

Marking Guidelines

General guidance for use

The following guidelines are intended to help teachers/lectures 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/lectures but may not match exactly the wording used by candidates. In judging candidate responses, attention should therefore 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/lecture 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.

To achieve all Outcomes and Performance Criteria of these Units candidates will require to have examined simple case studies of a least two co-operatives enterprises, one social enterprise and two different types of private enterprise. These case studies can be used to illustrate Performance Criteria in all Learning Outcomes. The evidence for Learning Outcome 1 may be included in the evidence for PC3.4 provided all aspects of the Performance Criteria are satisfied.

Instrument of Assessment 1, performance criteria (1.1 - 1.3)

PC 1.1

The total number of marks for this instrument of assessment is 12. The marking scheme indicates a **minimum threshold of attainment of 7 marks out of 12.**

Question 1 - Describe the six values on which co-operative enterprises are based.
(6 Marks)

Answer

The six values are:

- **Self help** – in co-operatives people help each other whilst helping themselves by working together for mutual benefit
- **Self responsibility** – individuals with co-operatives act responsibly and play a full part in the organisation
- **Democracy** – a co-operative will be structured so that members have control over the organisation
- **Equality** – each member has equal rights “irrespective of race, creed, or political belief”
- **Equity** – members will be treated fairly and justly and receive benefits according to their contribution
- **Solidarity** – member will support each other and other co-operatives

Total of 6 marks, 1 mark per description (identifying the value is not enough to gain a mark)

Question 2 - Using two co-operative enterprises that you have studied, (eg a large retail co-operative and a community co-operative, compare how they demonstrate these values.
(6 marks)

Answer

Candidates have to select two co-operative enterprises that they have studied and compare how they demonstrate these values. The answers will depend on their chosen co-operative. Accept any reasonable description of how the co-operative selected demonstrates these values.

Total of 6 marks, 1 mark for each comparison of how the co-operatives selected demonstrate these values.

PC 1.2

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 3 - Using one of the co-operative enterprises selected in question 2 above, describe its ethical policy.

(2 marks)

Answer

Accept any reasonable description of the selected co-operative enterprise's ethical policy.

Total of 4 marks, 1 mark for a description of its policy on an ethical value e.g. honesty, openness, social responsibility or caring for others.

Question 4 - Other organisations may demonstrate ethical values. Identify the characteristics of the co-operative which distinguishes it from other organisations which might adopt similar ethical values.

(2 marks)

Answer

Total 2 marks

Accept any reasonable comparison eg co-operatives have similar ethical values to other organisations such as commitment to the community, the drive to place users/customers at the core of the business, PLC publish their Accounts and produce an Annual Report displaying openness, demonstrate Social Responsibility eg donate money to charities, have environmental policies and procedures, and the goal to treat colleagues/employees in an equitable manner.

Award 1 mark

To achieve the other 1 mark candidates must refer to one of the following:

- the manner in which co-operatives put their values into practice
- the co-operative principles
- how a co-operative operates and organises itself with respect to its values.

PC 1.3

The total number of marks for this instrument of assessment is 5. The marking scheme indicates a **minimum threshold of attainment of 3 marks out of 5**.

Question 5 - There are seven co-operative principles.

Using the two different co-operative enterprises selected in question 2; compare how they have used these principles to put their values into practice.

(5 marks)

Answer

Principles	Co-operative 1	Co-operative 2
<ul style="list-style-type: none">• 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	Accept any reasonable comparison – must relate to the co-operative the candidate has chosen	

Total of 5 marks, award 1 mark for each comparison of how the selected co-operatives have used **at least five** of these principles to put their values into practice. No marks for a description of the principle only.

Instrument of Assessment 2, performance criteria (2.1 - 2.7)

PC 2.1

The total number of marks for this instrument of assessment is 2. The marking scheme indicates **a minimum threshold of attainment of 1 mark out of 2.**

This unit involves you investigating at least two co-operative enterprises.

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

Answer

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)

Award 1 mark for any reasonable definition

Question 2 - Using an existing co-operative you are familiar with, identify the members.
(1 mark)

Answer

Award 1 mark for the correct description of the members of an existing co-operative.

PC 2.2

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 3 - Members of a co-operative have rights and responsibilities; describe six of these.
(6 marks)

Answer

Rights

Voting rights	These rights influence who can participate in decision making in the business. In co-operatives, these rights are held by the members on a one person, one vote basis.
Income rights	Co-operatives assign income rights in relation to the member's right to a share of the surplus generated by the business and the interest that is paid on member shares (if at all). This interest (dividend) on shares is usually restricted to a defined % (5% is common) and not all of the surplus generated is allocated to members: some is kept in the business in the form of retained earnings and some is allocated to social/charitable initiatives.
Information rights	A company's articles of association will often include clauses relating to the access of information by owners and stakeholders. Most co-operatives will extend information rights to every member (as it is one of the international principles) and ensure that information is presented in such a way that is useful to members (or to provide education to enable members to understand the information).

Responsibilities may include:

1. Understand the co-operative i.e. its purpose, objectives, structure, operations, benefits and limitations.
2. Electing, removing and evaluating directors.
3. Assist in the formulation of policy
4. Provide necessary capital.
5. Patronise the co-operative.
6. Participate in decision-making.
7. Provide information.

Total of 6 marks, 1 mark per description of a right or responsibility. To gain all 6 marks candidates must include at least 2 rights and 2 responsibilities.

Question 4 - Select an existing co-operative enterprise that you are familiar with and explain the member's rights and responsibilities.

(3 marks)

Answer

Total of 3 marks, 1 mark per explanation of any right or responsibility of its members. To gain all 3 marks candidates must include at least 1 right and 1 responsibility. Answers will depend on the co-operative that the candidate has selected.

PC 2.3

The total number of marks for this instrument of assessment is 2. The marking scheme indicates a **minimum threshold of attainment of 1 mark out of 2.**

Question 5 - Define the ‘purpose of a co-operative.’

(2 marks)

Answer

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

Award 2 marks for above or similar. If economic activity or similar is not mentioned e.g.

The purpose of a co-operative is to improve the quality of life for members. Award 1 mark

PC 2.4

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 6 - Select an existing co-operative enterprise that you are familiar with and describe the

- economic
- social
- psychological

benefits to members of participating in a co-operative.

(3 marks)

Answer

Economic Benefits	Social Benefits	Psychological Benefits
<ul style="list-style-type: none">• Provide employment opportunities• Creates profits per member - which can distribute wealth in the local economy• Performance is more stable compared to private business organisations• Improved productivity due to more motivated employees	<ul style="list-style-type: none">• Better Health• Education• Lower levels of crime• Higher levels of social participation in the community• Increased appreciation of the social environment	<ul style="list-style-type: none">• More productive , satisfied• More motivated due to participation in management of enterprise and more involved in decision-making• Feeling of belonging• Sharing common goals

Total 3 marks, 1 mark per description of a benefit.

PC 2.5

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 - Describe clearly the meaning of the term ‘governance’.

(1 mark)

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, for a detailed description.

Question 8 - Distinguish ‘co-operative governance’ from the governance of other companies.

(2 marks)

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,
- Members can elect 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, i.e. the more shares the more votes.

Total of 2 marks, 1 mark per comparison

PC 2.6

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 9 - Explain the role and at **least three** responsibilities of:

- members
 - the Board of Directors
 - management
- in a co-operative.

(9 marks)

Answer

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

Total of 9 marks, 1 mark for each explanation of a role of each group i.e. (Member, Board of Directors and Management)

PC 2.7

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 10 - With reference to a co-operative, describe at least 3 factors which ensure the members, the Board of Directors and the management work together effectively.
(3 marks)

Answer

- Each group needs to understand their roles and responsibilities
- There needs to be effective communication between all these groups.
- Each group needs to regularly engage in the governance system of the co-operative.

Total of 3 marks, 1 mark for each description.

Instrument of Assessment 3, performance criteria (3.1 – 3.6)

Investigate the differences between co-operative, social and private enterprise. Evaluate the “co-operative advantage” to a community of being members of a co-operative.

PC 3.1

The total number of marks for this instrument of assessment is 8. The marking scheme indicates **a minimum threshold of attainment of 5 marks out of 8.**

Question 1 - Using an existing social enterprise that you are familiar with prepare a report outlining the characteristics which clearly identify it as a social enterprise, including who benefits from it and what these benefits are. Your report should:

- describe the nature of its business
- state its social purpose
- explain how it uses its profit
- identifies its beneficiaries
- explain how the beneficiaries benefit from the social enterprise.

(8 marks)

Answer

The report should include

- | | |
|--|---------|
| • description of the nature of the business selected by the candidate | 2 marks |
| • it should include a description of its social purpose | 1 mark |
| • an explanation of how it uses its profits | 1 mark |
| • identification of the beneficiaries | 2 marks |
| • an explanation of how the beneficiaries benefit from the social enterprise | 2 marks |

Total 8 marks

PC 3.2

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 - Select two different types of private enterprise that you are familiar with e.g. a sole trader, partnership, private limited company or public limited company and

- describe the common characteristics
- explain the differences in their ownership and management structure
- explain how they distribute their profits

(6 marks)

Answer

Accept

- description of at least two common characteristics e.g. privately owned, common purpose
- description of differences in ownership **and** management structure
- explanation of how profits are distributed in each type.

Sample answer – e.g. Sole Trader and Public Limited Company

Sole Trade	Public Limited Company
Owned by one person	Owned by shareholders
Gets to keep all the profits	Shareholders receive a dividend which is a 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 6 marks, 1 mark for each description of a common characteristic (max 2 marks), 1 mark for each explanation of the difference in their ownership and management structure (max 2 marks), and 2 marks for an explanation of how they distribute profits (max 2 marks)

PC 3.3

The total number of marks for this instrument of assessment is 5. The marking scheme indicates **a minimum threshold of attainment of 3 marks out of 5.**

Question 3 - Describe the term ‘Triple Bottom Line’.

(1 mark)

Answer

The term refers to the

- people - concern for community, consumers and employees
- planet - concern for the environment
- profit

Total 1 mark

Question 4 - Compare the social enterprise selected in question 1 with one of the private enterprises selected in question 2 and

- clearly describe the similarities
- explain the differences.

Your answer must show relevant evidence selected from given sources.

(4 marks)

Answer

Accept any reasonable description of the similarities of the two organisations e.g. aims and objectives such as social responsibility, to make a profit.

Accept any reasonable description of the differences.

Example - differences

Social Enterprise	Public Limited Company
Set up with a social purpose	Main aim is to maximise profits.
The profits are re-invested back into the business	Profits, in the main, are given to shareholders in the form of a dividend

Total 4 marks, 1 mark for a description of a similarity or difference. To achieve 4 marks candidates must include two similarities and two differences.

PC 3.4

The total number of marks for this instrument of assessment is 10. The marking scheme indicates **a minimum threshold of attainment of 6 marks out of 10.**

Question 5 - Identify two existing co-operative enterprises e.g. a large retail co-operative and a community co-operative.

(10 marks)

Prepare a report on each of the two co-operative enterprises and describe:

- the nature of its business
- its purpose
- its members
- economic, social and psychological benefits to members

Answer

For each co-operative accept any reasonable description of

- the nature of its business (1 mark)
- the purpose (1 mark)
- its members (1 mark)
- the economic, social and psychological benefits to the members (2 marks)

Total 10 marks, 5 marks for each co-operative.

PC 3.5

The total number of marks for this instrument of assessment is 4. The marking scheme indicates **a minimum threshold of attainment of 2 marks out of 3.**

Question 6 - Compare the two co-operative enterprises which you looked at in question 5 with the social and private enterprises which you looked at in question 4. Comment on the similarities and differences between the co-operative enterprises and the social and private enterprises.

(3 marks)

Answer

Example – Comparison of a co-operative, a plc and a social enterprise.

Co-operative Enterprise	Public Limited Company	Social Enterprise
Set up to meet mutual needs	Set up to maximise profits	Set up for a social purpose
Belongs to its members, i.e. shoppers in a consumer co-operative, workers in a worker-co-operative	Belongs to its shareholders/investors	Usually owned by a community, charity or quasi-governmental body. Sometimes owned by a social entrepreneur.
One member, one vote	One share, one vote	Trustees or equivalent group that may or may not be democratically elected.
Members benefit	Shareholders benefit	Target social group benefit
Financed by member contributions and retained earnings	Financed by sale of shares and retained earnings	Financed by retained earnings and grants
Profits to members, reinvested in the business or allocated to social/charitable initiatives	Profits to capital holders (shareholders)	Profits usually reinvested in the enterprise or used for social purpose. Not to individuals.

Comparisons **must** be made between the co-operative and the social and/or private business
Total 4 marks, 1 mark for each comparison made. To achieve 4 marks candidates must include all three types of business, at least one similarity and at least one difference.

e.g.

- both co-operative and social enterprises have social purposes (1 mark)
- both co-operative and social enterprises are financed by retained earnings (1 mark)
- both co-operatives and PLCs are owned by shareholders but in a co-operative members can directly influence policy and how the enterprise is run (2 marks)
- a PLC's purpose is to make a profit, a co-operative's purpose is to benefit members, not necessarily financially (1 marks)

PC 3.6

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 8 - Using the community co-operative selected above (question 5):

- describe how the members co-operated
 - explain why this was more beneficial to the members than competing.
- (4 marks)**

Answer

Accept any reasonable description of how the members co-operated. (2 marks)

Accept any reasonable explanation of the benefits to the members compared to them competing. (2 marks)

Total 4 marks

Question 9 - Describe the term 'not for profit'.

(1 mark)

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 a description

Question 10 - The community co-operative selected above (in question 5) is regarded as an example of a 'not for profit' organisation. Explain why this type of organisation is regarded as a 'not for profit' organisation.

(1 mark)

Answer

Accept a clear explanation of why the community co-operative selected is a "not for profit" organisation.

Total 1 mark for an explanation.