		
		Helps Greggs to meet its aim		
		Lower unit costs		
		Expand into hard to access locations		
		Greater profit.		
		Exemplar responses:		
		Will help to gain more customers (U), supporting Greggs' aim of being the customers'		
		favourite for food-on-the-go in the UK (APP), increasing its market share (AN).		
		Will foce loss competition (LI) magning that quaterners looking for computers for a		
		Will face less competition (U) meaning that customers looking for somewhere for a lunch time snack are more likely to choose Greggs (APP). This will increase Greggs'		
		cash inflows (AN).		
		ARA		
		ANA		

(f)	(iii)	Recommend which of the two methods of business growth Greggs should use. Give reasons for your answer.	3 AO3b 3	1 mark for recommendation, plus up to two marks for a justification.
				· ·
				Do not award 'flour' as context.

18	(a)	State one characteristic of an entrepreneur.		1 AO1a	One mark for knowledge of a characteristic of an entrepreneur.
		Answers may include:		AOTA	Characteristic of an entrepreheur.
		Creativity/imaginative			Do not award 'leadership'.
		Inventive/innovative			
		Risk taking			
		Determination			
		Confidence.			
			ARA		
	(b)	Analyse two benefits for Miles Ahead of using segmentation.		6	In each case:
	, ,			AO1b 2 AO2 2	One mark for understanding of a benefit of using segmentation.
		Understanding may include:			
		 Helps target specific customers/markets 		AO3a 2	
		Better meet customer needs			No further marks can be gained without
		 Can design the promotion/marketing campaign to attract a specific group 			understanding.
		 Can alter the price/pricing strategy to attract a specific group 			
		 Can adjust the product/product range to attract a specific group 			One further mark for application to Miles
		 Can change the place/channels of distribution to attract a specific group 			Ahead.
		Avoid wasting money on broad (non-targetted) advertising.			One further mark for analysis of a benefit to business of using
		Application may include:			benefit to business of using segmentation.
		Sole trader			oogmentation.
		6 stores			
		No online sales/bricks and mortar retailer			NB: Do not accept 'more successful' as
		Established 20 years			an impact, as this is stated in the text
		Declining customer satisfaction			and is TV.
		Declining sales revenue			
		Tall structure currently			
		Currently segments via age, gender, lifestyle and income			
		Reg thinks it has been successful.			
		Analysis may include:			
		Greater return on marketing expenditure			
		Improved customer satisfaction			
		Increased sales revenue			
		Improved customer retention			

		 Improved brand reputation Increased market share Reduced risk of failure Increased profit. Exemplar responses: Miles Ahead will better meet customer needs (U) in its 6 shops (APP) which could lead to increased sales revenue (AN) 		
		Reg has limited sources of finance being a sole trader (APP). Segmenting the market should increase the return on market expenditure (AN) because advertising is targeted to specific customer groups (U).		
		ARA		
(c)	(i)	Analyse one benefit for Miles Ahead of each of the following organisational structures.	6 AO1b 2 AO2 2	One mark for understanding of a benefit of a tall organisational structure.
		Tall organisational structure	AO3a 2	No further marks can be gained without
		Understanding may include:		understanding.
		Few employees for each manager to control		_
		Allows close supervision by management		One further mark for application
		Plenty of opportunities for promotion		to Miles Ahead.
		Clear line of progression.		One further mark for an alvais of a
		A collection we took do		One further mark for analysis of a benefit to a business of using a tall
		Application may include: • Sole trader		organisational structure.
		Sole trader 6 stores		2. 9 10
		Bricks and mortar retailer		
		Established 20 years		NB First mark is for understanding of a
		Uses market segmentation		benefit, not for knowledge of what a tall organisational structure is. Do not
		New ownership has plans		award features e.g. 'narrow span of
		 Business has expanded and Nessa is planning for more 		control', 'lots of layers', etc unless the
		Possible plans to sell online		benefit is clearly stated.
		Declining customer satisfaction		-
		Declining sales revenue.		

Analysis may include:

- Highly motivated employees
- Improved staff retention
- Improved customer service
- Managers may be able to carry out their own jobs more effectively.

Exemplar responses:

There will be more opportunities for promotion (U) at the six shops (APP) which will encourage employees to work harder (AN).

Close supervision of employees (U) may improve customer service (AN) reversing the declining sales figures (APP).

Flat organisational structure

Understanding may include:

- Fast/straightforward/easy/efficient/time saving communication within the business
- Few miscommunications/misunderstandings
- Fast decision making
- Able to respond quickly to changes in demand/changes in the market
- Few higher paid employees may lower labour costs
- Collegial atmosphere/community feel
- Not status conscious/feeling of equality among staff
- Low status employees may be encouraged to share ideas to improve the business.

Application may include:

- Sole trader
- 6 stores
- Bricks and mortar retailer
- Established 20 years
- Uses market segmentation
- New ownership has plans
- Business has expanded and Nessa is planning for more
- Possible plans to sell online
- Declining customer satisfaction

One mark for understanding of a benefit of a flat organisational structure.

No further marks can be gained without understanding.

One further mark for application to Miles Ahead. APP

One further mark for analysis of a benefit to a business of using a flat organisational structure.

NB First mark is for understanding of a benefit, not for knowledge of what a flat organisational structure is. Do not award features e.g. 'short chain of command', 'few layers', etc unless the benefit is clearly stated.

		Declining sales revenue		
		Currently uses a tall structure.		
		Analysis may include:		
		Exemplar responses:		
		Fewer high paid employees could lead to lower labour costs (U) which may mean that Miles Ahead can afford to send its sales assistants on a customer service training course (AN), reversing the declining levels of customer satisfaction (APP).		
		Vertical communication will be quicker (U) which may help Nessa to respond quickly to the needs in the six stores (APP), reversing the declining sales revenue (AN).		
	400	ARA		
(c)	(ii)	Recommend which type of organisational structure would be the most appropriate for Nessa to use at Miles Ahead. Give reasons for your answer.	3 AO3b 3	1 mark for a recommendation, plus up to two marks for a justification.
		The justification requires a <u>comparison</u> of the two methods of growth. Further analysis		Annotate as:
		of the two methods should not be rewarded but can form part of a candidate's justification. Look for comparators e.g. whereas, although, more, less, etc		Decision
				Plus:
		Exemplar responses:		1 mark for a non-contextual
		Miles Ahead should move to a flat structure (1) so that decisions can be made <u>more</u>		justification
		quickly to turnaround the fall in sales revenue since 2018 (CONT) (+2).		or 2 marks for a contextual
		Nessa would be wise to retain the tall structure (1) because it allows for <u>closer</u> control of		justification
		how the staff behave with customers (+1). ARA		NB Context rather than application
				required. E.g. bicycles, sole trader,15 employees, 6 stores, etc.

(d)	Evaluate, with reference to the data in Text 3, whether operating as a sole trader is the best type of business ownership at Miles Ahead in the future.	9 AO1a 1 AO1b 1	Use the level of response marking grid to assess skill levels.
	Knowledge may include: • One owner.	AO2 2 AO3a 2 AO3b 3	Annotate as: 1 mark for knowledge
	Understanding may include: Unlimited liability Owner is liable for all debts Nobody to share decision making with Limited capital Finance raising opportunities are limited Limited skills Need to work long hours Business may suffer if ill or unable to work No business continuity Can employ staff All profits kept by sole trader No one to argue about decisions Faster decision making Complete control over financial issues Complete control over operational issues.		1 mark for understanding Up to 2 marks for quantitative application* Up to 2 marks for analysis Up to 3 marks for evaluation *Application refers to interpretation of graphical data only. Analysis must be a business facing/Nessa facing impact. For strong evaluation i.e. the full three marks, the evaluation must be contextually robust.
	 Application (quantitative) graphical interpretation may include: Any correct interpretation of Fig.1 Sales revenue graph E.g. Sales revenue fallen in last 2 years, 30% decrease in sales revenue since 2018 Any correct interpretation of Fig. 2 customer satisfaction graph E.g. Customers are becoming more dissatisfied, in 2020 50% of customers were not satisfied. Analysis may include: The impact/consequence of any correct piece of understanding about being a sole trader. e.g. 		
	 May be unable to raise the necessary capital to modernise stores and/or set up the website High risk leading to damage to health of sole trader 		

Lack of expertise to expand.

Evaluation may include:

 Candidate may justify remaining as a sole trader, not remaining as a sole trader or switching to another permitted form of business ownership (e.g. partnership, private limited company, public limited company) as being the best way forward for the business.

ARA

Exemplar response:

A sole trader is a business owned by one individual (K) with limited capital raising opportunities (U). Miles Ahead has had a near 20% decrease in sales revenue in the last couple of years (APP) and nearly 50% of customers are not satisfied (APP) according to the latest survey data.

Nessa wants to improve the appearance of the stores, but clearly does not have available funds as she has already had to borrow £500,000. Getting more funds will be difficult to obtain as a sole trader and may delay the set up of the website (AN). Nessa will also want additional help and advice to carry out this expansion as her knowledge is limited to the jewellery market. This lack of knowledge may lead to any venture attempting to sell bicycles online failing (AN).

I therefore think that Nessa would be wise to take on a business partner, rather than stay as a sole trader (EVAL). Although this will dilute Nessa's ownership of the business, she will be able to find someone with the necessary experience to help overcome a customer satisfaction score where <u>barely half of the customers are satisfied</u> with the business (EVAL) (EVAL).

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