



GCE AS MARKING SCHEME

SUMMER 2025

**AS
BUSINESS - COMPONENT 2
B510U20-1**

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.

GCE AS BUSINESS - COMPONENT 2

SUMMER 2025 MARK SCHEME

1 (a)	Using Table 1, Calculate how many people watched BBC One during 2021 and 2022.		Total
	Award 1 mark for correct selection of data AO2: 2 marks UK population between 2021 / 2022 = 68 million. 61% watched BBC One. Award 1 mark for correct answer. $61/100 \times 68 = 41.48$ million. Award 2 marks for just giving the correct answer. Errors with rounding or not stating 'm' or 'million' award 1 mark.		2
1 (b)	Describe BBC's product portfolio according to the Boston matrix.		[4]
Band	AO1	AO2	
	2 marks	2 marks	
2	2 marks Good knowledge of two elements of the Boston matrix. Two elements have been identified.	2 marks The learner applies at least two of BBC's portfolio correctly to the Boston matrix. There is direct and clear reference to <u>how</u> the products classify within the Boston matrix.	
1	1 mark Limited knowledge of the Boston matrix. One element has been identified.	1 mark The learner applies at least one of BBC's portfolio correctly to the Boston matrix. There is limited reference to BBC's portfolio of services.	
0	0 marks No valid knowledge.	0 marks No valid application.	

Indicative content:

The Boston matrix categorises products based upon the market share and level of growth that is occurring in the market.

The BBCs traditional broadcasting services appear to have low / falling growth rates due to losing younger viewers. This would classify these channels as either a Dog or Cash Cow. BBC One is still watched by over 60% of the population so it would appear that this station is more of a cash cow as market share is still high. BBC Four and CBeebies however could be classified as a Dog.

The BBC iPlayer service is in the growing streaming market and appears to be becoming more popular which links to the category of a star / question mark product with high market growth.

Any other relevant suggestion.

1 (c) (i)	Identify two features of a laissez-faire leadership style	Total
	Award 1 mark for each identification. AO1: 2 marks Indicative content: • Leader has minimal input • Employees are left to get on with their jobs • Minimum guidance • Large amounts of delegation / empowerment Any other relevant suggestion.	2
1 (c) (ii)	Describe the leadership theory of Wright and Taylor	Total
	Award 1 mark for each valid point. AO1: 3 marks Indicative content: The theory suggests that leaders are able to alter their own leadership style (1) learning from mistakes (1) improving their own skills of leadership (1) adapting to get the best out of workers in different situations (1) ability and motivation are key to improving an individual's performance (1). They devised a checklist to help leaders analyse performance problems (1). Any other relevant suggestion.	3

1 (c) (iii)	Explain the likely impact of Reed Hastings' laissez-faire leadership style on Netflix [3]	
Band	AO2	AO3
	1 mark	2 marks
2		2 marks A good explanation of the impact of Reed Hastings leadership on Netflix. A clear line of reasoning. A good one-sided explanation of the impact of leadership on Netflix.
1	1 mark There is at least one reference to Reed Hastings leadership of Netflix.	1 mark A limited explanation of the impact of Reed Hastings leadership on Netflix. Superficial explanation.
0	0 marks No valid understanding.	0 marks No valid explanation.

Indicative content:

The positive impact of a laissez-faire is that employees could be more motivated according to Herzberg motivators and Maslow's esteem needs as they are left to their own devices more than other forms of leadership styles. This could help Netflix develop better 'originals' with more staff input and creativity in the design of them. The impact might be higher productivity and lower labour turnover. Netflix profit margins have grown which indicates that the style is working.

However, a lack of leadership may result in some employees not fully knowing their own job role and therefore are more prone to making mistakes which could negatively affect the customers' experience.

Any other relevant suggestion.

1 (d)	Evaluate the impact on Netflix of creating its own original shows.			[6]
Band	AO2	AO3	AO4	
	2 marks	2 marks	2 marks	
2	2 marks Good application to Netflix. There is clear and direct reference to Netflix.	2 marks Good analysis of the impact on Netflix of creating his own original shows. Analysis shows clear line of reasoning.	2 marks Good and well-balanced evaluation of the impact on Netflix of creating its own original shows. Valid judgements are made to support arguments with development on both sides. May contain a brief conclusion.	
1	1 mark Limited application to Netflix.	1 mark Limited analysis of the impact on Netflix of creating his own original shows. A superficial analysis.	1 mark Limited evaluation of the impact on Netflix of creating its own original shows. Partial, unsupported judgements made.	
0	0 marks No valid application.	0 marks No valid analysis.	0 marks No valid evaluation.	

Indicative content:

Positive impact may include:

- By offering their own originals it gives the company a USP as these shows cannot be viewed elsewhere, which could allow them to charge higher subscription fees.
- Netflix saves on costs (fees to other TV and Film companies) allowing them to reduce their own subscription fees.
- Greater profits as shown by the trend in Netflix's income statement and the success of originals such as Stranger Things.
- New shows could lead to an increase market share if viewer numbers rise

However,

- Costs involved in producing their own originals.
- Workforce planning strategies involved in making sure there is enough workers with the correct skills that will allow originals to be created. They have created over 2 000 shows already.
- Success depends on the type of programmes that competition offer as well as market conditions.

Any other relevant suggestion.

1 (e)	Using Table 2	Total
(i)	Calculate Netflix's net profit margin for 2020, present your answer to the nearest whole number. Award 1 mark for understanding on how to calculate net profit margin AO1: 1 mark Net profit margin = Net profit / sales revenue x 100 Award 1 mark for the correct selection of data Award 1 mark for the correct calculation of net profit margin AO2: 2 marks $\\$2\,762 / 24\,996 \times 100 = 11\%$ Award 2 marks for correct answer if there is no % sign and/or incorrect rounding to the nearest whole number.	3
(ii)	Calculate Netflix's gross profit for 2021 Award 1 mark for understanding on how to calculate gross profit AO1: 1 mark Gross profit = Sales revenue – cost of sales Gross profit = Gross profit margin/100 x sales revenue Award 1 mark for the correct selection of data AO2: 2 marks Award 1 mark for the correct calculation of gross profit $41.64/100 \times 29\,698 = \\$12\,366$ Award 2 marks for correct answer if there is no \$ sign	3

(iii)	With reference to Table 2 and your calculations, assess the financial performance of Netflix over the two years. [4]	
Band	AO3	AO4
	2 marks	2 marks
2	2 marks Good analysis of data. The analysis is detailed. The learner develops a logical chain of reasoning.	2 marks Reasoned evaluation of Table 2 and calculations when justifying the performance. The evaluation is balanced and will focus on the key issues. Valid judgments made with supporting comments.
1	1 mark Limited analysis of data. Undeveloped points are made.	1 mark Limited evaluation of Table 2 and/or calculations when justifying performance. Judgments are unsupported.
0	0 marks No valid analysis.	0 marks No valid evaluation.

Indicative content:

- Gross profit margin has increased over the two years suggesting better management of variable costs.
- Net profit margin has increased over the two years suggesting better management of both fixed and variable costs.
- Sales and gross profit have increased over the two years and net profit has almost doubled suggesting Netflix is becoming more popular and that their 'originals' are attracting new subscribers.

Possible key themes for evaluation

- Net profit margin has increased significantly more suggesting that the management of expenses has been excellent through the two years.
- Data has only been provided for two years; a better judgement would have been made from analysing more years of data. E.g., in 2020 the company may have invested heavily in new originals which made 2020 profit figures low and 2021 profit figures higher.

Any other relevant suggestion.

OFR for calculations (i) and (ii).

2 (a)	Define the meaning of the term management by objectives.	Total
	Award 1 mark for each valid point. AO1: 2 marks Indicative content: MBO is where objectives are defined within an organisation so that manager and workers have a clear goal (1). Objectives are broken down for each department (1) Employees are included with the goal setting and course of action to achieve these objectives (1) which can encourage motivation (1) objectives are compared with outcomes (1). Any other relevant suggestion.	2
2 (b)	Identify two features of kaizen.	Total
	Award 1 mark for each valid point. AO1: 2 marks Indicative content: Kaizen means continuous improvement (1). It is where workers can offer and make small incremental changes (1) to improve quality, design, productivity and/or reduce waste (1). Workers need to be committed/trained for it to work (1) Any other relevant suggestion.	2

2 (c)	Using calculations of capacity utilisation, assess the operations of LadderCo between 2023 and 2024. [7]			
Band	AO1	AO2	AO3	AO4
	1 mark	2 marks	2 marks	2 marks
2		2 marks Good application to LadderCo. Correct calculations of capacity utilisation for both years.	2 marks Good analysis of the operational data between 2023 and 2024. Analysis shows clear line of reasoning.	2 marks Good and well-balanced evaluation of the operational performance. Valid judgements are made to support arguments with development on both sides. May contain a brief conclusion.
1	1 mark Demonstrates understanding of capacity utilisation.	1 mark Limited application to LadderCo. Correct calculation of capacity utilisation for one year	1 mark Limited analysis of the operational data between 2023 and 2024. A superficial analysis.	1 mark Limited evaluation of the operational performance. Partial, unsupported judgements made. One-sided evaluation.
0	0 marks No valid knowledge.	0 marks No valid application.	0 marks No valid analysis.	0 marks No valid evaluation..

Indicative content:

AO1: Capacity utilisation measures the percentage of maximum possible production that is being achieved. It is calculated using the formula $\text{current output} / \text{total output} \times 100$.

AO2:

- 2023: Current output is $8\,000 \times 62 = 496\,000$
Capacity utilisation is $496\,000 / 550\,000 \times 100 = 90.18\%$ (accept 90.2% 90%)
- 2024: Current output is $8\,600 \times 60 = 516\,000$
Capacity utilisation is $516\,000 / 550\,000 \times 100 = 93.82\%$ (accept 93.8% 94%)

AO3: Increasing capacity utilisation will lead to:

- Lower costs per unit as resources are being used more efficiently.
- Increased return on investment / profit as more is being produced.
- Workload may have increased with fewer workers affecting motivational levels.

AO4: Possible key themes for evaluation:

- An overall improvement shows that operational performance is getting better.
- Having spare capacity still is an opportunity missed, however, does allow for sudden orders / breakdowns.
- It depends on the motivational levels and workload as some staff have left over the two years.

OFR applies.

Any other relevant suggestion.

2 (d)	To what extent does LadderCo's appraisal system benefit the business and its employees? [8]			
Band	AO1	AO2	AO3	AO4
	2 marks	2 marks	2 marks	2 marks
2	2 marks Demonstrates good understanding of performance appraisals for both a business and employees.	2 marks Good application to LadderCo of using appraisals for the benefit of both the business and its employees.	2 marks Good analysis of the benefits of appraisals for both the business and its employees. Analysis shows clear line of reasoning.	2 marks Good and well-balanced evaluation of the decision to use a performance appraisal system to benefit both the business and its employees. Valid judgements are made to support arguments with development on both sides. May contain a brief conclusion.
1	1 mark Demonstrates limited understanding of performance appraisals for a business and/or employees.	1 mark Limited application to LadderCo of using appraisals for the benefit of the business and/or its employees.	1 mark Limited analysis of the benefits of appraisals for both the business and/or employees. A superficial analysis of the benefits or drawbacks.	1 mark Limited evaluation of the decision to use a performance appraisal system to benefit the business and/or employees. Partial, unsupported judgements made. One-sided evaluation.
0	0 marks No valid knowledge.	0 marks No valid application.	0 marks No valid analysis.	0 marks No valid evaluation.

Indicative content:

An appraisal system is an act of evaluation the workers performance against set targets over a period. There are different types of appraisal systems such as superior, peer, self and 360.

For the business:

- It allows the business to motivate its workers, identify training needs, and improve overall performance of the business such as higher productivity levels and better customer service ratings (depending on the actual targets).
- LadderCo's appraisal system runs annually so workers always have targets to work towards.
- 3 targets allow a wide range of improvement and from different angels (manager / co-worker). The co-worker may understand the employee's potential and drawbacks better as they work more closely with the employee, which can encourage more teamwork.

- A 6-month review check can allow the business to intervene if targets are not progressing, e.g., offer training so that there is an improvement in workforce performance.

For the employees:

- It can motivate them to achieve their potential in the workplace.
- It can lead to future promotions if targets are always met.
- It can lead to financial / non-financial rewards.
- At LadderCo the employee can give themselves their own personal target to help their career progression.
- Co-worker targets and line manager targets can help identify to the employee how they can get better at their job.
- They can gain performance related pay if they meet their targets.
- They can gain advice halfway through the process to help them achieve their targets.

Possible key themes for evaluation:

- It depends on how difficult the targets are.
- It depends on how significant the performance related pay bonus is.
- It depends on how much pressure / stress is put on workers.
- It depends on whether the overall staff improvement outweighs the time lost to conduct the appraisal process. One whole day plus one hour per worker), (1 day + 60 hours in 2024). Furthermore, the additional time lost at the end of March during the review meeting.
- The 6-month review allows workers to reflect on the targets being achieved so far which may reduce (or increase stress).
- The workers must provide evidence in meeting each target, which could cause more work.
- 3-targets from different areas of the business allows for a better all-round improvement, however, could be seen as too many targets.
- What about new employees joining/leaving halfway through the process?

Any other relevant suggestion.

2 (e)	Evaluate the impact of cash flow forecasting on a business.		[6]
Band	AO3	AO4	
	3 marks	3 marks	
3	3 marks Excellent analysis of the impact of cash flow forecasting on a business. The key issues are analysed. Analysis shows a clear line of reasoning and includes an excellent understanding of the importance of cash flow forecasting to a business.	3 marks An excellent evaluation of the impact of cash flow forecasting. The evaluation is balanced and detailed and focus on the key issues. Valid judgements are made with supporting statements.	
2	2 marks Good analysis of the impact of cash flow forecasting on a business. A number of key issues are discussed. Analysis includes some well-developed points and some where the development is more limited.	2 marks A good evaluation of the impact of cash flow forecasting. The evaluation is reasonably well balanced with some development on both sides of the argument. Valid judgements are made with some supporting statements.	
1	1 mark Limited analysis of the impact of cash flow forecasting on a business. A limited number of issues are discussed. The analysis will focus on one-side of the argument. The learner will list or describe reasons.	1 mark Limited evaluation of the of the importance of cash flow forecasting. The evaluation is one-sided. An awareness of the key issues but little development. Judgements are superficial and unsupported.	
0	0 marks No valid analysis.	0 marks No valid evaluation.	

Indicative content:

Positive impact of cash flow forecasting:

- It can give an idea of how the businesses is likely to perform financially in the future.
- It can identify possible cash flow issues so that strategies such as obtaining finance can be made now in preparation for cash flow problems.
- It can improve the chances of survival for new businesses.
- It can help analyse future spending decisions and the impact of them.
- Can be used as evidence for external finance.

Negative impact of cash flow forecasting:

- Drawing up cash flow forecasts takes time and cannot be guess work.
- If the business does not have historical financial performance data, it might be difficult to create a forecast accurately.
- The future can never be guaranteed, there may always be unexpected problems such as a supplier going bust, a new competitor starts up, or a national crisis e.g., pandemic / inflation that the UK has experienced in recent years.
- The longer the timescale the less accurate the figures will be.
- Cash flow forecasts need to be monitored to have on-going usefulness.

Possible key themes for evaluation:

- It depends on how predictable the current market is / what industry the business operates in.
- It depends on whether the business has past financial data to help them.
- It depends on the skill of the manager in creating the cash flow forecast and whether research has been carried out correctly.
- It depends on the type of business and how many inflows / outflows are planned. The more there are, the harder it is to predict accurately.

Any other relevant suggestion.

3 (a)	Describe the different reasons why an entrepreneur should create a business plan for a new not-for-profit enterprise. [10]	
Band	AO1	AO2
	6 marks	4 marks
3	5-6 marks Excellent understanding of at least two reasons for creating business plans. Clear understanding of business plans and at least two benefits of creating them.	
2	3-4 marks Good understanding of one or two reasons for creating business plans. The learner identifies the key features of business plans and at least two benefits to creating one.	3-4 marks The learner applies at least two reasons of business plans to a new not-for-profit enterprise. Good application of how different benefits might be gained in context. There is direct and clear reference to a not-for-profit enterprise.
1	1-2 marks Limited understanding of one or two reasons for creating business plans. Superficial understanding of business plans the benefits of them. At least one benefit is identified.	1-2 marks The learner applies at least one reason of business plans to a new not-for-profit enterprise. Limited application of how one benefit might be gained in context. Suggestions of the reasons are generic and limited attempt is made to link these to not-for-profit enterprises.
0	0 marks No valid understanding.	0 marks No valid application.

Indicative content:

- A business plan is usually written for new businesses in preparation for a business start-up. It contains the aims and plans of the business start-up.

Benefits may include:

- Evidence for financial support.
- Assesses the viability of a new venture.
- Provides a clear sense of direction / instructions.
- Sets clear aims and objectives
- Can check progress against the plan.

Application may consider:

- The business plan will have a greater focus on the social aims and how to achieve them as opposed to the financial aims within profit focused businesses.
- The business aims will focus on supporting stakeholders linked to the not-for-profit organisation e.g., a social enterprise and how they want to support an aspect of the society / community.
- The business plan's marketing section will focus on raising awareness to the organisation e.g., a charity and the reasons it exists.
- The plan may be used to help raise support / investment from local councils / high profile investors and banks to support the aims of the not-for-profit organisation.
- Any other relevant suggestion

3 (b)	'Promotion is the most important part of the marketing mix' To what extent do you agree? [15]		
Band	AO1	AO3	AO4
	3 marks	6 marks	6 marks
3	3 marks Excellent understanding of the importance of promotion and the marketing mix. Three areas of the marketing mix including promotion. There is clear understanding of three areas of the marketing mix.	5-6 marks Excellent analysis of the importance of promotion and other areas of the marketing mix. Key issues have been well-developed with a clear line of reasoning. Analysis will be supported by specific reference to multiple parts of the marketing mix. In-depth analysis.	5-6 marks Excellent evaluation of the importance of promotion and other areas of the marketing mix. The evaluation is balanced and detailed and will focus on the key issues. The evaluation clearly relates to the importance and compares multiple areas of the marketing mix. Clear judgements are made with supporting statements to build an argument. The evaluation will consider depend on factors that determine the importance of different parts of the marketing mix. A holistic evaluation may be offered with an overall conclusion.
2	2 marks Good understanding of the importance of promotion and the marketing mix. Two areas of the marketing mix including promotion. There is understanding of at least 2 areas of the marketing mix.	3-4 marks Good analysis of the importance of promotion and other areas of the marketing mix. The analysis is uneven with some well-developed points and others which are more limited in their development. There is an attempt to analyse the importance of promotion and one other area of the marketing mix.	3-4 marks Good evaluation of the importance of promotion and other areas of the marketing mix. The evaluation will include some of the key issues of the importance of different areas of the marketing mix. The evaluation is reasonably well-balanced with some development on both sides of the debate. The learner makes judgements with some attempt to support their evaluation. The answer may include a brief conclusion.

1	1 mark Limited understanding of the importance of promotion and the marketing mix. Understanding is superficial. The learner identifies the features of the marketing mix with limited development. Reference to promotion is limited.	1-2 marks Limited analysis of the importance of promotion or other areas of the marketing mix. A limited number of key issues are developed. Limited attempt is made to consider the importance of promotion.	1-2 marks Limited evaluation of the importance of promotion and other areas of the marketing mix. The learner shows an awareness of some of the key issues but with limited development. The evaluation will not always focus on promotion or the importance of different parts of the marketing mix. Judgements are superficial and unsupported.
	0 marks No valid understanding.	0 marks No valid analysis.	0 marks No valid evaluation.

Indicative content:

The marketing mix includes product, promotion, price, and place. Promotion includes above the line strategies such as TV and social media, and below the line strategies such as sales promotions.

Promotion is important because:

- It raises awareness to new and existing customers, especially above the line methods.
- It helps create a brand image / identity / personality for a business.
- It can help grow question marks into stars and prevent products from entering decline in its product life cycle.
- Sales promotion can help boost demand in the short term.
- Public relations can give the business a good image when linked with for example a local event that they have sponsored.

However:

- If the product is unattractive, faulty, or below par compared to rivals, promotion may not increase sales.
- Price may be a more important factor for elastic products with lots of competition.
- The available distribution channels and accessibility for customers to purchase the product might be key for increased sales. If customers are attracted by the promotion but cannot access a place to purchase it, sales will be lower.
- If the business is highly reputable, promotion will take care of itself via free word of mouth advertising and existing customer recommendations.
- Well-known branded products in stable markets will require less promotion.

Possible themes for evaluation:

- The marketing mix needs to work together. A great promotional campaign will have little impact if the product is below expectations, or the price is too high, or there is difficulty in purchasing the product.
- It depends on the type of product, the business's reputation, the industry, the market structure, and size of business. It's too simple to say that promotion is always important. A new business may need to use promotion to make them known, whereas an established brand in a slow-moving market may focus more on distribution. Fast-moving markets, or products with a short life cycle may require a greater focus on product development, but promotion can assist to extend its life.

Any other relevant suggestion.

4 (a)	Describe how a hospitality business, such as a hotel or a restaurant, can measure the performance of its workers. [10]	
Band	AO1	AO2
	6 marks	4 marks
3	5-6 marks Excellent understanding of the ways to measure performance. Clear understanding of at least two measures of performance.	
2	3-4 marks Good understanding of the ways to measure performance. The learner demonstrates understanding of the key features of at least two measures of performance.	3-4 marks The learner applies at least two measures of performance to a hospitality business. Good application of how different measures might be used in context. There is direct and clear reference to a hospitality business.
1	1-2 marks Limited understanding of the ways to measure performance. Superficial understanding of the different measures of performance. At least one measure is identified.	1-2 marks The learner applies at least one measure of performance to a hospitality business. Limited application of how one measure might be used in context. Suggestions of the measures of performance are generic and limited attempt is made to link these to a hospitality business.
0	0 marks No valid understanding.	0 marks No valid application.

Indicative content:

- Business could measure the performance of its workforce using labour productivity, labour turnover and / or absenteeism rates.

Labour productivity

- Is a measure of output per worker.
- It is calculated using the formula: $\text{total output} / \text{average number of workers employed}$.
- Lower productivity could suggest poor HR policies.
- Is a good assessment of motivation levels.
- Allows for benchmarking.

Labour turnover

- Is a measure of the rate at which workers are leaving an organisation.
- It is calculated using the formula: $\text{number of staff leaving} / \text{average number of workers employed}$.
- Higher labour turnover could suggest poor HR policies.
- Is a good assessment of motivation levels.
- Links to recruitment, selection, and training costs.

Absenteeism

- Is a measure of the number of working days lost over a time period.
- It is calculated using the formula: $\text{absence days} / \text{total number of working days} \times 100$.
- Higher absenteeism could indicate poor HR policies.
- Is a good assessment of motivation levels. However, can be affected by things such as pandemics.
- Links to productivity and costs of production.

Other performance measures may include:

- Meeting objectives
- Meeting sales targets
- Customer satisfaction reviews
- The use of appraisals
- Quality of service provided

Application may consider:

- Specific job roles within hospitality and how each measure can apply to them. E.g.
 - Cleaners cleaning rooms per hour.
 - Time it takes for Chefs to cook meals, meals per hour.
- Lots of hospitality jobs have flexible contracts, this may impact labour turnover more if workers are unsatisfied with the hours they are given (or vice versa).
- Many hospitality businesses experience a surge in demand at certain seasons. This could cause higher stress at busy times and greater absenteeism levels and labour turnover.
- Lots of roles within hospitality are low skilled / temporary work and therefore may cause higher than average absenteeism and labour turnover rates.

Any other relevant suggestion

4 (b)	Leaders prefer to empower workers, while managers like to maintain control of the workforce. Evaluate the choice between empowerment and control of the workforce. [15]		
Band	AO1	AO3	AO4
	3 marks	6 marks	6 marks
3	3 marks Excellent understanding of empowerment and control. There is clear understanding of the factors that determine the choice to empower or control workers.	5-6 marks Excellent analysis of the decisions to empower or control the workforce. Key issues have been well-developed with a clear line of reasoning. Analysis will be supported by specific references to empowerment and control in different situations. In-depth analysis	5-6 marks Excellent evaluation of the decisions to empower or control the workforce. The evaluation is balanced and detailed and will focus on the key issues. The evaluation clearly relates to the appropriateness of empowerment and control in different situations. Clear judgements are made with supporting statements to build an argument. The evaluation will consider depend on factors that determine the appropriateness of empowerment and control A holistic evaluation may be offered with an overall conclusion.
2	2 marks Good understanding of empowerment and control. The learner makes an attempt to identify the factors that determine to choice to empower and/or control workers. There is clear understanding of empowerment or control.	3-4 marks Good analysis of the decisions to empower and/or control the workforce. The analysis is uneven with some well-developed points and others which are more limited in their development. There is an attempt to analyse the impact of both empowerment and control leadership / management strategies.	3-4 marks Good evaluation of the decisions to empower or control the workforce. The evaluation will include some of the key issues of appropriateness of empowerment and control in different situations. The evaluation is reasonably well-balanced with some development on both sides of the debate. The learner makes judgements with some attempt to support their evaluation. The answer may include a brief conclusion.

1	1 mark Limited understanding of empowerment and/or control. Understanding is superficial. The learner identifies the features of the reasons to empower and/or control.	1-2 marks Limited analysis of the decisions to empower and/or control the workforce. Superficial analysis. A limited number of key issues are developed. Limited attempt is made to consider the impact of both ways to manage the workforce.	1-2 marks Limited evaluation of the decisions to empower and/or control the workforce. The learner shows an awareness of some of the key issues but with limited development. The evaluation will explain the factors that determine the appropriateness of empowerment and/or control Judgements are superficial and unsupported.
	0 marks No valid understanding.	0 marks No valid analysis.	0 marks No valid evaluation.

Indicative content:

Empowerment refers to giving workers the authority to control their own jobs, make decisions and implement their own ideas. Whereas control is the opposite, where managers decide exactly how the worker should carry out their duties.

Arguments for empowerment:

- Non-financial motivation technique will lead to a motivated workforce according to Herzberg's motivators and Maslow's esteem needs.
- The benefits of using McGregor theory Y management style.
- Prepares junior employees for future promotions.
- Allows the business to have a flatter organisational structure and employ fewer managers.
- Skilled workers should be allowed to use their own skill set within their role.
- Can promote Kaizen.
- Improve productivity and lower labour turnover if staff satisfaction improves.

However:

- Requires training.
- Accountability still lies with senior staff.
- Depends on the skill set of the employees.
- Depends on the reasons (motivates) for wanting to work. It may not work in occupations where money is the main reason for working unless there is a financial incentives.
- Decisions may lose focus of the overall aims of the business.
- Current managers might be made redundant which could send a negative image to all staff.
- Span of control may increase amongst fewer managers (if redundancies occur).

Arguments for control:

- Allows for consistency of decision making.
- Requires less staff training.
- Suitable for workers that believe Taylors theory of motivation.
- If the leader's personality and belief of the workers links to McGregor theory X.
- If workers do not want greater accountability or a greater workload.
- When quick decisions are needed to be made. E.g., if the business performance is falling and a sudden action is required.

However:

- Workers may not enjoy work.
- Could lead to higher labour turnover.
- Workers are not given opportunities to show their skills and help their career development.
- Requires a taller organisational structure.

Possible themes for evaluation:

- Depends on the occupation / job.
- Depends on the workers skill.
- Depends on the leader's personality and if they can give control away.
- Depends on the intentions of empowerment, if it is to motivate the workers or save long-term costs of manager salaries.
- Short term costs of training versus long-term cost savings of having fewer managers.
- Depends on the current levels of employer/employee relations.

Any other relevant suggestion.

5 (a)	Describe the different types of internal economics of scale that can be gained by a cinema when expanding into new locations. [10]	
Band	AO1	AO2
	6 marks	4 marks
3	5-6 marks Excellent understanding of at least two types of internal economies of scale. Clear understanding of at least two types of internal economies of scale that can be gained as a business grows.	
2	3-4 marks Good understanding of one or two types of internal economies of scale. The learner identifies the key features of at least two types of economy of scale.	3-4 marks At least two internal economies of scale that might be gained by a cinema when expanding to new locations. Good application of each internal economy of scale in context. There is direct and clear reference to a cinema expanding in new locations.
1	1-2 marks Limited understanding of one or two types of internal economies of scale. Superficial understanding of the features of each economy of scale. At least one internal economy of scale is identified.	1-2 marks Limited application. one to two internal economies of scale that might be gained by a cinema when expanding to new locations. Limited application of each internal economy of scale used in context. Suggestions of the use of economies of scale is generic and limited attempt is made to link these to a cinema expanding.
0	0 marks No valid understanding	0 marks No valid application.

Indicative content:

- Purchasing – As the cinema grows, they will be able to purchase more raw materials such as popcorn, soft drinks, and packaging in bulk. This may result in suppliers offering discounts for bulk buying lowering the unit cost. Each new location will have to have a minimum level of supply to meet customer needs.
- Technical – As the cinema grows, they will be able to purchase the latest equipment and incorporate new methods of operations. A cinema might find it easier to invest in

websites, and self-service ticket machines to manage the business on a greater scale. This will increase efficiency due to the greater levels of customer usage, lowering unit costs of production. There would be fewer reasons to use e-commerce for ticket sales for a cinema with just one location. However, it could be beneficial when managing capacity utilisation across multiple locations.

- Financial – As the cinema grows, they will have access to a wider range of finance. As the assets of the cinema grows into new locations (physical premises, equipment such as the screens and seating areas) they have more security when applying for finance. This may result in financial institutions offering lower rates of interest, lowering the cost of borrowing.
- Managerial – As the cinema grows, they will be able to employ specialist managers. These specialists will know how to get the best value for each pound (£) spent in the business. In a cinema scenario this could be regarding the staffing, layout, seating, purchasing or any other type of arrangement.
- Marketing – As the cinema grows, each pound (£) spent on advertising will have greater benefits for the business. The more locations, the more that advertising costs are spread, reducing the cost per location. For example, the cost of a billboard of the latest film release can be shared between all the locations. Discounts could also be gained with advertising companies if they are based in each new location.

Any other relevant suggestion.

5 (b)	“All stakeholders will benefit when a business experiences growth’. To what extent do you agree? [15]		
Band	AO1	AO3	AO4
	3 marks	6 marks	6 marks
3	3 marks Excellent knowledge of business growth on the stakeholders of a business. There is a clear understanding of at least two stakeholders and how each of them may be impacted differently.	5-6 marks Excellent analysis of the impact of growth on the stakeholders of a business. Key issues have been well-developed with a clear line of reasoning. Analysis will be supported by specific references to the impact of growth on different stakeholders. In-depth analysis.	5-6 marks Excellent evaluation of the impact of growth on the stakeholders of a business. The evaluation is balanced and detailed and will focus on the issues. Clear judgements are made with supporting statements to build an argument. The evaluation will consider factors that determine whether all business stakeholders will benefit. The evaluation will consider depend on factors as to whether stakeholders benefit from growth A holistic evaluation may be offered with an overall conclusion.
2	2 marks Good knowledge of business growth on the stakeholders of a business. Understanding of at least two stakeholders and how they may be impacted through growth.	3-4 marks Good analysis of the impact of growth on the stakeholders of a business. The analysis is uneven with some well-developed points and others which are more limited in their development. A number of key issues are developed, and there is some reference to different stakeholders. There is an attempt to analyse the impact of growth on stakeholders.	3-4 marks Good evaluation of the impact of growth on the stakeholders of a business. The evaluation will include some of the key issues. The evaluation may consider the factors that determine whether all business stakeholders will benefit. The evaluation is reasonably well-balanced with some development on both sides of the debate. The learner makes judgements with some attempt to support their evaluation.

1	1 mark Limited knowledge of business growth on the stakeholders of a business. Understanding of stakeholders and/or impact of growth is superficial. The learner identifies how one stakeholder may be affected by growth.	1-2 marks Limited analysis of the impact of growth on the stakeholders of a business. A limited number of key issues are developed. The analysis may not focus on stakeholders of a business.	1-2 marks Limited evaluation of the impact of growth on the stakeholders of a business. The learner shows an awareness of some of the issues but with limited development. The evaluation is uneven and focuses more on some stakeholders than others or does not identify positive and negative consequences to stakeholders. Judgements are superficial and unsupported.
	0 marks No valid understanding.	0 marks No valid analysis.	0 marks No valid evaluation.

Indicative content:

When a business grows in scale they can benefit from economies of scale. These average cost savings can benefit several stakeholders. However, growing too big causes more complexities and difficulties in management which could reverse the effect of economies of scale and cause diseconomies of scale. So, it is highly dependent on the management of the growth, and this may determine the real outcome on different stakeholders.

- Customers: As the business grows and benefits from economies of scale, lower average unit costs could be passed on as lower prices to consumers. Growing to more locations / markets will also make it more accessible for customers to access the product / service improving satisfaction. However, diseconomies of scale such as communication, coordination and cooperation could lead to employee mistakes, quality/delivery errors and a poor-quality service. If growth is linked with greater profits can positively impact customers with better / new products due to R&D.
- Employees: Unit cost-savings and higher revenues could provide benefits in the form of career and pay progression for the employees. However, if workforce planning is ineffective then workers could find themselves being overworked, put under greater pressure, and make more mistakes. As the business grows, they may feel more alienated with a larger number of staff on-roll and their individual needs are less likely to be met.
- Suppliers: Will gain more demand and allow them to also grow. However, they may have to offer more discounts and experience lower contribution per unit. They may feel under pressure to meet growing demand and may have to make their own changes to be able to cope with higher levels of demand. It depends on their current capacity utilisation and relationship with the business.

- Shareholders: A growing business might attract further investment, increasing the value of shares. Higher revenues could result in higher profit levels and more dividends. However, short-term costs of expanding the business could result in fewer profits and dividends. Shareholders of private limited companies may be able to have more control over the decisions on how to grow.
- Managers: Increased workload and complexities of preparing the business for growth. For example, workforce and operational planning through expansion will cause difficulties for managers. However, there are long-term gains of greater accountability and responsibilities e.g., a greater span of control could be a benefit with financial or non-financial rewards.
- Local community: Could experience noise, air and visual pollution as the business expands its resources. They could also experience greater congestion on the roads due to a larger workforce / customer base. However, the business could provide them with job opportunities and invest in more community projects if the growth leads to larger profits.

Possible themes for evaluation:

- It depends on how the business and each department manages the rate of growth.
- It depends on the speed of growth.
- It depends on the type of growth
- It depends on whether the business experiences diseconomies of scale.
- It depends on the short-term versus long-term effects of growth.
- It depends on how the growth is financed.

Any other relevant suggestion