



# Examiners' Report June 2011

## GCE Business Studies 6BS04 01

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## Introduction

For the second examination in this series the featured business was a large national PLC, Morrisons. The intention was that the business provided an accessible context for students who will be familiar with the supermarket sectors. Throughout the period of pre-release there have been numerous media features on supermarkets in general and Morrisons in particular; this undoubtedly enhanced preparation for students.

The paper followed the previous format of smaller knowledge and application based questions, progressing to an Evaluation question at the end of section A. A case study example such as Morrisons with its interesting recent history provided a wide scope for examining topics not tested to date. Section B, as will always be the case, asked 'open-ended' questions intended to prompt students to explore broad issues of Corporate Strategy.

Successful candidates had been prepared well, with additional use of materials available through the media and possibly even visits, or first hand experience of working for Morrisons!

It is important to remember that the pre-release and additional information **is sufficient** to answer the questions completely. While additional research is useful it should not detract from the main themes of the published examination material.

Where candidates did less well, *application* was the key differentiator. Too many candidates are still writing generic 'textbook' responses to questions that could apply to any business. This was particularly evident with question 7a, where we witnessed many generic 'uses and limitations of critical path analysis', which did not show sufficient appreciation of Morrisons or its competitive environment.

## Question 1

CSR can be quite an open-ended concept and as such this question was set in the expectation of students answering in a range of ways.

### Additional Evidence H

#### Morrisons supermarket gets writer's block over children's toy

Growing up and learning to read is difficult enough, but this task has been made even more difficult by a set of alphabet building bricks which insists that a sailing boat is called a 'Yatch' and the device that keeps the rain off is an 'Uمبرlla'.

The unhelpful educational toys, made in China and sold for £3.22 in Morrisons, have now been removed from the shelves after a shopper spotted the spelling mistakes.

Suzanne Toulson bought the bricks for her nine-month-old granddaughter Millie. When she pointed out the error to Morrisons, she was told the bricks would remain on sale until stocks ran out. 'When I contacted their customer services, they told me that new stocks were on their way but they were not going to withdraw the ones with mistakes but let them be sold instead. I couldn't believe their attitude. I have been back to my local store and there are at least a dozen toys on the shelves which still have the same mistake.'

The decision, however, has since been reversed. Customers can return the products to store for a full refund.

(Source: adapted from article by Sam Jones, guardian.co.uk, Tuesday 5 May 2009)

1 What is meant by the term 'Corporate Social Responsibility' (Evidence G)?

Corporate social responsibility is the responsibility a firm has towards stakeholders such as the local environment and customers, which extends beyond government legislation. Evidence G gives the example of Morrisons doing their bit to educate children in healthy eating.

(Total for Question 1 = 2 marks)



### ResultsPlus Examiner Comments

The key point for students to recognise is that CSR is an optional policy adopted by a business 'above the legally required minimum' in terms of recognising this importance of stakeholder groups such as employees, environmental groups, and even customers.



### ResultsPlus Examiner Tip

This response scores 2 marks because the definition is clear and concise in these terms. The example of the 'educating children in healthy eating' is not essential for the two marks as this is a pure Knowledge question. However, it is a good habit for candidates to adopt, as it provides another route to achieving 2 marks, should the definition be less strong.

## Question 2

Capital Expenditure is a straightforward concept, crucial in understanding a business' financial plans.

2 What is meant by the term 'Capital Expenditure' (Evidence A, line 12)?

Capital expenditure is expenditure on fixed assets and other capital items which are to bring the business long term benefits for a long period of time i.e. over a year. For example, the purchase of a new cashier till at Morrisons or spending 'in IT'.



**ResultsPlus**

**Examiner Comments**

This question was seeking candidates to simply outline the concept, if possible with reference to the Morrisons pre-release (though again this was not essential for 2 marks).



**ResultsPlus**

**Examiner Tip**

This response scored 2 marks and is excellent in all aspects. It clearly states that Capital Expenditure is 'on fixed assets' and on things that 'benefit the business long-term i.e. over a year'. This is of sufficient quality to gain two marks; the relevant example merely acts as insurance again, should the quality of the definition not be as high.

2 What is meant by the term 'Capital Expenditure' (Evidence A, line 12)?

The term Capital expenditure means, how much money a firm or business has spent throughout a time period. Evidence A suggests that Morrisons financial year was to more than 11m. This may be due to their plan of expenditure of stores.

(Total for Question 2 = 2 marks)



**ResultsPlus**

**Examiner Comments**

In comparison, this response is far too vague; Capital Expenditure is much more than simply 'expenditure over a certain time period'. The candidate has also failed to offer a valid example, which may have helped him/her to achieve 1 mark

### Question 3

- 3 Analyse how a conflict between **two** different stakeholder groups might result from the spelling errors outlined in Additional Evidence H.

Stakeholders are those groups in society which have a direct interest in the activities and running of the firm: for example, creditors, suppliers etc. The spelling error may have caused a conflict between the shareholders of the business and its customers. Shareholders, who invested personal money would want to see profits maximised. Customers would want to buy good quality products at affordable prices. The spelling error on the blocks means that customers were denied the quality which is essential. The error on the blocks resulted in stocks being withdrawn from shelves. This stock wastage would inevitably result in a loss of profits that could have been made by selling the stocks. This adversely affects shareholders who would not have wanted the withdrawal of the stocks. Hence the conflict between customers, especially parents and grandparents, and shareholders on the matter of the blocks.



#### ResultsPlus

##### Examiner Comments

Students were expected to show knowledge of the term stakeholders and/or examples of these groups. Candidates were then expected to apply this knowledge to the specific situation of the spelling errors, by identifying which stakeholders would be involved e.g. managers and customers. The analysis marks were available for explaining the 'conflict' between these groups e.g. Managers concerned with customer service and the customers wanting a refund.



#### ResultsPlus

##### Examiner Tip

This clip is applied really well to the specific situation, focusing on shareholders and customers. Particularly impressive is the clear analysis that the candidate shows, for example in explaining how the error may have led to the removal of the product from shelves, reducing sales and then potentially reducing profits which might reduce shareholders' dividends. 6 marks scored.



- 3 Analyse how a conflict between **two** different stakeholder groups might result from the spelling errors outlined in Additional Evidence H.

Stakeholders are companys/people who have a stake in the business. One way it could cause conflict is through not knowing who's fault it was. The two different stakeholders who blame one another because this would cost the company alot of money, it would also waste alot of money. Therefore cost would be high but ~~the~~ revenue would ~~be~~ be low. This making hardly any profit.



### ResultsPlus

#### Examiner Comments

In contrast, this candidate is much vaguer in his/her definitions. There is little if any application to the situation and no explanation of how it may have led to conflicts between stakeholder groups. Only 1 mark scored here.



### ResultsPlus

#### Examiner Tip

Aim to apply all answers to the Morrisons context and in this case the specific incident as outlined in the additional evidence.

## Question 4

This question was not answered as well as expected. Return on Capital Employed is an important ratio in the specifications and a surprising number of candidates did not seem able to make the required calculation.

- 4 In 2008 Morrisons' Capital Employed was £4 378 m, and in 2009 it was £4 520 m. Using this information and Evidence B, calculate the Return on Capital Employed for 2008 and 2009.

Return on capital employed measures the value the assets are when generating sales and making profits.

$$\text{ROCE} = \frac{\text{operating profit}}{\text{capitalemployed}} \times 100$$

$$\text{ROCE of 2008} = \frac{602}{4378} \times 100$$

$$= 13.98\%$$

$$\text{ROCE of 2009} = \frac{671}{4520} \times 100 = 14.85\%$$

(Total for Question 4 = 4 marks)

~~2008 = 13.~~

2008 = 14.0%

2009 = 14.9%



### ResultsPlus Examiner Comments

As with previous series, four marks were available for the correct answers, irrespective of the showing of working. With correct answers the knowledge of the calculations would be implied with a correct answer. Candidates were expected to simply take the Operating Profit from both years in Evidence B and use the previously unseen Capital Employed figure from the question to make the calculation.



### ResultsPlus Examiner Tip

This candidate offers an excellent answer, outlining the technique used, calculations made and gives the correct answer. 4 marks.



## Question 5

This question was intended to give candidates the opportunity to show knowledge and understanding of gearing and how this might relate to other factors in influencing (or not) Morrisons' expansion plans

5 Morrisons' Gearing Ratio was 12% in 2008 and 14% in 2009.

Using this, and any additional relevant information, evaluate Morrisons' plans to open more stores in the south of the UK (Evidence A).

Gearing is the proportion of the total capital that is raised from long-term loans. Morrisons plans to open more stores in the south of England is beneficial to a very great extent as it helps achieve its aim of becoming a 'nationwide grocer'. Furthermore, it allows it to compete more effectively with its main 3 rivals. The growth will also give it a greater presence in the south where it doesn't have as strong a presence.

This is also more advantageous as sales growth had been 'particularly strong' in the south of England. Internal growth strategies are also less risky and allow further penetration of the market to increase market shares <sup>as customers would plan taking sales away from rivals</sup>. Furthermore, gearing is limited and lowly geared at just 14%. Morrisons is the lowest geared out in the supermarket industry and hence, this risk is not very substantial and is worth taking. It will also help Morrisons achieve great economies of scale.

However, Morrisons needs to worry about its liquidity position. It has a liquidity ratio way below the ideal of 1.5-2:1 at 0.7. Hence, rapid growth increases the risk of overtrading. Furthermore, liquidity position is further harmed as loans have increased by 2% over the years increasing the burden of interest payments.

Furthermore, moving into the south where it's the 'dowdy image as a budget price selling traditional Northern retailer' is risky as its image may not be accepted by the new customers in the new market as explained by Ansoff's strategy of market development.

In conclusion, though the move is risky, financially and in terms of marketing, it is a bold and necessary step to help Morrisons achieve its aims.

(Total for Question 5 = 8 marks)



**ResultsPlus**

**Examiner Comments**

Candidates were expected to interpret what an increase in gearing from 12% to 14% is likely to mean to a business like Morrisons. Although it had increased, it remained still 'lowly geared' by most measures. This was the application element of the question; the analysis then follows by explaining how this may/may not affect expansion plans e.g. they are able to take on more debt without becoming vulnerable to interest rate rises; banks may see them as a good bet to lend to as they have a small external liability.

The key to answering this question well was to look at both aspects clearly i.e. the gearing situation and any other financial or non-financial factors. This second aspect was deliberately open-ended so that candidates could bring in a range of factors from needing to keep up with competition, to recent profit figures.



**ResultsPlus**

**Examiner Tip**

8/8 This candidate's response clearly analyses the financial aspects of Morrisons gearing position, but puts this clearly in the context of the wider competitive environment. Particularly impressive is the way in which the candidate makes a judgement that their expansion could be seen as risky, it is important if Morrisons are to meet its overall growth objectives.

5 Morrisons' Gearing Ratio was 12% in 2008 and 14% in 2009.

Using this, and any additional relevant information, evaluate Morrisons' plans to open more stores in the south of the UK (Evidence A).

As Morrisons are low geared, most of their capital is not covering loans. This allows Morrisons to fund expansion using long-term sources of finance. However, as Morrisons capital isn't very liquid, this could be problematic to Morrisons if short-term costs occur, and in opening new stores, more of Morrisons' capital will be spent on stock, meaning more of Morrisons' assets are tied down in stock. With the low gearing potentially increasing to fund expansion, there will be an increase in costs associated here. The new stores opened may struggle to attract customers in what is becoming a saturated market.



### ResultsPlus

Examiner Comments

3/8 This candidate is typical of a few who confused Morrisons' gearing position with its short-term liquidity position. They do however, recognise accurately some aspects of gearing and its effects.



### ResultsPlus

Examiner Tip

Look carefully at the two aspects to a question; in this case 'gearing and any other relevant information'.

## Question 6

This question was intended to fit with the nature of the paper overall, that is looking at techniques used to make business decisions. Ansoff's matrix is one tool that could be used in business decision making regarding corporate strategy. Candidates did not score as highly as anticipated because many failed to identify the main aspect of the question – how valuable is Ansoff's matrix to Morrisons' expansion?

In order to achieve more than 4 marks, candidates needed to analyse how Ansoff may or may not be useful. For example, it could be seen to identify how risky an expansion strategy is, but at the same time it might not be as valuable for Morrisons as it was not clear whether their plan was market penetration or market development. 7/8 mark responses were rare, but these were achieved by candidates who looked for the uses and limitations of Ansoff in context.

### 6 Assess the likely value of Ansoff's Matrix in shaping Morrisons' expansion.

|        | Products           |                     | risk ↓ |
|--------|--------------------|---------------------|--------|
|        | Market             | Product             |        |
| Market | Market Penetration | Product Development |        |
|        | Market Development | Diversification     |        |

Ansoff's matrix, help to pinpoint exactly where a business should be focusing, and what products they should sell to help achieve this.

This is very valuable to Morrisons as they are able to see what they need to do in order to move away from a one selling budget store, into a nationwide value store. This is achieved through market development. This is because for Morrisons they are going to be operating in a market they have little to do with, in the south, and so they can then be able to analyse what exactly they need to do in order to be successful in their market development.

However, this may not be entirely useful for them, due to the industry in which they operate in, and they already know what they need to do in order to become a success in the south, by ditching the budget/budget range. Furthermore, it could also be seen as market penetration, due to the market already being in existence. However, it is useful to Morrisons as they will be able to sell current products such as "The Best" range (current product) in what will be a new market to them. (Total for Question 6 = 8 marks)



### **ResultsPlus** Examiner Comments

8/8 The candidate's answer focuses clearly on the uses and limitations of Ansoff's matrix and it does so, clearly in context, using examples from the Morrisons' range to illustrate key points.



### **ResultsPlus** Examiner Tip

Remember that tools such as Ansoff's matrix have uses and limitations. They may help business decision making, but they may not be appropriate in all situations.



6 Assess the likely value of Ansoff's Matrix in shaping Morrisons' expansion.

Ansoff's Matrix is a tool used by a company to see where what will help them expand and four ways are through, Market Penetration, Product Development, Market Development and Diversification. The likely value of Diversification in shaping expansion for Morrisons is essential as for its main competitors Tesco and Asda, this has worked. Using A product in a new market such as Online shopping will boost market share because of the country now being more technological than ever before, Morrisons are the only store that don't offer an online service or even sell non-food items, however they did announce introducing 500 new non-food items. Another way of expanding through Ansoff's Matrix is through Market Development which consists of expanding overseas which is a risk as it's a clash of culture and Morrisons strategy will change. Tesco, failed overseas

(Total for Question 6 = 8 marks)

and lose a great amount of money.

**TOTAL FOR SECTION A: 30 MARKS**

Overall, Morrisons should set up an online service as it is a success for other competitors and there should have a USP to make them gain competitor advantage through cost leadership. Michael Porter's Five Forces.





**ResultsPlus**

**Examiner Comments**

4/8 This response is typical of many we saw. It is clearly written in context, and applies Ansoff's matrix clearly to the Morrisons example. However, it answers a slightly different question to the one posed ie something along the lines of 'using Ansoff's matrix, explain the possible strategies open to Morrisons'. This answer does not make a judgement about how useful or not Ansoff's matrix is as a decision-making tool.

### **Question 7 (a)**

This is the first time that Critical Path Analysis (CPA) has been examined on this specification. The intention was that students would show their knowledge of the techniques with close reference to the Morrisons example of building a new store and the challenges faced. As in previous series, the question had a degree of open-endedness and was written in such a way that all candidates could attempt a response.

The key to success in this question was to make sure that responses were closely applied, both to the specific network information and to the wider context of the supermarket industry. Where candidates struggled, application was the main discriminator. There were a large number of 8 marks scored, awarded for non-contextual analysis i.e. a generic discussion of the uses and limitations of CPA. Better responses used the information from the network, quoted from it extensively i.e. used specific activity durations, named them appropriately e.g. 'erect steel frame' and also identified the need for speed in construction due to the wider competitive environment. Contextual conclusions using the MOPS (Market, Objectives, Product, Situation) approach achieved the highest marks.

\*(a) Assess the usefulness of this information to Southern Counties Construction and Morrisons when planning and building a new store.

(20)

A project management tool is a tool that is used to ensure tasks are completed efficiently and each allocated resource is used efficiently too.

One of the usefulness associated with using the information tool is to allow Morrisons to pre-plan what <sup>tasks</sup> needs to be done for the construction of these new stores. By implementing a <sup>network diagram</sup> Critical path analysis, Southern Counties Construction will have clear instructions to perform, which will speed up the process of the construction rather than creating plans on the day of the construction.

This also leads on to Morrisons saving costs. The 'just in time' production technique can be incorporated into the construction plan. The schedule lists the tasks in order, allowing Morrisons to know what materials are needed when. So instead of purchasing all the <sup>required</sup> ~~required~~ items for the construction at once & storing them in a warehouse ~~that they~~ they can use the 'JIT' technique to get materials <sup>delivered</sup> ~~delivered~~ at the time of need, saving storage costs and transportation costs.

However there are problems with <sup>the</sup> schedule and the network diagram. The critical path extracted from the schedule may not be accurate. This is because the tool

is only a prediction. If Morrisons were to have their whole construction process put on this schedule then <sup>both Morrisons & Southern Counties Construction</sup> ~~they~~ will face problems.

For instance, if they decide if the 'brickwork & blockwork' gets delayed

due to poor weather conditions then the whole construction work will be affected. Southern Counties Construction will have to wait until ~~the~~ the situation gets better before resuming work because they have no other instructions apart from following the schedule & its diagram. So therefore the accuracy & reliability drawn from the diagrams are very low for managers to use as basis to construct stores.

Overall I believe that the network diagram is particularly useful for both managers & the construction company. After evaluating the costs & benefits it seems that the network diagram will give a realistic reflection of the ~~time spent~~ <sup>as well as time</sup> the resources that will be needed. It can be argued that 51 weeks for 'construction of a new store' is far too long & needs to be revised, but that takes into account the float time available. This float time can be taken into account when managers create a contingency plan which will outline possible ~~disasters~~ emergencies & appropriate timings to overcome the emergencies and ~~also~~ begin work again.



**ResultsPlus**

**Examiner Comments**

18/20 This candidate analyses the uses and limitations in context. Added to this is a well written evaluative conclusion, where the candidate argues that 51 weeks might still be too long for the project. If the candidate had explained that competitors such as Asda and Tesco may be constructing stores more quickly and more efficiently, this response would have achieved 20 marks.

\*(a) Assess the usefulness of this information to Southern Counties Construction and Morrisons when planning and building a new store.

(20)

This information is very useful to Morrisons and the construction company because it allows them to view how long the build will take, ~~and~~ and how much float time they have in between tasks where things could go wrong or be delayed. This helps Morrisons as they can make decisions from this information. The information suggests the build will take 70 weeks from start to finish, this is way too long and will cost Morrisons a lot of money to hire workers. A decision they may make is to hire a worldwide construction company who can provide endless resources to get the job done quicker, however having to pay a premium price which may work out cheaper than paying to hire workers for over a whole year. It is important to the construction company because the information allows them to work out costs



for the time needed, and if morrison's cannot find alternate construction companies to do the work the southern counties construction may take advantage and higher supply costs, and causing more losses for morrison's.

The information allows morrison's to roughly work out how much it will cost them and help make important decisions for the future.



**ResultsPlus**  
Examiner Comments

8/20 This is an example of an answer that is generic and not in the context of Morrisons. It discusses uses and limitations of CPA, but in a way which could be about any business, not specifically this one.

## **Question 7 (b)**

The final 30 mark question is traditionally open-ended, giving the candidates an opportunity to show the breadth and depth of their understanding of a large area of the specification content. This time the focus was Human Resource Competitiveness (HRC) as measured by labour productivity and labour turnover.

Candidates were encouraged to revisit evidence C, which outlined the staff benefits available to Morrisons employees and begin to make possible links between these and HRC.

This question has a large number of marks available for evaluation (15/30), so it is crucial that candidates look at both sides of the argument and try to come to some sort of judgement. In this case the balance could come from one of two approaches: looking at the other factors outside evidence C that may have affected HRC, such as the recent recession; or looking at the limitations of the benefits offered e.g. the qualification period may put off some staff from gaining the benefits.

In the former approach, the best responses looked at a range of 'internal factors', such as the corporate culture, or management style, as well as 'external' factors such as what competitors offer, or the economic climate.

Accurate reference to motivational theorists, although not explicitly requested in the question, are relevant here and worthy of reward. Again, candidates are encouraged to show their wider knowledge of the specification where relevant to the particular question under discussion.

\*(b) Evaluate the likely importance of staff benefits (Evidence C) in improving Morrisons' Human Resource Competitiveness.

(30)

Staff benefits can be in the form of monetary and non monetary rewards. The monetary rewards Morrisons offers are '10% <sup>staff</sup> discount', 'profit share' etc. These rewards would meet the physiological needs of staff and prevent dissatisfaction. The fringe benefits like 'social committee' would give workers more job satisfaction as working at Morrisons becomes very rewarding. By keeping workers happy, they will be encouraged to work harder and stay at Morrisons. The firm has a high staff turnover of 22%. With only 33% of workers staying on for at least 5 years. If workers are happy, productivity would increase and increase sales making Morrisons more competitive. The Human Resource Dep. believes in motivating and attracting skilled workers so quality of products is high. By making sure their ~~highly~~ highly qualified staff is happy it would reduce their labor turnover. The HR department also believes in engagement with the workers. 'Game 5' briefing can encourage feedback and give workers a chance to express their opinion. With the help of climate survey.

employees job satisfaction with the organisation and management can be identified. Morrison also has a leadership initiative called 'Leading the Morrison way' which meets employees needs for advancement as Morrison believes in building workers from within the company. Morrison also integrates core values into workdays like 'team spirit' and a 'can do approach' with the help of the company wide education program. Morrison also has its own training program which gives nationally recognized qualifications to its market street employees. Therefore developing employees skills would also increase HR competitiveness. Staff benefits would definitely increase productivity and give employees <sup>reason</sup> to stay on at Morrison especially if there are few other organisations that offer the same benefits. However Morrison hires a lot of college graduates who are keen on <sup>opportunities of being</sup> trained and promoted which Morrison has. It is important for the firm to have a good working environment and an effective recruitment and selection procedure which guarantees the right candidates are chosen. Keeping employees happy is also extremely important.

now because of the culture change from power culture to role culture and because of the change of Chairman - Ian Gibson. This would effect many strategic decisions made. Because the supermarket industry is very competitive and because Morrisons is not the market leader, it is important for them to have any competitive advantages against its rivals. Keeping staff happy is not only ethical but would increase productivity. However staff benefits are not the only way to improve Morrisons HR competitiveness. With the help of training; a positive safe

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(Total for Question 7 = 50 marks)

**TOTAL FOR SECTION B: 50 MARKS**

**TOTAL FOR PAPER: 80 MARKS**

and healthy environment and an effective HR department who recruits the right people for the right job Morrisons can obtain a big competitive advantage. By following Herzberg's Theory hygiene factors need to be met but the motivating factors like responsibility would increase job satisfaction and motivate workers to work hard. Because of the recession, job opportunities are fewer which would reduce staff turnover. It is important to note that political, economical, social and technological factors can also effect the HR competitiveness.



## ResultsPlus

### Examiner Comments

27/30 This response uses a range of contextual examples to point out that there are many other factors outside the benefits in Evidence C, that may affect HRC. For example, there is discussion of the possible effects of the new chairman, Ian Gibson and how he may affect Morrisons culture and therefore the attractiveness of working there. The conclusion works towards a clear judgement, bringing in relevant theorists such as Herzberg. It missed out on achieving 30 marks because there was insufficient linking to the industry and competitive factors influencing staff motivation and therefore HRC.



\*(b) Evaluate the likely importance of staff benefits (Evidence C) in improving Morrisons' Human Resource Competitiveness.

(30)

According to evidence C Morrisons value their staff, they give them a range of rewards and incentives to work there.

To many business including Morrisons the importance of staff benefits is extremely important. If the staff are happy and motivated then there is no reason as to why they shouldn't be doing a good job. ~~Morrisons main priorities~~ ~~is to be the one of Morrisons main priorities~~ is to be the one of Morrisons main priorities is to be the staff well, this is a priority as if they be staff extraordinarily early this is going to please the employees but also influence more people to work there?

By treating the staff well with benefits this would please shareholders such as shareholders and customers. Not only would it please shareholders but it would increase their brand image. They would be seen as a company that values ~~the~~ ~~it~~ their staff this may encourage people to shop at Morrisons more due to the fact that their image is very ~~strong~~ ~~strong~~ strong brands the staff. If there are more customers there is more profit hence it is very important.

that staff have benefits. By having staff benefits is that makes managers more successful, and success is good always.

However it may not be so important that staff have benefits, as they cost too much. Later on, costs could be exceptionally high and the workers may still feel demotivated. If this was to happen then managers have used a lot of money on the staff and it has gone to waste. Shareholders would be displeased that the employees are being given incentives and yet they are not doing their jobs as well as they could be.

Also surely when employees are hired they should be doing their jobs to the best of their abilities with or without benefits?

To many businesses such as Nike they don't value their staff with benefits that we know of like managers. This just goes to show that a business doesn't have to give staff benefits in order to be successful.

To conclude I believe that the more staff benefits are extremely important to the human resource business. If managers increase the benefits on

improving their human resources then they could become more successful eventually because they have increased staff benefits that would make competition with other supermarkets more easier. However they may spend too much money within the staff benefits and trying to improve them. This is going to cost them alot of money. Moreover they may not be able to afford to improve their human resources in competitiveness as they are choosing to open 48 new stores within one whole year. how are they going to have enough money to improve human resources if they are choosing to expand?

(Total for Question 7 = 50 marks)

**TOTAL FOR SECTION B: 50 MARKS**

**TOTAL FOR PAPER: 80 MARKS**

To conclude its important that staff benefits are improved for human resources however its going to cost manias a bit in order to improve the benefits in order to compete with other supermarkets, they may not have enough money as they are choosing to expand.

But in all its is quite important because the better the staff are the more competitive the supermarkets will get and manias maybe in the top 3 supermarkets in a few years as they have based their staff benefits as most important.



## ResultsPlus

### Examiner Comments

8/30 Although this is a well written response, there is insufficient context for the answer to score any more highly. For example, there is no discussion of what benefits are contained in Evidence C, or how they might affect Morrisons HRC. Once more, this response could be written about any business and does not relate sufficiently clearly to the business in question. Accurate analysis or evaluation is not possible without an understanding of the particular business, in this case Morrisons, or the context in which it operates.

## **Paper Summary**

There is a danger that familiarity can lead to complacency with businesses such as Morrisons. Many candidates clearly had a good grasp of the business, its ethos and objectives and certainly recent developments there. It is still important that the specific fundamentals such as financial performance and financial measurements are considered and understood. This paper will always be an examination on the business concepts covered in the specification; students are expected to apply this to a particular context, by showing an understanding of the business. Pre-released case studies should give centres plenty of scope to prepare candidates in this way. It is clear that many are doing this very successfully.

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