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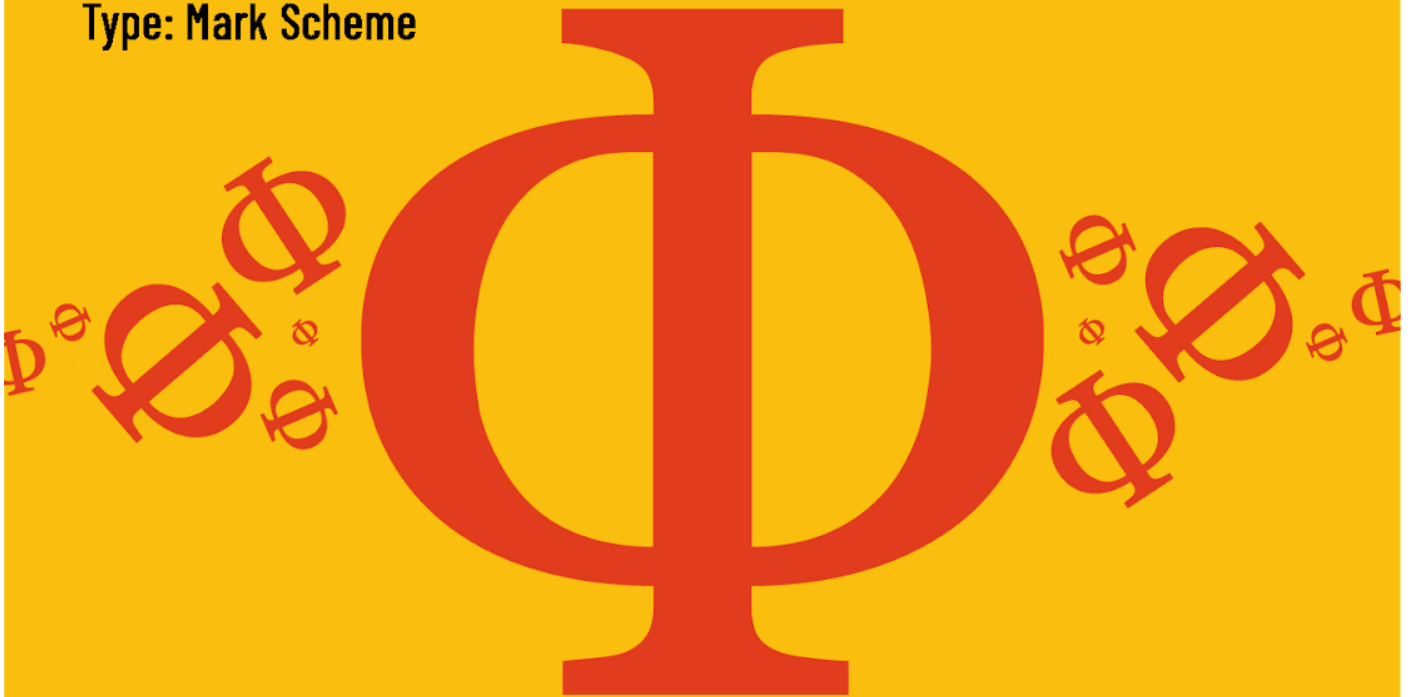
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**Level: Pearson Edexcel Level 1/Level 2 GCSE (9-1) in Business (1BS0)**

**Subject: Business (1BS0)**

**Topic: GCSE Edexcel Business**

**Type: Mark Scheme**



Business Edexcel GCSE

To be used for all exam preparation for 2025+

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# Business

# GCSE

## Key skills

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## Mark Scheme

### Question 1

*Retraining would be a good way to improve Sainsbury's flexibility by giving staff the skills to complete a wider range of shop floor tasks. This would mean that employees would be better equipped to cover for absent colleagues and could easily be deployed to different sections of a store. Employees normally working within homewares could be redeployed to refill barbecue chillers during hot weather. This would help to ensure that the store meets customer needs and the variety in their work could increase the level of interest in workers' day to day roles which may provide some level of motivation.*

*Whether shop floor workers would see this as a good thing is questionable. They may resent being moved around the store to work with different teams to complete unfamiliar tasks. They may miss the social element of working within their established teams and there's a real risk that staff could feel overworked. This would potentially cancel out any benefits of retraining because disgruntled staff may be less likely to work effectively and may be more likely to make expensive mistakes which could increase Sainsbury's costs.*

*Paying workers more - perhaps by matching Aldi's pay rate - could be more effective. Shop floor supermarket roles tend to involve relatively low-level tasks and are not generally career roles. Staff are likely to be working at Sainsbury's to earn money rather than to achieve personal satisfaction so increasing this most important element could encourage them to work more efficiently and increase their loyalty. In turn staff turnover could be reduced, increasing the stability of the workforce within each supermarket and making it more likely that the long-standing and knowledgeable staff deliver excellent customer service.*

*Increasing store-level wage costs would, though, go against Sainsbury's efforts to cut its costs by £500 million. Having reduced the Head Office workforce significantly, handing out pay rises to other workers may be seen as something of a snub to staff remaining at Head Office. This could damage their motivation and affect the delivery of key strategic decisions, impacting on Sainsbury's ability to remain competitive.*

Overall, whilst wages may not be increased to match the rates offered by Aldi, a 4.4% increase for shop workers is most likely to increase shop workers' motivation. Better-paid workers would be likely to feel more valued and, therefore, may be more loyal to the business, reducing Sainsbury's recruitment costs. Although it is unlikely to make much of an impact on employees' intrinsic needs, shop-floor workers may well be less likely to be looking to fulfil these needs through their jobs. Spending large sums on retraining may backfire and, as Sainsbury's key objective is to cut costs, it is too much of a financial risk to implement a large scale training programme in stores.

### Examiner tips

- This answer would be awarded **9 marks** because it contains all the parts outlined below
  - Appropriate **business terminology** is used throughout
  - Valid points are made showing accurate **knowledge and understanding**
  - Use of the business **context** to support points
  - Both points have been fully developed with logical and balanced **chains of analysis** that are focused on the question
  - A supported **judgement** is made

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### Alternative ways to answer

- Shop floor employees may gain more opportunities
  - The job becomes more interesting → employees able to work in other areas of the business such as unloading food or automated checkouts → opportunity to work as part of different teams → fulfilled social needs → could improve staff motivation
  - More likely to benefit Sainsbury's than the employee → the other jobs they may be trained to do may be at the same overall level of skill → and do not provide more interest or challenge → may not result in increased motivation
- Increasing wages by 4.4% would close the gap between the pay at Sainsbury's and other supermarkets such as Aldi



- May improve motivation → an increase in pay may allow workers to buy more necessities → less unemployment concerns → can focus more on performing well in their jobs
- The wage increase still only gives employees £8 per hour → the wage is still lower than that of other supermarkets → motivation may not increase → more likely that the increase in wages simply prevents demotivation

## Guidance

- This is a 'Level of response' answer where the examiner judges how well you have displayed the key skills of **knowledge, application, analysis** and **judgement**
- A 9-mark answer will include
  - Detailed **application of knowledge and understanding** to the business context throughout
  - Detailed interconnected points with logical **chains of reasoning**
  - **Evaluation** of relevant issues which leads to a **judgement** supported by clear justification
- Both **benefits** and **drawbacks** of each option must be identified and analysed to gain 7-9 marks

## Question 2

*Permanent contracts (where staff are employed by the business until they decide to leave or are made redundant) would be a suitable option to recruit workers. Permanently-employed workers are more likely to provide excellent customer service. Permanent staff, secure in their jobs, may be willing to go 'the extra mile' for Iceland, which values them enough to give them the stability of a permanent contract. This commitment should also contribute to better customer service.*

*Permanent contracts involve making a long-term promise of employment to workers and, as The Food Warehouse is a new venture for Iceland, there's no guarantee that it'll be a success. Making workers redundant from a permanent contract if they're not needed can be a very expensive process which would affect Iceland's profitability and although the business has been performing very well, in such a competitive market minimising costs is very important.*

*Iceland may be better-advised to consider using temporary contracts, at least until the success of the new stores is established. These fixed-term arrangements would save on redundancy costs if success is limited, and can be extended or changed to permanent contracts if required. They can also be used to boost staff numbers during periods of high demand, such as Christmas, providing extra pairs of hands to support the delivery of the level of customer service its high-income shoppers would expect, helping it to compete with rivals such as Waitrose.*

*However, temporary staff may lack the commitment of permanently-employed colleagues and will still need some level of training to ensure consistency. This training will be lost at the end of the temporary contract unless it is extended and the skills and experience gained could be taken to a role with a competitor. This would reduce Iceland's competitive advantage and may make it difficult to recruit further workers who seek job security in the future.*

*Overall, given the market at which The Food Warehouse is aimed, permanent workers are more likely to provide the level of customer service which its discerning customers will expect. Iceland has a good reputation for its ethical approach to business and offering stability to workers, which would give them a sense of belonging, would contribute to this. This could further enhance the businesses reputation, which could help to increase The Food Warehouse's chances of success.*

## Examiner tips

- This answer which would be awarded **9 marks** because it contains all the parts outlined below
  - Appropriate **business terminology** is used throughout
  - Valid points are made showing accurate **knowledge and understanding**
  - Use of the business **context** to support points
  - Both points have been fully developed with logical and balanced **chains of analysis** that are focused on the question
  - A supported **judgement** is made

## Alternative ways to answer

- Permanent contracts may reassure new employees
  - The business is new and untested → this job security may increase the motivation and loyalty of new employees → may lead to better productivity and customer service → help *The Food Warehouse* appeal to high-income food shoppers
  - The untried concept may prove to be unsuccessful. → permanent employees may be under-used if the stores do not attract as many customers as hoped → *Iceland* would incur unnecessarily high wage costs → reducing the chance of achieving continued high profit levels
- Temporary contracts give *Iceland* more flexibility
  - If demand for the *The Food Warehouse* is lower than expected → it has the ability not to renew contracts for employees → reduces risk → less likely to incur large losses
  - Employees may not like the lack of certainty of temporary contracts → employees may prefer to work for a rival offering permanent contracts. → *Iceland* may end up employing demotivated employees with low productivity → reduce its ability to attract high-income consumers since customer service may not be as high

## Guidance

- This is a 'Level of response' answer where the examiner judges how well you have displayed the key skills of **knowledge, application, analysis** and **judgement**
- A 9-mark answer will include
  - Detailed **application of knowledge and understanding** to the business context throughout
  - Detailed interconnected points with logical **chains of reasoning**
  - **Evaluation** of relevant issues which leads to a **judgement** supported by clear justification
- Both **benefits** and **drawbacks** of each option must be identified and analysed to gain 7-9 marks

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## Question 3

*Freelance contracts would allow Mind Candy to avoid the expenses associated with employing workers to develop its Petlandia game. Employees are entitled to a range of benefits such as pensions and paid leave which freelancers are not. This would, depending on the rate of pay freelancers receive, help to reduce the costs associated with the game development, giving it a greater chance of breaking even. This may go some way towards paying existing costs and reduce the need to seek external finance.*





*As well as this, freelancers are likely to bring a wide range of experience of completing similar contracts for other game businesses. These experiences may bring new ideas and solutions to the Petlandia project, helping it to compete with other well-known games in the competitive market into which it will be launched. Given that Mind Candy will want to avoid the huge losses it experienced with Moshi Monsters, these sources of competitive advantage may be crucial.*

*However, as freelancers are likely to move on to projects with other businesses - potentially Mind Candy's competitors - once the Petlandia game is complete, they are likely to be unavailable for game upgrades or extensions. This may mean that game consistency suffers and there is a risk that the product's life cycle cannot be extended. As a result, Mind Candy may find itself in a similar situation that that it experienced as Moshi Monsters declined in popularity and would be under pressure to develop yet another game to take its place.*

*As well as this, freelancers are less likely to have a strong loyalty to Mind Candy as they work for themselves. For a freelancer, completing a project at the highest achievable pay rate and in the shortest period may be more important than developing the very best game that they can. This may mean that Petlandia is not as good as it could have been if permanently-employed, committed workers had written the programme and may be less attractive than those released by competitors. This would affect Mind Candy's ability to gain market share.*

*Overall, whilst temporary contracts have their risks, Mind Candy's priority is to avoid incurring the level of losses it suffered with Moshi Monsters and so, at least in the short-term, freelancers would be the most cost-effective way to develop Petlandia. It may be able to persuade, should the game be a success, some of the most impressive freelancers to accept a permanent contract later on which may help to extend the product life cycle of the game.*



## Examiner tips

- This answer which would be awarded **12 marks** because it contains all the parts outlined below
  - Appropriate **business terminology** is used throughout
  - Valid points are made showing accurate **knowledge and understanding**
  - Use of the business **context** to support points
  - Both points have been fully developed with logical and balanced **chains of analysis** that are focused on the question
  - A supported **judgement** is made

## Alternative ways to answer

- Freelance contracts remove many of *Mind Candy's* legal obligations as an employer
  - If *Petlandia's* popularity is, like *Moshi Monsters'* short-lived → *Mind Candy* can avoid continued wage costs or redundancy payments → allows costs to be minimised → helps to avoid further large losses
  - Freelancers may lack commitment to *Mind Candy's* long-term success → may be more likely to focus on speed of project completion than quality → affects the quality of game development → finished game may be of lower quality than hoped-for
- Skills, experience and commercially-sensitive knowledge may be lost upon completion of the project
  - Freelancers may be offered work with competitors → and then use skills and experience from *Mind Candy* to develop or improve games → *Mind Candy* could lose its competitive advantage
  - Freelance contracts can be extended → or workers may be offered permanent contracts → this may act a motivator for freelancers to impress managers → increasing the quality and speed of game development

## Guidance

- This is a 'Level of response' answer where the examiner judges how well you have displayed the key skills of **knowledge, application, analysis** and **judgement**
- A 12-mark answer will include
  - Detailed application of **knowledge and understanding** to the business context throughout
  - Detailed interconnected points with logical **chains of reasoning**
  - **Evaluation** of relevant issues which leads to a **conclusion** supported by strong reasoning
- **At least two implications** must be identified and analysed in context to gain 9-12 marks