

Answer ALL questions. Write your answers in the spaces provided.

SECTION A

Read the extracts (A to D) in the Source Booklet before answering Question 1.

- 1 (a) Explain **one** benefit to Vidsy of having a mission statement.

(4)

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- (b) Using the data in Extract B, calculate Vidsy's return on capital employed (ROCE) for 2021. State your answer to two decimal places. You are advised to show your working.

(4)

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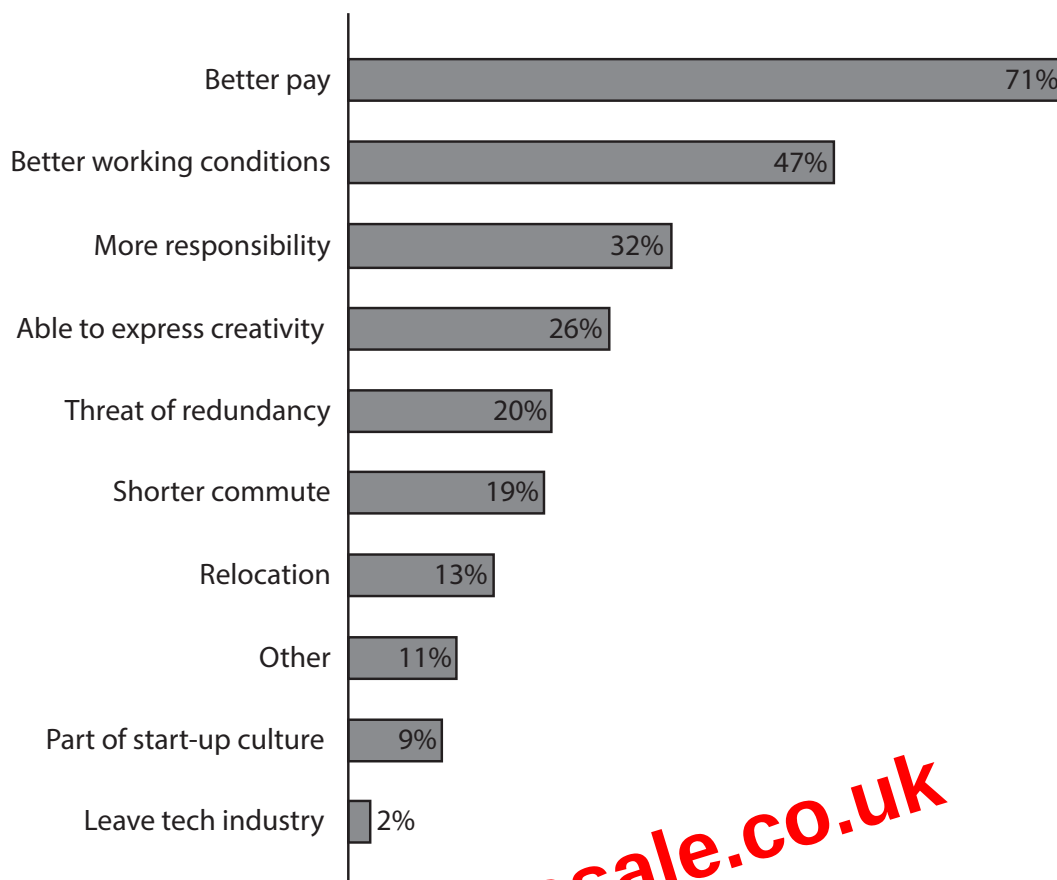
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## Extract C

### Labour turnover in the technology sector

#### Reasons for changing employers



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(Source: adapted from <https://devskiller.com/attrition-rate-in-tech/>)

| Question Number | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Mark       |
|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| <b>2(a)</b>     | <p style="text-align: center;"><b>Knowledge 1, Application 3</b></p> <p>Quantitative skill assessed:</p> <p><b>QS1:</b> Calculate, use and understand ratios, averages and fractions</p> <p><b>Knowledge: 1 mark for</b> use of the correct formula<br/> Operating profit margin = operating profit/revenue x 100 <b>(1)</b></p> <p><b>Application: up to 3 marks for</b></p> <ul style="list-style-type: none"> <li>• Calculation of operating profit margin in 2021:<br/> <math>6.53\text{bn}/53.82\text{bn} \times 100 = 12.13\% (12.13303605\%)</math> <b>(1)</b></li> <li>• Calculation of operating profit margin in 2022:<br/> <math>13.65\text{bn}/81.46\text{bn} \times 100 = 16.76\% (16.7566904\%)</math> <b>(1)</b></li> <li>• Calculation of the difference in operating profit margin:<br/> <math>16.76\% - 12.13\% = 4.63\%</math> <b>(1)</b><br/> <b>or</b></li> <li>• <math>16.7566904\% - 12.13303605\% = 4.62\%</math> <b>(1)</b></li> </ul> <p><b>NB:</b> If the only answer given is 4.63%, 4.63, 4.62%, 4.62 award 4 marks. If the answer given is 4.6% or 4.6 award 3 marks</p> | <b>(4)</b> |

| Question Number | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Mark       |
|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| <b>2(b)</b>     | <p style="text-align: center;"><b>Knowledge 1, Application 2, Analysis 1</b></p> <p><b>Knowledge: 1 mark for</b></p> <ul style="list-style-type: none"> <li>• understanding of capacity utilisation: current output/maximum possible output x 100<br/> <b>or</b></li> <li>• identification of a benefit of high levels of capacity utilisation such as lower unit costs or more efficient use of resources</li> </ul> <p><b>Application: up to 2 marks for</b></p> <ul style="list-style-type: none"> <li>• Tesla produced 1.37m vehicles in 2022, a 47% increase on 2021</li> <li>• Tesla's factories employ lean production techniques such as JIT</li> </ul> <p><b>Analysis: 1 mark for</b></p> <ul style="list-style-type: none"> <li>• High levels of capacity utilisation means that the fixed costs of Tesla's factories are being spread over more units of production, resulting in lower unit costs per vehicle</li> </ul> | <b>(4)</b> |

| Question Number | Indicative content                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
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| 2 (c)           | <p data-bbox="403 271 1273 304"><b>Knowledge 2, Application 2, Analysis 3, Evaluation 3</b></p> <ul data-bbox="403 327 1377 394" style="list-style-type: none"> <li>Task culture is an organisational culture which places the emphasis on individual projects and small teams.</li> </ul> <p data-bbox="357 432 574 465"><b>Task culture:</b></p> <ul data-bbox="403 470 1377 929" style="list-style-type: none"> <li>Tesla has an innovative problem solving culture. Design teams are expected to come up with new ideas for new products such as the Cybertruck. This may result in better decision making and cutting-edge products in this emerging market</li> <li>Employees are expected to rapidly respond to trends and changes in the market. For example, employees may be organised into projects teams that develop cutting-edge electric cars and related products. This may be a source of competitive advantage compared to rival electric vehicle manufacturers such as Nissan</li> <li>Production workers are encouraged to suggest ideas for improved productivity and quality. Working in small teams may improve employees' motivation (Mayo).</li> </ul> <p data-bbox="357 987 724 1021"><i>Possible counterbalance:</i></p> <ul data-bbox="403 1025 1366 1485" style="list-style-type: none"> <li>Different teams may have competing interests e.g. one team may be focused on improving the Model S, whilst another could be just concerned with the Model X. This may lead to a lack of co-operation</li> <li>The need to constantly come up with new ideas may be stressful for some employees such as the production workers who may prefer to just focus on making the cars. This could lead to an increase in absenteeism and labour turnover</li> <li>Working in teams could lead to conflict between the team members. This may result in slower decision making and delays in responding to market changes, such as developing new models of electric trucks.</li> </ul> <p data-bbox="357 1523 660 1556"><i>Potential judgement</i></p> <ul data-bbox="403 1561 1377 1944" style="list-style-type: none"> <li>Task culture is important for Tesla's continued success because the electric vehicle market could become more competitive as more manufacturers focus on developing these vehicles. A task culture emphasises the importance to employees of working together to develop products that match or exceed those from rival car manufacturers.</li> <li>As a consequence of Tesla's expansion, alternative cultures may be more appropriate for continued success. For example, a role culture where employees are given specific responsibilities, such as quality management, could result in a more organised and efficient workforce.</li> </ul> |

| Question Number | Indicative content                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
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| 2 (d)           | <p><b>Knowledge 2, Application 2, Analysis 4, Evaluation 4</b></p> <ul style="list-style-type: none"> <li>Lean production is an approach to management that focuses on cutting out waste, whilst ensuring quality.</li> <li>Competitive advantage is a feature of a business and/or its products that enables it to compete effectively with rival producers/products.</li> </ul> <p><b>Value of lean production:</b></p> <ul style="list-style-type: none"> <li>Lean production includes an emphasis on Kaizen (continuous improvement). This is appropriate for Tesla's innovative problem-solving culture. Kaizen could lead to improvements in quality and productivity in the manufacture of its vehicles</li> <li>Just in time (JIT) techniques could enable Tesla to reduce its stockholding costs through components for its vehicles being delivered exactly when required for production</li> <li>Tesla's use of advanced robotics should lead to higher productivity and more consistent quality, reducing the amount of defective vehicles.</li> </ul> <p><i>Possible counterbalance:</i></p> <ul style="list-style-type: none"> <li>Lean production could require additional training for its production workers to be effective. This training may have a financial cost, as it causes time and money to be spent more effectively on other activities such as producing more electric vehicles</li> <li>JIT is dependent upon Tesla having reliable suppliers. Tesla has a wide product range of four different car models and the Cybertruck. This may lead to difficulties for Tesla in finding suppliers that are able to provide all the different components required on a JIT basis</li> <li>Tesla's employees may not fully support the use of production techniques because there are higher expectations placed on them such as developing new ideas for reducing waste or streamlining production processes (Kaizen).</li> </ul> <p><i>Potential judgement</i></p> <ul style="list-style-type: none"> <li>The use of lean production is a source of competitive advantage because it has enabled the efficient production of vehicles leading to the increase of 47% between 2021 and 2022.</li> <li>Tesla's competitive advantage may have resulted from other sources, such as innovative design and effective marketing. These sources may be more important because all car manufacturers employ lean production techniques.</li> </ul> <p style="text-align: right;"><b>(12)</b></p> |