

Question 1

Question Number	Indicative content	Mark
1(a)	Knowledge 2, Application 2, Analysis 2, Evaluation 2 • Induction training to familiarise the 1,000 new employees with operations; for all staff given the health and safety implications of the event and need to quickly become effective • Off-the-job training away from the workplace is more likely at first, given that the Games will only take place during a fortnight in the summer months of 2022 • Off-the-job is likely to be professional led by Gi Group, a world leader in human resource management • On-the-job more effective as employees will learn as they work alongside existing 'experts' e.g. admin, marketing, security. <i>Possible counter-balance</i> • Induction training may be too general and not related to a specific job role e.g. customer service at the event, and therefore not necessarily effective for a wide range of roles • Off-the-job training can be more costly, given the scale of the 1,000 workforce over the planned two weeks • Experienced workers who provide the on-the-job training may be very effective, but may not be practical because they will be too busy dealing with the 30,000 spectators at each session.	(8)

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3–5	Accurate knowledge and understanding Applied accurately to the business and its context. Chains of reasoning are presented, showing cause(s) and/or effects(s) but may be assertions or incomplete. An attempt at an assessment is presented, that is unbalanced and unlikely to show the significance of competing arguments.
Level 3	6–8	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Logical chains of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, well contextualised, using quantitative and/or qualitative information and shows an awareness of competing arguments/factors leading to a supported judgement.

Question Number	Indicative content	Mark
1 (b)	Knowledge 2, Application 2, Analysis 3, Evaluation 3 - Capacity utilisation is a measure of the percentage of full capacity used at any one time - In the case of Alexander Stadium, its spectator capacity of 30,000 (determined by seating and health and safety legislation) - Average fixed costs such as cleaning and security will tend to fall as the numbers of spectators rises. Higher utilisation can reduce unit costs, making the Athletics Stadium more cost effective - The Games represent a once in a lifetime opportunity for many spectators, so having 30,000 seats filled as often as possible at each session is vital to try to maximise revenue from ticket and merchandise sales. - Packed stadiums for sporting events can add atmosphere and make the experience more enjoyable for spectators <i>Possible counter-balance</i> 30,000 spectators may put pressure on catering facilities which might cause some disappointment amongst spectators unable to get a drink or food during the appropriate 'breaks' 30,000 spectators may cause the cleaning teams/security to be overworked and may be more likely to lead to health and safety issues <i>Possible judgement</i> - Depends very much on the adaptability of facilities and staffing and how well they are prepared for the more popular events, such as the men's 100m final. - Operating below capacity may mean that some costs may not be covered during the less popular events, e.g. the fixed costs associated with catering such as heating and salaries.	(10)

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3–4	Elements of knowledge and understanding, which are applied to the business example. Chains of reasoning are presented, but may be assertions or incomplete. A generic or superficial assessment is presented.
Level 3	5–6	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Analytical perspectives are presented, with developed chains of reasoning, showing cause(s) and/or effect(s). An attempt at an assessment is presented, using quantitative and/or qualitative information, though unlikely to show the significance of competing arguments.
Level 4	7–10	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. A coherent and logical chain of reasoning, showing cause(s) and/or effect(s).

	Assessment is balanced, wide ranging and well contextualised, using quantitative and/or qualitative information, and shows an awareness of competing arguments/factors leading to a supported judgement.	
Question Number	Indicative content	Mark
1(c)	Knowledge 2, Application 2, Analysis 4, Evaluation 4 - Assessment of a country (and city) as a production location can be determined by skills and availability of workforce, infrastructure, government incentives, ease of doing business, political stability, likely return on investment Application re Birmingham and UK - Birmingham is the second biggest city in the UK and is therefore more able to furnish the 1,000 workforce - UK Government prepared to subsidise the cost of hosting the games, e.g. £112m towards the cost of the Alexander Stadium redevelopment. Local councils also prepared to fund, e.g. Sandwell Council – Aquatics Centre in Smethwick (£73m) - Located centrally amongst excellent road network and other transport links (rail and airport) - Resources already exist – e.g. Birmingham’s Alexander Athletics Stadium was redeveloped <i>Potential counter-balance</i> - Assumes that Birmingham UK will be able to fill the 1,000 vacancies, which may become available, with suitably skilled applicants - Infrastructure may not be able to cope given the number of athletes and spectators who will be landing in the summer of 2022, from 76 Commonwealth countries - Opposition from local Birmingham residents who may be opposed to the extra traffic congestion/pollution both before and during the Games - There are limitations in the data; there may have been more generous government support from other Commonwealth countries, such as Canada. <i>Possible judgement</i> - Since the hosting of the Games is an opportunity to ‘Drive sustainable economic growth and aspiration; creating opportunities through trade, investment, jobs and skills’ it was important to have a location where this was needed. Perhaps Birmingham and the UK warranted such a choice. - Depends whether or not the Games will actually ‘transform and strengthen local communities’ and ‘deliver new and improved homes and facilities’. They may cause bottlenecks and diminishing returns (poor returns on the investment, as with Glasgow and Manchester CG)	(12)

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3–4	Elements of knowledge and understanding, which are applied to the business example. Chains of reasoning are presented, but may be assertions or incomplete. A generic or superficial assessment is presented.
Level 3	5–8	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Analytical perspectives are presented, with developed chains of reasoning, showing cause(s) and/or effect(s). An attempt at an assessment is presented, using quantitative and/or qualitative information, though unlikely to show the significance of competing arguments.
Level 4	9–12	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. A coherent and logical chain of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, wide ranging and well contextualised, using quantitative and/or qualitative information, and shows an awareness of competing arguments/factors leading to a supported judgement.

Question Number	Indicative content	Mark
1(d)	Knowledge 4, Application 4, Analysis 6, Evaluation 6 Marks for application and analysis include up to 4 marks for quantitative skills Quantitative skills assessed: QS8: use and interpret quantitative and non-quantitative information in order to make decisions QS9: interpret, apply and analyse information in written, graphical and numerical form. - Stakeholders are those people or groups who have an interest in the actions of a business. They include owners, employees, customers (spectators), suppliers, the local community, pressure groups (Sport England), local (Sandwell) and central government. Directors' objectives of jobs and investment - Government expects to receive a return on their investments, e.g. £112m towards the cost of the Alexandra Athletics Stadium redevelopment - Given the overall cost of the Games (£778m capital cost alone), directors would prioritise the recovery of the capital cost - Opportunities to make profits from the Games to be regarded as successful, e.g. through hospitality and catering. Especially welcome given the economic downturn in the UK - Opportunities for longer term returns from the continued use of venues such as the 18,000 capacity stadium	

	Other stakeholder objectives • It is a well-documented legacy of other international sporting events, e.g. the London Olympics, that by hosting events you encourage the regeneration of the local area through new housing and better infrastructure • Birchfield Harriers and the local sports community will have improved facilities which should help improve the performance of and outcomes for the athletes. • Local councillors may believe that athletes provide a role model to society to live healthily. This could have positive consequences for the local community and society as a whole • The Games should represent an opportunity to upgrade the UK venues to make them fit for purpose and possibly host international events.	
	<i>Possible recommendation</i> • Inevitably there will be conflicts between stakeholder groups. You might argue in this instance that the shareholders are the public sector organisations who have given a significant amount of funding towards the Games so there needs to be longer term benefits to the UK economy and Birmingham community • It is important to keep key stakeholders interests in mind, otherwise the Games might not have taken place given a potential lack of funding, e.g. Government and local councils Examples of possible 'MOPS' recommendations Market – The Games may provide more opportunities for smaller businesses to thrive and contribute to the overall economy due to the extra visitors. This links to the Directors' objectives of jobs and investment Objectives – The Games 'Vision and Mission' is clearly about meeting the needs of a range of stakeholders which is what enabled Birmingham and the UK to be chosen to host the Games in 2022 Product – Facilities will naturally be improved or newly built (Sandwell Aqua Centre) which will benefit athletes in the short term but the community of Sandwell in the longer term Situation – the growth in obesity and sedentary lifestyles means the Games can be used to reduce this by highlighting the importance of local people participating in sports	(20)

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–4	Isolated elements of knowledge and understanding. Weak or no relevant application of business examples. An argument may be attempted, but will be generic and fail to connect cause(s) and/or consequence(s)/effect(s).
Level 2	5–8	Elements of knowledge and understanding, which are applied to the business example. Arguments and chains of reasoning are presented, but connections between cause(s) and/or consequence(s)/effect(s) are incomplete. Attempts to address the question. A comparison or judgement may be attempted, but it will not successfully show an awareness of the key features of business behaviour or business situation.
Level 3	9–14	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Uses developed chains of reasoning, so that cause(s) and/or consequence(s)/effect(s) are complete, showing an understanding of the question. Arguments are well developed. Quantitative and qualitative information is introduced in an attempt to support judgements, a partial awareness of the validity and/or significance of competing arguments and may lead to a conclusion.
Level 4	15–20	Accurate and thorough knowledge and understanding, supported throughout by use of relevant and effective use of the business behaviour/context. Uses well-developed and logical, coherent chains of reasoning, showing a range of cause(s) and/or effect(s). Arguments are fully developed. Quantitative and qualitative information are used well to support judgements. A full awareness of the validity and significance of competing arguments/factors, leading to balanced comparisons, judgements and an effective conclusion that proposes a solution and/or recommendations.

Question 2

Question Number	Indicative content	Mark
2(a)	Knowledge 2, Application 2, Analysis 2, Evaluation 2 Indicative content • Entrepreneurs takes risks and combine other factors of production (land, labour and capital) to set up a business/provide a product or service for profit • Leadership is about inspiring and organising employees to achieve a common goal through delegation and authority • O'Leary would need to be able to delegate and therefore trust employees to do a job and balance being supportive with interfering. He may not be prepared to do this as he is driven by the need to compete. • It might be difficult for O'Leary to change from having only his own ideas to accepting other peoples' ideas given that O'Leary considers himself 'abrasive' and 'cold-hearted, and ruthless in business' <i>Possible counter-balance</i> • Having worked at Southwest Airlines O'Leary may have seen the benefits of listening and keeping an open mind as other employees may have had better ideas • O'Leary considers himself to be 'humble', consequently he should be able to listen to the opinions of his employees in order to inspire	(8)

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3–5	Accurate knowledge and understanding Applied accurately to the business and its context. Chains of reasoning are presented, showing cause(s) and/or effects(s) but may be assertions or incomplete. An attempt at an assessment is presented, that is unbalanced and unlikely to show the significance of competing arguments.
Level 3	6–8	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Logical chains of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, well contextualised, using quantitative and/or qualitative information and shows an awareness of competing arguments/factors leading to a supported judgement.

Question Number	Indicative content	Mark
2(b)	Knowledge 2, Application 2, Analysis 3, Evaluation 3 Indicative content - Consumer protection legislation is aimed against any business' unfair selling practices. The consumer has basic legal rights if the product/service is given a misleading description, of an unsatisfactory quality, unfit for purpose - Applies to flight cancellations, when it is the fault of the airline (pilot planning failure) and additional costs for passengers - Short term costs - compensation payments of €25m were paid to passengers; long term costs - higher pay to flight crew €100m - If ignored, expect to see bookings fall because of uncertainty and poor reputation of Ryanair as a result of media coverage and CAA action. <i>Potential counterbalance</i> - Budget airlines offer competitive prices so some passengers are not put off rebooking with Ryanair – 8% increase in October 2017, despite 20,000 flights being cancelled in September 2017 - Ryanair flights are booked on-line in advance by passengers to secure cheaper fares still, so demand unlikely to suffer as a result - Depends on the available competition from other budget airlines on routes and destinations; Ryanair may retain custom if this is poor <i>Possible judgement</i> - The effects have not been detrimental to the business as profits are being forecast at €1.4bn for March 2018. This suggests that the costs of compensation and recruitment, caused by the legislation have been more than met by increased sales revenue.	(10)

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3–4	Elements of knowledge and understanding, which is applied to the business example. Chains of reasoning are presented, but may be assertions or incomplete. A generic or superficial assessment is presented.
Level 3	5–6	Accurate knowledge and understanding, supported by relevant and effective use of the business behaviour/context. Analytical perspectives are presented, with chains of reasoning, showing cause(s) and/or effect(s). An attempt at an assessment is presented, using quantitative and/or qualitative information, though unlikely to show the significance of competing arguments.
Level 4	7–10	Accurate and thorough knowledge and understanding, supported by relevant and effective use of the business behaviour/context. A coherent and logical chain of reasoning, showing cause(s) and/or effect(s). Assessment is balanced and well contextualised, using quantitative and/or qualitative information, and shows an awareness of competing arguments/factors leading to a supported judgement.

Question Number	Indicative content	Mark
2 (c)	Knowledge 2, Application 2, Analysis 4, Evaluation 4 Indicative content • Business failure can be caused by internal and/or external factors, which can be financial or non-financial. • In the case of Monarch when compared to Ryanair there was a lack of management planning long term which meant that it delayed changing to a budget airline until 2009 by which time Ryanair and Easyjet had grown to dominate the market • Failing to replace the fleet of ageing Airbuses before 2018 meant that Monarch may have had higher fuel and maintenance costs, making them less competitive. • Using more than one aircraft type during the switch from Airbus to Boeing-737 meant that maintenance and staff training costs may have been higher • Monarch's inability to learn from failure as they were bought in 2014 for £25m by Greybull Capital and rescued again in 2016 for £165m • Monarch may have ignored customer requirements such as more popular destinations, free seats for children under 12, charging credit card fees, on-line check ins <i>Possible counter-balance:</i> • External factors were largely to blame such as terror attacks and military coups in Monarch destinations such as Tunisia and Turkey which would have caused bookings to fall and reduced passenger numbers causing revenues to fall. • Depreciation of sterling caused fuel costs (priced in \$) to increase which could have damaged cash-flow • Competitors of Monarch such as Ryanair (Monarch was a tenth of the size of Ryanair) are considerably larger, therefore would be more likely to have benefitted from economies of scale. <i>Possible judgement</i> • Monarch's management may have needed to develop a USP or form of product differentiation against the budget airlines which may not have been possible given that it was a chartered airline originally • The impact of external factors are not predictable and could have been made worse, for example if competing budget airlines had lowered their fares to 'safer' destinations, like Spain, causing Monarch's sales to suffer further.	(12)
Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3–4	Elements of knowledge and understanding, which is applied to the business example. Chains of reasoning are presented, but may be assertions or incomplete. A generic or superficial assessment is presented.
Level 3	5–8	Accurate knowledge and understanding, supported by relevant and effective use of the business behaviour/context. Analytical perspectives are presented, with developed chains of reasoning, showing cause(s) and/or effect(s). An attempt at an assessment is presented, using quantitative and/or qualitative information, though unlikely to show the significance of competing arguments.

Level 4	9–12	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. A coherent and logical chain of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, wide ranging and well contextualised, using quantitative and/or qualitative information, and shows an awareness of competing arguments/factors leading to a supported judgement.
---------	------	---

Question Number	Indicative content	Mark
2 (d)	Knowledge 4, Application 4, Analysis 6, Evaluation 6 Indicative content - Competitive pricing is charging what the market will bear, usually following a price leader. Penetration pricing is to set a low price initially and accepting limited short-term profits/losses in order to build market share before switching to a more profitable price. - The partnership between Ryanair and Air Europa might be regarded as a product life cycle extension strategy or classified as market development (Ansoff) Competitive pricing - If there is strong competition from other airlines in the UK such as Virgin Atlantic, then the price set needs to be comparable as these airlines may have brand loyalty - Ryanair could afford other means of differentiation to make its flights more attractive than rivals such as extra leg room, in-flight hot meals, free transfers, free airport parking which may increase passenger numbers leading to increase in profits - GDP per capita in the US and the UK is much higher than in central and south American countries which may mean competitive prices can be charged to consumers in those countries - Economic growth is positive in the UK, Mexico and the US which may mean consumer incomes are rising so holidays overseas (luxury good) may still increase with competitive pricing Penetration pricing - UK-based consumers may be used to Ryanair being a market leader in low-cost travel. Therefore they may see this partnership as an opportunity to book long-haul flights to new destinations such as Mexico and Brazil. - If the Americas market is new to Ryanair, then by setting a lower price than rivals Iberia and Vueling should entice customers to give their flights a try. If satisfied then this should help build the brand/sales further and help to maximise profit - Ryanair is the largest airline in the worldwide in terms of passenger numbers. Therefore it can achieve economies of scale which enable it to lower costs and offer lower prices than competitors. This means that Ryanair can use penetration pricing and still make a profit. - GDP per capita is much lower in countries like Cuba and Brazil, in which case penetration pricing may be possible for Ryanair given that they may face lower operating costs e.g. airport ground staff wages, landing fee - Economic growth is negative in Argentina, Brazil and Cuba which may mean UK consumer purchasing power may be higher so Ryanair long-haul holidays (luxury good) may be encouraged with penetration pricing <i>Possible recommendations</i> - Competitive pricing may lead to higher profits as UK consumers may	

	expect to pay higher prices for long-haul destination in return for a better customer experience e.g. food, entertainment and more leg room • In the short term penetration pricing may not lead to profits. But in the long term may enable Ryanair to establish itself in the long-haul flights market for UK consumers allowing it to raise prices at a later date to maximise profit. Examples of possible 'MOPS' recommendations • Market – The low cost airline market is increasingly highly competitive and therefore faced with competition from companies like Vuelling and Iberia it is important to gain a foothold in the market by offering penetration pricing • Objectives – Maximising revenues and minimising costs determine profitability, so whilst penetration pricing may cause revenues to be lower initially, (assuming price elastic demand) once prices increase any shortfalls in sales revenue from passengers could be compensated for over the longer term • Product – price competitively and in doing so maintain revenues over the period and instead gain extra customers through non-price factors such as offering better quality seats with extra leg room, better quality in flight meals, better customer service • Situation – 2016 GDP growth across the less developed economies in Extract H table (Argentina, Brazil, Cuba and Mexico) averages -1.3 which suggests that its is important for Ryanair/Air Europa to price these flights competitively because the economies are not growing and so incomes are not increasing for potential passengers, otherwise sales would suffer on the basis of affordability	(20)
--	---	------

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–4	Isolated elements of knowledge and understanding. Weak or no relevant application of business examples. An argument may be attempted, but will be generic and fail to connect cause(s) and/or consequence(s)/effect(s).
Level 2	5–8	Elements of knowledge and understanding, which are applied to the business example. Arguments and chains of reasoning are presented, but connections between cause(s) and/or consequence(s)/ effect(s) are incomplete. Attempts to address the question. A comparison or judgement may be attempted, but it will not successfully show an awareness of the key features of business behaviour or business situation.
Level 3	9–14	Accurate knowledge and understanding, supported by relevant and effective use of the business behaviour/context. Uses developed chains of reasoning, so that cause(s) and/or consequence(s)/effect(s) are complete, showing an understanding of the question. Arguments are developed. Quantitative or qualitative information is introduced in an attempt to support judgements, a partial awareness of the validity and/or significance of competing arguments and may lead to a conclusion.
Level 4	15–20	Accurate and thorough knowledge and understanding, supported throughout by use of relevant and effective use of the business behaviour/context. Uses well-developed and logical, coherent chains of reasoning, showing a range of cause(s) and/or effect(s). Arguments are fully developed. Quantitative and/or qualitative information is/are used well to support judgements. A full awareness of the validity and significance of competing arguments/factors, leading to balanced comparisons, judgements and an effective conclusion that proposes a solution and/or recommendations.