

## **Marking Guidelines**

### **General guidance for use**

The following guidelines are intended to help teachers/lecturers to assess candidate work to a consistent standard. For each assessment guidance is given on some of the answers which could be acceptable in meeting the requirements of the relevant performance criteria. The language used to outline possible answers will be familiar to teachers/lecturers but may not match exactly the wording used by candidates. In judging candidate responses therefore attention should be paid to the sense of the answer.

For each assessment guidance is given on some of the points which would be acceptable in meeting the requirements of the relevant performance criterion, bearing in mind those candidate responses will vary according to the nature of the co-operatives/social enterprises/private organisations selected. Sample answers are given for a range of contexts. Teacher/lecturer judgement should be exercised in areas which are outwith those which are described.

Ultimately, the level of performance involves the exercise of professional judgement, and so it is impossible to be completely prescriptive in the guidance. Staff should therefore exercise discretion in the use and interpretation of the suggested answers.

The use of a marking scheme with a pass mark, allows for a holistic approach to assessment.

**Instrument of Assessment 1, performance criteria (1.1)**

*List the six values on which co-operatives are based and briefly describe how a co-operative demonstrates these values.*

The total number of marks for this instrument of assessment is 9. The marking scheme indicates a minimum threshold of attainment of 6 marks out of 9.

**Question 1 - List the six values on which co-operative enterprise are based.**

**Answer**

Self-help  
Self-responsibilities  
Democracy  
Equality  
Equity  
Solidarity

Total of 6 marks, 1 mark for each relevant answer

**Question 2 - Using an existing co-operative that you are familiar with describe how it demonstrates these values.**

**Answer**

**Candidate to select a co-operative**, accept a description of any relevant values related to the chosen co-operative

**Example Answer**

<b>Example of a Co-operative</b>	<ul style="list-style-type: none"><li>• <b>Self help</b> – in co-operatives people help each other whilst helping themselves by working together for mutual benefit</li><li>• <b>Self responsibility</b> – individuals within co-operatives act responsibly and play a full part in the organisation</li><li>• <b>Democracy</b> – a co-operative will be structured so that members have control over the organisation</li><li>• <b>Equality</b> – each member has equal right “irrespective of race, creed, or political belief”</li><li>• <b>Equity</b> – members will be treated fairly and justly and receive benefits according to their contribution</li><li>• <b>Solidarity</b> – members will support each other and other co-operatives</li></ul>
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Total of 3 marks, 1 mark for each relevant value

**Instrument of Assessment 1, performance criteria (1.2)**

*Name the four ethical values which most co-operatives adopt and illustrate by example the difference between co-operatives and other organisations which might adopt these ethical values.*

The total number of marks for this instrument of assessment is 8. The marking scheme indicates a minimum threshold of attainment of 6 marks out of 8.

***Question 3 - Name the four ethical values which most co-operatives adopt.***

*Answer*

Honesty  
Openness  
Social responsibility  
Caring for others

Total of 4 marks, 1 mark for each relevant answer

***Question 4 - Give examples of how a co-operative demonstrates these ethical values and compare this with examples of how other organisations might adopt these ethical values.***

*Answer*

Accept any reasonable examples of how a co-operative demonstrates the ethical values given in question 3.

Total of 4 marks, 1 mark for example and 1 mark for comparison

To gain all 4 marks a comparison must be given, award a maximum of 3 marks if no comparison is given.

**Instrument of Assessment 1, performance criteria (1.3)**

***Describe the seven co-operative principles and illustrate by example how one co-operative has used these principles to put their values into practice.***

The total number of marks for this instrument of assessment is 14. The marking scheme indicates a minimum threshold of attainment of 10 marks out of 14.

***Question 5 - Describe all seven co-operative principles.***

***Answer***

Voluntary and open members  
Democratic member control  
Member economic participation  
Autonomy and Interdependence  
Education, Training and Information  
Co-operation among co-operatives  
Concern for the community

Total of 7 marks, 1 mark for each relevant answer

***Question 6 - Using an existing co-operative that you are familiar with describe how this co-operative has used these principles to put their values into practice.***

***Answer***

<b><i>Principles</i></b>	<b><i>Demonstrate these values</i></b>
Voluntary and open members	<b><i>Accept any reasonable answer</i></b>
Democratic member control	<b><i>Accept any reasonable answer</i></b>
Member economic participation	<b><i>Accept any reasonable answer</i></b>
Autonomy and Interdependence	<b><i>Accept any reasonable answer</i></b>
Education, Training and Information	<b><i>Accept any reasonable answer</i></b>
Co-operation among co-operatives	<b><i>Accept any reasonable answer</i></b>
Concern for the community	<b><i>Accept any reasonable answer</i></b>

Total of 7 marks, 1 mark for each relevant answer

**Instrument of Assessment 2, performance criteria (2.1)**

***Define what is meant by ‘members’ of a co-operative and give an example to illustrate this.***

The total number of marks for this instrument of assessment is 4. The marking scheme indicates a minimum threshold of attainment of 3 marks out of 4.

***Question 1 - Give a definition of what is meant by ‘members’ of a co-operative.***

A member is someone who uses the services of the co-operative and agrees to accept the responsibilities of membership (mainly providing capital for the business and participating in governance)

***Answer: accept any reasonable definition***

2 mark for a reasonable definition

***Question 2 - Using an existing co-operative you are familiar with and identify the members.***

***Answer: accept the correct description of the members of an existing co-operative.***

2 marks for a reasonable description

**Instrument of Assessment 2, performance criteria (2.2)**

***Describe and explain:***

***2 rights of members***

***The members’ responsibility in relation to finance.***

The total number of marks for this instrument of assessment is 3. The marking scheme indicates a minimum threshold of attainment of 2 marks out of 3.

***Question 3 - Using the co-operative you have chosen in question 2 describe two rights of members in the co-operative.***

***Answer***

***accept any 2 rights***

***Eg voting rights, income rights, transfer rights (may include transfer of assets and/or shares in a business), appreciation rights, information rights, liquidation rights.***

Total of 2 marks, 1 mark each description

***Question 4 - Describe the members' responsibility in relation to finance.***

***Answer***

Members have a duty to ensure that the co-operative is adequately financed. Members are responsible for providing most of the finance/equity at the start-up stage of the co-operatives life to ensure that it is adequately financed to begin operation.

Total of 1 mark for a description

**Instrument of Assessment 2, performance criteria (2.3)**

***Define the 'purpose of a co-operative' and use an example to explain the benefit to members of participating in a co-operative.***

The total number of marks for this instrument of assessment is 3. The marking scheme indicates a minimum threshold of attainment of 2 marks out of 3.

***Question 5 - State the purpose of a co-operative.***

***Answer***

The purpose of a co-operative is to improve the quality of life for members.

The purpose of a co-operative is to provide maximum benefit to its members by engaging in economic activities

Total 1 mark for any reasonable answer

***Question 6 - Explain the benefits to the members of participating in the co-operative mentioned above.***

***Answer***

***Benefits may include:***

- A right to a share in any surplus generated by the co-operative on a proportional basis.
- Members are involved in decision making on a democratic basis - one member, one vote
- More motivated

Total of 2 marks, 1 mark each benefit

**Instrument of Assessment 2, performance criteria (2.4)**

*Describe what is meant by governance and what distinguishes ‘co-operative governance’ from the governance of other companies.*

The total number of marks for this instrument of assessment is 3. The marking scheme indicates a minimum threshold of attainment of 2 marks out of 3.

***Question 7 - In relation to co-operatives, describe what is meant by the term ‘governance’.***

***Answer***

Though the term is loosely defined in academic circles, it can be understood as ‘the structures, processes, cultures and systems that engender the successful operation of the organisation.’

In essence, governance is concerned with ensuring the objectives of the organisation are achieved in a manner that is acceptable to the owners.

Total 1 mark

***Question 8 - Compare the governance in a co-operative with governance in other companies.***

***Answer***

- Co-operative governance is based on a system of personal rights rather than property rights as in the case of other companies
- In a co-operative members can exercise their right to participate in governance by voting directly on long-term business decisions and policy,
- As well as electing a board of directors to represent member interests. This is conducted on a one member/one vote basis.
- This is in comparison to other companies where the owners (shareholders) are not involved in voting on long-term business decisions and policy.
- Shareholders have voting rights at the AGM and voting depends on the types of shares owned and how many ie the more shares the more votes.

Total of 2 marks, 1 mark per comparison

**Instrument of Assessment 2, performance criteria (2.5)**

***Briefly explain the roles of members, the board of directors and management in a co-operative and how they influence each other.***

The total number of marks for this instrument of assessment is 6. The marking scheme indicates a minimum threshold of attainment of 4 marks out of 6.

***Question 9 - Describe the roles of the following in a co-operative.***

- a. Members***
- b. Board of Directors***
- c. Management***

***Answers***

	<b>Roles</b>
<b>Members</b>	<ul style="list-style-type: none"><li>• Provide necessary capital</li><li>• Electing, removing directors</li><li>• Assist in the formulation of policy</li><li>• Participate in decision-making</li><li>• Help obtain new members</li></ul>
<b>Board of Directors</b>	<ul style="list-style-type: none"><li>• Represent the members interests</li><li>• Hire Management</li><li>• Oversee the operations of the business and ensure the co-operative is directed towards achieving its objectives</li><li>• Provide strategic direction for the enterprise</li><li>• Evaluate the performance of the co-operative</li><li>• Sourcing and managing capital/finance</li></ul>
<b>Management</b>	Put into practice the policies decided by the board Serve in the best interests of the board General Management functions eg recruitment and selection of staff Report to the Board General Management functions eg Marketing, Operations and Finance

Total of 3 marks, 1 mark per role



**Questions 10 - For each of the above describe how they influence each other.**

**Answer**

	<b>Influence</b>
<b>Members</b>	<ul style="list-style-type: none"><li>• They can influence decision-making and policy by making their feelings known to Board of Directors.</li><li>• They can vote on major decisions.</li><li>• They elect the Board of Directors</li></ul>
<b>Board of Directors</b>	<ul style="list-style-type: none"><li>• They appoint the Managers to run the co-operatives and hold them accountable.</li><li>• They formulate policies acceptable to the members.</li><li>• They are accountable to members.</li></ul>
<b>Management</b>	<ul style="list-style-type: none"><li>• They report to the Board of Directors.</li><li>• They put into action the policies decided by the board.</li><li>• The activities they pursue must meet the needs of and be in the best interests of members.</li></ul>

Total of 3 marks, 1 mark per influence

**Instrument of Assessment 3, performance criteria (3.1)**

***Define what is mean by ‘social enterprise’ and illustrate by an example which clearly shows why the organisation is a social enterprise.***

The total number of marks for this instrument of assessment is 3. The marking scheme indicates a minimum threshold of attainment of 2 marks out of 3.

***Question 1 -*** Give a definition of what is meant by a ‘social enterprise’.

***Answer***

Social enterprises are businesses that exist for a social purpose.

Like all businesses, they trade in markets of one kind or another, but instead of generating profits for the owners or shareholders, they primarily re-invest their profits to meet their social purpose.

Total of 1 mark for a description

***Question 2 -*** Give a brief description of an existing social enterprise you are familiar with and describe why it is a social enterprise.

***Answer***

Candidate to select an existing social enterprise, accept a brief description of an existing social enterprise that the candidate selects and its purpose.

Total 2 marks, 1 mark for the social enterprise selected and 1 mark for a brief description of its purpose.

**Instrument of Assessment 3, performance criteria (3.2)**

*Describe the common purpose, but different characteristics, of two types of private enterprise.*

The total number of marks for this instrument of assessment is 4. The marking scheme indicates a minimum threshold of attainment of 3 marks out of 4.

*Question 3 - Select a private enterprise you are familiar with and state clearly the purpose of this private enterprise.*

**Answer**

Candidates to select an existing private enterprise, accept a brief description of an existing private enterprise that the candidate selects and its purpose.

Total 2 marks, 1 mark for the private enterprise selected and 1 mark for a brief description of its purpose.

*Question 4 - Compare the different characteristics of two types of private enterprise.*

**Answer**

Candidates to compare the different characteristics of two types of private enterprise, accept any relevant comparison with regard to eg ownership, finance, purpose, decision making. Answers may include sole traders, partnership, private limited companies, and public limited companies.

**Sample answer**

Sole Trade	Public Limited Company
Owned by one person	Owned by shareholders
Gets to keep all the profits	Shareholders receive a dividend which is share of the profits
Easy to set-up, no legal formalities	Costly to set-up, you must register with Companies House and complete two documents – the Memorandum of Association and Articles of Association
Owners makes all the decisions	The business is run by a Board of Directors, which is appointed by the shareholders

Total 2 marks, 1 mark for the each comparison. If a list of characteristics is given and no comparison is made then a max of 1 mark

**Instrument of Assessment 3, performance criteria (3.3)**

*Explain three ways in which co-operatives differ from social and private enterprise. These should illustrate the essential characteristics of each business model, eg purpose, ownership and distribution of profits.*

The total number of marks for this instrument of assessment is 9. The marking scheme indicates a minimum threshold of attainment of 5 marks out of 9.

**Question 5 - Compare the essential characteristics of each of the following business models:**

- a. Co-operative*
- b. Social enterprise*
- c. Private enterprise*

**With regard to:**

- *Purpose*
- *Ownership*
- *Distribution of surplus*

	<b>Co-operative</b>	<b>Social Enterprise</b>	<b>Private Enterprise</b>
<b>Purpose</b>	Improve the quality of life for members	Achieve a social purpose	Create wealth for the owners/shareholders
<b>Ownership</b>	Members	Usually a community, charity or quasi-government body. Sometimes owned by individual entrepreneur	Owner/Shareholders
<b>Distribution of Surplus</b>	Three Methods: Members Reinvested in the business Allocated to social/charitable initiatives	Not to individuals, usually reinvested in the enterprise	Sole Trader – the owner keeps all the profit. In a partnership – shared between partners. In PLC and Private Limited Companies in the form of a dividend related to shareholding

Total 9 marks, 1 mark for each comparison identified.

**Instrument of Assessment 4, performance criteria (4.1)**

***Illustrate by example how co-operation can be more effective than competition and justify its use in your example.***

The total number of marks for this instrument of assessment is 3. The marking scheme indicates a minimum threshold of attainment of 2 marks out of 3.

***Question 1a – Using as an example a co-operative that you familiar with explain how the participants co-operated with each other.***

***Answer***

Candidates to select an example of a co-operative, accept an explanation of how the participants co-operated eg working together, sharing tasks, providing labour, equipment, capital, producing goods/services.

Total 1 mark for an explanation of co-operation between participants

***Question 1b - Describe the result of this co-operation between the participants.***

***Answer***

Accept benefits to customers, members, and community eg increased profits, improved members/staff motivation, reduced environmental impact, good quality goods/services, meeting their objectives. Also accept negative results

Total 1 mark for each description

***Question 1c - What do you think might have happened if the participants had not co-operated.***

***Answer***

Accept - less profit, poor quality, lower productivity, increased environmental impact eg more pollution or accept positive answers justified eg increased competition might lead to a reduction in prices for consumers.

Total 1 mark for each reasonable suggestion of what might have happened if the participants had not co-operated.

**Instrument of Assessment 4, performance criteria (4.2)**

*Define ‘Triple Bottom Line’ and use a simple case study or an existing local co-operative enterprise to demonstrate how each of the ‘3Ps’ can influence decision making.*

The total number of marks for this instrument of assessment is 6. The marking scheme indicates a minimum threshold of attainment of 4 marks out of 6.

***Question 2 - Define the term ‘Triple Bottom Line’.***

***Answer***

The term refers to the people, profit and planet.

Total 1 mark

***Question 3a - Select an existing (local) co-operative that you are familiar with  
Analyse the effect on the co-operative of the 3Ps.***

***Answer***

Accept any reasonable effect on the **people, profit and planet**.

Total 3 marks, 1 mark for each effect on the people, profit and planet

***Question 3b - Recommend and justify a decision this co-operative could make.***

***Answer***

Accept any reasonable decision and justification

Total 2 marks, 1 mark for decision and 1 mark for justification

**Instrument of Assessment 4, performance criteria (4.3)**

***Explain the phrase ‘not just for profit’ and use an example of a co-operative enterprise to illustrate non-financial member benefits.***

The total number of marks for this instrument of assessment is 3. The marking scheme indicates a minimum threshold of attainment of 2 marks out of 3.

***Question 4 - Explain the term ‘not for profit’.***

***Answer***

A not-for-profit business, or a nonprofit, is a type of business created to perform a charitable function. The goal of the business is to spend all of its proceeds on its mission and therefore, not to make a profit.

Total 1 mark for an explanation

***Question 5 - Select an existing co-operative that you are familiar with and describe the non-financial benefits to the members.***

***Answer***

- Members have voting rights (1 member/1 vote)
- Can create employment opportunities for members
- Provide education and training for their members
- Involved in decision-making

Total 2 marks, 1 mark for each non-financial benefit