3.8 Setting Functional Objectives: Marketing, Operations, Finance, HR

AQA 7132 · Calculators not allowed · about 60 minutes · Write-in edition

Total Marks

Name: _____ Date: ____ / ____ / _____

Answer ALL questions. Write full sentences for questions worth 3 marks or more. Use the case contexts given in prompts where provided. Show working for any numerical reasoning.

1 Identify which functional area is most likely to set a target of 'reduce machine downtime by 15% this year'.

- [ ] A) Finance
- [ ] B) Operations
- [ ] C) Marketing
- [ ] D) Human resources

(Total for Question 1 is 1 mark)

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2 Identify which functional area is most likely to set a cash-flow target such as 'maintain monthly net cash inflows of at least £10,000'.

- [ ] A) Human resources
- [ ] B) Marketing
- [ ] C) Finance
- [ ] D) Operations

(Total for Question 2 is 1 mark)

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3 State two internal factors that will shape HR functional objectives when aligning with corporate strategy.

(Total for Question 3 is 2 marks)

4 Identify which functional area would set a target stated as 'reduce overtime hours by 20% to control labour costs'.

- ☐ A) Marketing
- ☐ B) Finance
- ☐ C) Operations or HR
- ☐ D) Research and development

(Total for Question 4 is 1 mark)

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5 State two typical functional objectives that the marketing department might set to support a corporate growth strategy.

(Total for Question 5 is 2 marks)

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6 Which one of the following STEEPLE factors is most directly likely to affect a finance department's objective to 'maintain a low cost of borrowing'?

- ☐ A) Social trends
- ☐ B) Technological change
- ☐ C) Economic interest rate movements
- ☐ D) Legal employment regulations

(Total for Question 6 is 1 mark)

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7 Explain one example of a conflict between a marketing functional objective and a finance functional objective, and state the consequence of that conflict for the business.

(Total for Question 7 is 3 marks)

8 Explain one advantage to a finance department of using SMART objectives, for example 'improve net cash inflow to at least £12,000 per month within six months'.

(Total for Question 8 is 3 marks)

9 Analyse how a corporate objective to 'improve net profit margin by 8% within 12 months' should influence a finance department objective such as 'improve return on capital employed (ROCE) by 5 percentage points'.

(Total for Question 9 is 6 marks)

10 Case: Clearwater Drinks plc's corporate objective is 'grow UK market share by 6 percentage points in two years'. Analyse how this corporate objective should shape a specific operations functional objective such as a capacity utilisation target.

(Total for Question 10 is 6 marks)

11 Evaluate how a business should resolve the conflict between marketing wanting to increase advertising spend to gain market share and finance insisting on strict cost control to protect profit margins. Make a justified conclusion and show the trade offs you consider.

(Total for Question 11 is 16 marks)

Mark scheme · 3.8 Setting Functional Objectives: Marketing, Operations, Finance, HR

Question 1

B cao **B1**

Answer: B

Question 2

C cao **B1**

Answer: C

Question 3

available HR budget or financial resources **B1**

existing workforce skills and current staff numbers or organisational structure **B1**

Answer: Any two, for example: the HR budget and the current skills mix or staff numbers in the organisation.

Question 4

C cao **B1**

Answer: C

Question 5

increase market share by a stated percentage or points **B1**

grow sales revenue by a target amount or percentage, or increase brand awareness metrics **B1**

Answer: Any two, for example: increase market share by a specified percentage; increase sales revenue or brand awareness by a stated target.

Question 6

C cao **B1**

Answer: C

Question 7

identifies a conflict, e.g. marketing wants increased advertising spend to grow market share while finance wants to cut costs **B1**

develops the conflict, e.g. increased spending reduces short-term profits or cash available to finance **B1**

links to a consequence, e.g. potential underfunding of other areas, missed profit targets or delayed investments **B1**

Answer: For example, marketing may push for higher advertising spend to grow market share while finance seeks cost cuts; this reduces short-term profit or cash and can lead to underfunding of other projects or missed profit targets.

Question 8

identifies an advantage, e.g. provides clear, measurable targets for monitoring cash performance **B1**

develops the point, e.g. the finance team can produce monthly cash forecasts and compare actuals to the target **B1**

links to an outcome, e.g. this allows early corrective action such as arranging short-term finance if targets are missed **B1**

Answer: A SMART cash-flow target gives clear measurable criteria so finance can forecast monthly cash, compare actuals to the target and take corrective action, such as arranging short-term finance, if the target is missed.

Question 9

identifies link between corporate profitability target and finance objective to improve ROCE **B1**

explains contributions to ROCE such as increasing profit or reducing capital employed **B1**

analyses possible measures, e.g. cost control, asset disposal or pricing changes to raise profit margin and ROCE **B1**

analyses constraints or risks, e.g. cutting investment or assets may harm long-term capacity or competitiveness **B1**

applies to the case by specifying how a 5 point ROCE target supports the 8% margin improvement, with examples **B1**

concludes with cross-functional implications, e.g. need to coordinate with operations and marketing to avoid harming revenue while improving margins **B1**

Question 10

identifies a relevant operations objective, e.g. raise capacity utilisation from current level to a higher percentage to meet increased demand **B1**

explains how higher market share increases demand and so operations must expand throughput or improve utilisation **B1**

analyses constraints, e.g. limited plant capacity, labour availability or lead times may limit how fast utilisation can increase **B1**

analyses trade offs, e.g. pushing utilisation up may raise maintenance costs or defect rates if production is overstretched **B1**

applies to the case by suggesting a quantified operations target, e.g. increase utilisation by X percentage points or add one shift, linked to the 6 point market share target **B1**

concludes with implications, e.g. notes need for investment or coordination with marketing and HR to recruit/training staff **B1**

Question 11

Level 1 Provides simple or one-sided points about the conflict with little application, no evaluation and no clear conclusion.	**1-4**
Level 2 Demonstrates some application and analysis of the conflict, outlines options to resolve it, but evaluations are underdeveloped and the conclusion is weak or unsupported.	**5-8**
Level 3 Analyses multiple ways to resolve the conflict, weighs benefits and drawbacks with application to the scenario, and reaches a reasoned conclusion though the judgement may lack full justification.	**9-12**
Level 4 Thorough evaluation that balances costs and benefits of realistic options, integrates cross-functional implications, considers short and long term effects, and arrives at a clear, justified recommendation.	**13-16**

Indicative content:

- Set out the conflict: marketing argues extra advertising will increase market share and long-term revenue, while finance warns increased spend reduces short-term profit and may harm cash flow.
- Options to resolve: phased advertising increase with measurable milestones; reallocate budget from lower-return activities; use lower-cost digital campaigns; seek temporary external finance for targeted campaigns; or set conditional spend tied to sales performance.
- Costs and benefits: higher ad spend may raise customer acquisition and lifetime value, justifying the cost, but risks include poor ROI, cash-flow pressure and possible need to cut other functions.
- Cross-functional implications: operations may need to raise capacity utilisation if campaigns succeed; HR may need to recruit or train staff; finance must model cash-flow and ROI scenarios to set acceptable spend limits.
- Short term versus long term: short-term cost control protects margins and liquidity, long-term investment can build market share and pricing power; the business must balance timing and risk tolerance.
- Measurement and control: propose SMART metrics, A/B testing of campaigns, agreed review points, and a contingency to pause spend if key performance indicators are not met.
- Equity of trade offs: when aligned metrics show acceptable payback or customer lifetime value, limited and monitored ad investment is justified; otherwise finance-led restraint is appropriate.
- Judgement example: recommend a phased, measurable marketing pilot funded by a small dedicated marketing budget or short-term finance, with clear ROI targets and monthly reviews, so marketing and finance share responsibility and risk.