

OXFORD

INTERNATIONAL
AQA EXAMINATIONS

INTERNATIONAL A-LEVEL **BUSINESS**

BU03

Unit 3: Business Strategy

Mark scheme

June 2022

Version: 1.1 Final



2 2 6 X B U 0 3 / M S

Mark schemes are prepared by the Lead Assessment Writer and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation events which all associates participate in and is the scheme which was used by them in this examination. The standardisation process ensures that the mark scheme covers the students' responses to questions and that every associate understands and applies it in the same correct way. As preparation for standardisation each associate analyses a number of students' scripts. Alternative answers not already covered by the mark scheme are discussed and legislated for. If, after the standardisation process, associates encounter unusual answers which have not been raised they are required to refer these to the Lead Examiner.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of students' reactions to a particular paper. Assumptions about future mark schemes on the basis of one year's document should be avoided; whilst the guiding principles of assessment remain constant, details will change, depending on the content of a particular examination paper.

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How to mark

Aims

When you are marking your allocation of scripts your main aims should be to:

- recognise and identify the achievements of students
- place students in the appropriate mark band and in the appropriate part of that mark band (high, low, middle)
- record your judgements with brief notes, annotations and comments that are relevant to the mark scheme and make it clear to other examiners how you have arrived at the numerical mark awarded
- put into a rank order the achievements of students (not to grade them – that is done later using the rank order that your marking has produced)
- ensure comparability of assessment for all students, regardless of question or examiner.

Approach

It is important to be **open-minded** and **positive** when marking scripts.

The specification recognises the variety of experiences and knowledge that students will have. It encourages them to study business in a way that is relevant to them. The questions have been designed to give them opportunities to discuss what they have found out about business. It is important to assess the quality of **what the student offers**.

Assessment Objectives

This component requires students to:

AO1	Demonstrate knowledge of terms, concepts, theories, methods and models to show an understanding of how individuals and organisations are affected by and respond to business issues.
AO2	Apply knowledge and understanding to various business contexts to show how individuals and organisations are affected by and respond to issues.
AO3	Analyse issues within business, showing an understanding of the impact on individuals and organisations of external and internal influences.
AO4	Evaluate quantitative and qualitative information to make informed judgements and propose evidence-based solutions to business issues.

The marking grids

The specification has generic marking grids for each Assessment Objective that is customised with indicative content for individual tasks. These have been designed to allow assessment of the range of knowledge, understanding and skills that the specification demands.

Within each Assessment Objective there are three or four broad levels representing different levels of achievement. Do not think of levels as equivalent to grade boundaries.

The indicative content gives examples of the kind of things students might do that would exemplify the level. They are neither exhaustive nor required – they are simply indicative of what would appear at this level. You will find that they sometimes indicate areas of content that can be handled with increasing sophistication and subtlety. You will also find statements which only characterise work at the bottom or top of the range.

Depending on the part of the examination, the levels will have different mark ranges assigned to them. This will reflect the different weighting of Assessment Objectives in particular tasks and across the examination as a whole. You may be required to give different marks to bands for different Assessment Objectives.

Using the grids

These levels of response mark schemes are broken down into levels, each of which has descriptors. The descriptors for the level show the performance characteristics of the level. There is the same number of marks in each level for an individual Assessment Objective. The number of marks per level will vary depending upon the number of marks allocated to the various Assessment Objectives covered by a particular question.

Having familiarised yourself with the descriptors and indicative content, read through the answer and annotate it (as instructed below) to identify the qualities that are being looked for and that it shows. You can now check the levels and award a mark.

Step 1 Determine a level

Start at the lowest level of the mark scheme and use it as a ladder to see whether the answer meets the descriptors for that level.

The descriptors for the level indicate the different qualities that might be seen in the student's answer for that level.

When assigning a level you should look at the overall quality of the answer and not look to pick holes in small and specific parts of the answer where the student has not performed quite as well as in the rest. If the answer covers different aspects of different levels of the mark scheme you should use a best fit approach for defining the level and then use the variability of the response to help decide the mark within the level; eg if the response fulfils most but not all of level 3 with a small amount of level 4 material, it would be placed in level 3 but be awarded a mark near the top of the level because of the level 4 content.

Step 2 Determine a mark

Once you have assigned a level you need to decide on the mark.

It is often best to start in the middle of the level's mark range and then check and adjust. If there is a lot of indicative content fully identifiable in the work you need to give the highest mark in the level. If only some is identifiable or it is only partially fulfilled, then give the lower mark.

The exemplar materials used during standardisation will also help. There will be an answer in the standardising materials that will correspond with each level of the mark scheme. This answer will have been awarded a mark by the lead examiner. You can compare the student's answer with the example to determine if it is of the same standard, better or worse than the example. You can then use this to allocate a mark for the answer based on the lead examiner's mark on the example.

You may well need to read back through the answer as you apply the mark scheme to clarify points and assure yourself that the level and the mark are appropriate.

In addition to the generic descriptors (presented in bold text), paper-specific indicative descriptors (presented in plain text) are provided as a guide for examiners. These are not intended to be exhaustive and you must credit other valid points.

An answer that contains nothing of relevance to the question must be awarded no marks.

Examiners are required to assign each of the students' responses to the most appropriate level according to its overall quality, then allocate a single mark within the level. When deciding upon a mark in a level examiners should bear in mind the relative weightings of the Assessment Objectives and be careful not to over/under credit a particular skill. For example, in some questions more weight should be given to AO4 than to AO1, AO2 and AO3. This will be exemplified and reinforced as part of examiner training.

Annotating scripts

You should write a summative comment at the end for each Assessment Objective and indicate the marks for each Assessment Objective being tested at the end of the answer in the margin in sequence. It is vital that the way you arrive at a mark should be recorded on the script. This will help you with making accurate judgements and it will help any subsequent markers to identify how you are thinking. Please do not write negative comments about students' work; this is unprofessional and it impedes a positive marking approach.

Section A

Total for this section: 40 marks

Question	Part	Marking guidance	Total marks
1	1	<p>Using Table A and Table B, calculate the payables days for GS for 2021.</p> <p>Award 3 marks if candidate's answer is 33, 33.2 or 33.18 (ignore decimals after 33.18)</p> <p>Payables Days = Accounts Payable/Cost of Sales x365 (1) Payables Days = 10 000/110 000x365 (1) =33.2 (1)</p> <p>One mark for showing knowledge of payables days formula. One mark for assembling the data correctly in the payables days formula.</p>	<p>3</p> <p>AO1 = 1 AO2 = 2</p>
1	2	<p>Use the Ansoff matrix to explain why Option 1 is a lower risk strategy for GS than Option 2.</p> <p>Indicative Content</p> <ul style="list-style-type: none"> • Option 1 is targeting existing market with existing product, therefore, Market Penetration, which is low risk as both are known to the business. • Option 2 is located in a new market but using existing product, therefore, Market Development, which is medium risk as the new market is unknown. <p>Good response 4 marks Candidate shows knowledge of the Ansoff matrix and applies both options. Answer is explained.</p> <p>Reasonable response 3–2 marks Knowledge of the Ansoff matrix. Candidate applies only one option or simply states both options but with no explanation.</p> <p>Limited response 1 mark Some knowledge of the Ansoff matrix shown.</p>	<p>4</p> <p>AO1 = 1 AO2 = 1 AO3 = 2</p>

1	3	<p>Gabriella believes that both expansion options will benefit from economies of scale.</p> <p>Analyse two economies of scale that GS may achieve by expanding the business.</p>	<p>9</p> <p>AO1 = 2 AO2 = 1 AO3 = 6</p>
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Examiners are reminded that AO1, AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives for this question.

Level	Marks	Descriptor
3	7 – 9	<p>A good response that focuses on many of the demands of the question</p> <ul style="list-style-type: none"> • Includes well-focused analysis with logical chains of reasoning. • Includes well-focused application to the given context. • Shows sound knowledge and understanding of business terminology and concepts with few, if any, errors. • Is well-structured.
2	4 – 6	<p>A reasonable response which focuses on some of the demands of the question</p> <ul style="list-style-type: none"> • Includes reasonable analysis but the analysis might not be fully developed or may lack some accuracy in places. • Includes reasonable application to the given context. • Focuses on issues that are relevant to the question, showing satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present.
1	1 – 3	<p>A limited response that has little focus on the demands of the question</p> <p>A limited response with some understanding that may:</p> <ul style="list-style-type: none"> • include some limited analysis but lacks focus and development • include some limited application to the given context • include some limited knowledge and understanding of business terminology and concepts but some errors are likely.
	0	No credit worthy material.

Indicative Content

- Economies of scale result in a decrease in a business' unit cost as the business increases in size.
- A second shop will enable GS to benefit from marketing economies of scale as the new shop utilises the existing brand, therefore, a single advertisement on local radio or local newspaper would benefit both shops.
- Enlarged shop will enable managerial economies of scale as two managers will be able to manage a larger store with more than eight employees.
- Both options will lead to increased sales, which will allow for purchasing economies of scale from suppliers.
- Both options could benefit from technical economies of scale, for example, computerised stock control.

Accept other valid content.

A **good response** will clearly analyse how either or both options could benefit from two economies of scale. Both analyses should use the case study to explain how the economy of scale would be generated and use logical chains of reasoning. The explanation of economy of scale should be appropriate to the case study, ie Nationwide TV advertisement would not be appropriate application due to the size of the business.

A **reasonable response** might analyse two different economies of scale using developed chains of analysis, however, neither will use the case study to exemplify the economy of scale or only one economy of scale is analysed and applied to the case study.

A **limited response** may show knowledge and understanding of economies of scale, but is unable to relate them to the case study or use chains of analysis to explain how they can benefit the business.

1	4	<p>Gabriella has been advised not to expand GS now due to the predicted rise in unemployment.</p> <p>Do you agree with this advice? Justify your answer.</p>	<p>12</p> <p>AO1 = 2 AO2 = 2 AO3 = 2 AO4 = 6</p>
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Examiners are reminded that AO1, AO2, AO3 and AO4 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives for this question. More weight should therefore be given to AO4 than AO1, AO2 and AO3.

Level	Marks	Descriptor
4	10 – 12	<p>An excellent response that focuses fully on the demands of the question</p> <p>Likely to demonstrate sound, focused analysis and well-supported evaluation:</p> <ul style="list-style-type: none"> • includes supported evaluation in a final conclusion and within response • includes well-focused analysis with clear, logical chains of reasoning • includes well-focused application to the given context • shows sound knowledge and understanding of business terminology and with few, if any, errors • is well-structured and well-focused. <p>A complete and coherent overall argument with a clear conclusion. The conclusion is arrived at through a balancing of arguments, with appropriate weight given to each argument and to the argument overall. Where there are crucial arguments, these are distinguished from less crucial ones.</p>
3	7 – 9	<p>A good response that focuses on many of the demands of the question</p> <p>Likely to demonstrate sound, focused analysis and some supported evaluation:</p> <ul style="list-style-type: none"> • includes some reasonable, supported evaluation • includes analysis with some logical chains of reasoning • includes some good application to the given context • shows sound knowledge and understanding of business terminology and concepts with relatively few errors • is well-structured and generally focused. <p>A relatively complete and coherent argument leading to an attempt to conclude. The content is detailed and correct and most of it is integrated. There is recognition of arguments and counter-arguments, but balance is not always present and the weight to be given to each argument is not always fully clear.</p>

2	4 – 6	<p>A reasonable response which focuses on some of the demands of the question</p> <p>Some reasonable analysis but generally unsupported evaluation:</p> <ul style="list-style-type: none"> • there is likely to be some attempt to make relevant evaluation but this has little support from arguments or does not address the question as a whole • includes some reasonable analysis but which might not be adequately developed or becomes confused in places • includes reasonable application to the given context • shows satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present. <p>There is an attempt to answer the question. There is likely to be a conclusion but it has little support and response may lack balance. The content is largely correct, though there may be some gaps and lack of detail.</p>
1	1 – 3	<p>A limited response that has little focus on the demands of the question</p> <p>A limited response with some understanding:</p> <ul style="list-style-type: none"> • includes no evaluation or attempts evaluation but this is unsupported • includes some limited analysis but it may lack focus and/or become confused • includes some limited application to the given context • includes some limited knowledge and understanding of business terminology and concepts but errors are likely.
	0	<p>No credit worthy material.</p>

The demands of the question are to decide whether GS should expand now even though unemployment is predicted to rise. The overall judgement will need supporting.

Indicative Content

- Increasing unemployment may lead to reduced discretionary incomes resulting in less demand for clothing, therefore, reducing GS' revenue, which may lead to the business not making profit.

However:

- as clothes sold by GS are purchased at a low price, they may be sold cheaply. As unemployment rises and incomes fall people may become less inclined to purchase the latest fashions, which are expensive, and more willing to purchase cheaper clothing from later in the product life cycle. Therefore, GS' sales, revenue and profits may increase
- unemployment may lead to GS being able to employ eight workers and two managers at a lower wage or salary, which would lead to lower total costs and, therefore, potentially higher profits. Alternatively, GS may be able to employ better quality employees at same cost, potentially leading to improved customer service and increased sales due to improved reputation and repeat customers.

It depends upon:

- how significant the increase in unemployment is
- whether the government has a social security programme and how generous it might be
- whether the average national increase applies to the local unemployment rate.

Credit other valid arguments and judgements.

1	5	<p>Gabriella has chosen to use the cash that GS has in its bank to finance the expansion.</p> <p>Assess the arguments for and against the decision to use its cash to finance expansion and make a judgement. Your answer should include financial ratio calculations.</p>	<p>12</p> <p>AO1 = 2 AO2 = 2 AO3 = 2 AO4 = 6</p>
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Examiners are reminded that AO1, AO2, AO3 and AO4 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives for this question. More weight should therefore be given to AO4 than AO1, AO2 and AO3.

Level	Marks	Descriptor
4	10 – 12	<p>An excellent response that focuses fully on the demands of the question</p> <p>Likely to demonstrate sound, focused analysis and well-supported evaluation:</p> <ul style="list-style-type: none"> • includes supported evaluation in a final conclusion and within response • includes well-focused analysis with clear, logical chains of reasoning • includes well-focused application to the given context • shows sound knowledge and understanding of business terminology and with few, if any, errors • is well-structured and well-focused. <p>A complete and coherent overall argument with a clear conclusion. The conclusion is arrived at through a balancing of arguments, with appropriate weight given to each argument and to the argument overall. Where there are crucial arguments, these are distinguished from less crucial ones.</p>
3	7 – 9	<p>A good response that focuses on many of the demands of the question</p> <p>Likely to demonstrate sound, focused analysis and some supported evaluation:</p> <ul style="list-style-type: none"> • includes some reasonable, supported evaluation • includes analysis with some logical chains of reasoning • includes some good application to the given context • shows sound knowledge and understanding of business terminology and concepts with relatively few errors • is well-structured and generally focused. <p>A relatively complete and coherent argument leading to an attempt to conclude. The content is detailed and correct and most of it is integrated. There is recognition of arguments and counter-arguments, but balance is not always present and the weight to be given to each argument is not always fully clear.</p>

2	4 – 6	<p>A reasonable response which focuses on some of the demands of the question</p> <p>Some reasonable analysis but generally unsupported evaluation:</p> <ul style="list-style-type: none"> • there is likely to be some attempt to make relevant evaluation but this has little support from arguments or does not address the question as a whole • includes some reasonable analysis but which might not be adequately developed or becomes confused in places • includes reasonable application to the given context • shows satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present. <p>There is an attempt to answer the question. There is likely to be a conclusion but it has little support and response may lack balance. The content is largely correct, though there may be some gaps and lack of detail.</p>
1	1 – 3	<p>A limited response that has little focus on the demands of the question</p> <p>A limited response with some understanding:</p> <ul style="list-style-type: none"> • includes no evaluation or attempts evaluation but this is unsupported • includes some limited analysis but it may lack focus and/or become confused • includes some limited application to the given context • includes some limited knowledge and understanding of business terminology and concepts but errors are likely.
	0	<p>No credit worthy material.</p>

The demands of the question are to make a supported decision as to whether GS should finance the expansion through cash in bank. In order to achieve Level 4 financial ratio calculations should be correctly calculated and used to support analysis.

Indicative content

- If cash in bank is used to finance expansion then the cash will fall from 120 000 to 20 000, which remains positive. Current ratio will go from 17:1 to 7:1, which indicates very healthy cash flow.

However:

- GS will only have 20 000 cash remaining after paying for the expansion, which may not be sufficient if cost of expansion increase
- both expansions will require a doubling of inventory, which will increase from 50 000 to 100 000; this will be partially offset by a doubling of payables to 20 000. The net effect of this is an increase in working capital of 40 000, in excess of the 20 000 cash remaining in the bank and requiring an overdraft facility of 20 000. An example of overtrading.

It depends upon:

- can the business get improved payment terms from suppliers due to its increased size?
- can the business get an overdraft from the bank?
- can the business get a loan to increase its cash in bank?

Credit other valid arguments and judgements.

Section B

Total for this section: 40 marks

Question	Part	Marking guidance	Total marks
2	1	<p>Calculate the dividend in \$ per share for NEC, for the year 2021.</p> <p>Award 3 marks if candidate has 0.26 (ignore any numbers after 0.26)</p> <ul style="list-style-type: none"> Market Capitalisation = Number of shares x share price or Number of shares = Market capitalisation/share price or Number of shares = 1240m/4 = 310m (1) DPS = Dividends paid/Number of shares (1) DPS = 82m/310m = 0.26 (1) <p>One mark for showing knowledge of dividend per share formula. One mark for assembling the data correctly in the DPS formula</p> <p>Award 2 marks if candidate has 0.3</p>	<p>3</p> <p>AO1 = 1 AO2 = 2</p>
2	2	<p>Analyse one way that shareholders of NEC might benefit from their investment in the business.</p> <p>Indicative content</p> <ul style="list-style-type: none"> Shareholders may receive an annual dividend from a plc, such as, \$0.26 from No-Emissions Converters (NEC) in 2019. Shareholders will benefit if the share price increases, for example the share price is \$4, however it may increase, which will benefit the shareholders when they come to sell the shares. <p>Good response 4–3 marks Candidate shows understanding of dividends being paid or a rise in share price and explains how either benefits the shareholder through their investment. Application can be achieved through quoting share price or dividend per share or total dividend payment.</p> <p>Reasonable response 2 marks Candidate either; shows understanding of dividend or share price benefit without clear explanation or fails to apply to the case study.</p> <p>Limited response 1 mark Some understanding of shareholder value.</p>	<p>4</p> <p>AO1 = 1 AO2 = 1 AO3 = 2</p>

2	3	Analyse two ways that the implementation of Kaizen could affect the productivity of NEC.	9 AO1 = 2 AO2 = 1 AO3 = 6
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Examiners are reminded that AO1, AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives for this question.

Level	Marks	Descriptor
3	7 – 9	<p>A good response that focuses on many of the demands of the question</p> <ul style="list-style-type: none"> • Includes well-focused analysis with logical chains of reasoning. • Includes well-focused application to the given context. • Shows sound knowledge and understanding of business terminology and concepts with few, if any, errors. • Is well-structured.
2	4 – 6	<p>A reasonable response which focuses on some of the demands of the question</p> <ul style="list-style-type: none"> • Includes reasonable analysis but the analysis might not be fully developed or may lack some accuracy in places. • Includes reasonable application to the given context. • Focuses on issues that are relevant to the question, showing satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present.
1	1 – 3	<p>A limited response that has little focus on the demands of the question</p> <p>A limited response with some understanding that may:</p> <ul style="list-style-type: none"> • include some limited analysis but lacks focus and development • include some limited application to the given context • include some limited knowledge and understanding of business terminology and concepts but some errors are likely.
	0	No credit worthy material.

Indicative Content

- Kaizen will entail the 200 factory workers having a second job/responsibility in looking to continuously improve how their role on the production line is accomplished. Some may see additional responsibility as a motivator; Herzberg (job enrichment) or Maslow (self esteem), leading to increased productivity.
- The implementation of Kaizen should lead to saving in production time, therefore, the factory will be able to produce more in the same amount of time; an increase in capital productivity, which is currently a concern to the business.
- Kaizen may appear to be job enlargement and, therefore, lead to a reduction in motivation (Herzberg-Hygiene – company policies) amongst the 200 factory employees, leading to reduced productivity.
- Implementation of Kaizen may require a change in culture of the 200 strong workforce, which can be difficult to achieve (Kotter and Schlesinger's – self-interest), which may increase the costs of implementation, reducing profits.

Accept other valid content.

A **good response** will include information from the case study in a logical analytical chain to explain how Kaizen can impact the business. This may link to improving the current productivity levels or decreasing costs and rising profits. Theories of motivation and/or change management may be introduced to fully explore ideas.

A **reasonable response** might set out the basic principles of Kaizen of continuous improvement and attempt to apply this to the case study. For example, Kaizen could reduce the time spent at each process, leading to greater output. Links to the case study will be limited.

A **limited response** may show knowledge and understanding of Kaizen, but is unable to effectively analyse the impact on the business and the case study is not used or used ineffectively.

2	4	<p>NEC believes that the use of the Triple bottom line will help it to achieve its objectives of increasing profit and market share.</p> <p>Do you agree? Assess the arguments for and against and make a judgement.</p>	<p>12</p> <p>AO1 = 2 AO2 = 2 AO3 = 2 AO4 = 6</p>
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Examiners are reminded that AO1, AO2, AO3 and AO4 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives for this question. More weight should therefore be given to AO4 than AO1, AO2 and AO3.

Level	Marks	Descriptor
4	10 – 12	<p>An excellent response that focuses fully on the demands of the question</p> <p>Likely to demonstrate sound, focused analysis and well-supported evaluation:</p> <ul style="list-style-type: none"> • includes supported evaluation in a final conclusion and within response • includes well-focused analysis with clear, logical chains of reasoning • includes well-focused application to the given context • shows sound knowledge and understanding of business terminology and with few, if any, errors • is well-structured and well-focused. <p>A complete and coherent overall argument with a clear conclusion. The conclusion is arrived at through a balancing of arguments, with appropriate weight given to each argument and to the argument overall. Where there are crucial arguments, these are distinguished from less crucial ones.</p>
3	7 – 9	<p>A good response that focuses on many of the demands of the question</p> <p>Likely to demonstrate sound, focused analysis and some supported evaluation:</p> <ul style="list-style-type: none"> • includes some reasonable, supported evaluation • includes analysis with some logical chains of reasoning • includes some good application to the given context • shows sound knowledge and understanding of business terminology and concepts with relatively few errors • is well-structured and generally focused. <p>A relatively complete and coherent argument leading to an attempt to conclude. The content is detailed and correct and most of it is integrated. There is recognition of arguments and counter-arguments, but balance is not always present and the weight to be given to each argument is not always fully clear.</p>

2	4 – 6	<p>A reasonable response which focuses on some of the demands of the question</p> <p>Some reasonable analysis but generally unsupported evaluation:</p> <ul style="list-style-type: none"> • there is likely to be some attempt to make relevant evaluation but this has little support from arguments or does not address the question as a whole • includes some reasonable analysis but which might not be adequately developed or becomes confused in places • includes reasonable application to the given context • shows satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present. <p>There is an attempt to answer the question. There is likely to be a conclusion but it has little support and response may lack balance. The content is largely correct, though there may be some gaps and lack of detail.</p>
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	0	<p>No credit worthy material.</p>

The demands of the question are to explain how the Triple bottom line could lead to an increase in profit and market share and to make a supported judgement as to whether it will be successful. A response that only focuses on one of the objectives (profit or market share) cannot be awarded greater than a Level 3 mark.

Indicative Content

- People/Social – 200 factory workers will feel more important, which could result in an increase in motivation; theories, such as Maslow and Herzberg could be used to support analysis. This could lead to increase in productivity increasing profit, therefore, greater output enabling increase in market share.
- People/Social – Recognition of impact on the local community of the UK factory, and other stakeholders, leading to actions to reduce impact, therefore, improving the image of the business, which could lead to increasing sales, leading to increased market share and profit.
- Planet/Environmental – Reducing the amount of waste currently sent to landfill deters pressure groups and creates improved brand image, which could lead to a better reputation for the business, enabling it to increase sales and, therefore, market share and profits.
- Planet/Environmental – Using recycled lithium ion batteries reduces the demands for lithium mining, therefore, reducing environmental damage during extraction, leading to an improved brand image, leading to increased sales and, therefore, market share and profits.

However:

- Profit/Economic – creating people/social and planet/environmental accounts will require either additional employees or existing employees to be taken from existing tasks, increasing costs, making the profit objective more difficult to achieve
- Profit/Economic – Reducing noise in the local community may increase costs or prevent factory working at full capacity, thereby increasing costs of production and possibly requiring rises in selling price, which may result in lower market share
- Profit/Economic – business may be reluctant to become more productive by making surplus staff redundant as it may negatively affect the ‘people account’ and, therefore, increase costs and reduce profits.

It depends upon:

- how credible the triple bottom line accounts are, as there is no oversight for the planet and people accounts. Pressure groups may simply view it as a marketing activity
- Whether the customer considers planet/environmental and people/social wellbeing as an important factor when choosing suppliers.

Credit other valid arguments and judgements.

2	5	<p>Manzi wants to produce NEC's patented designs and use its brand name under license. Should NEC agree to this?</p> <p>Assess the arguments for and against and make a judgement.</p>	<p>12</p> <p>AO1 = 2 AO2 = 1 AO3 = 3 AO4 = 6</p>
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Examiners are reminded that AO1, AO2, AO3 and AO4 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives for this question. More weight should therefore be given to AO4 than AO1, AO2 and AO3.

Level	Marks	Descriptor
4	10 – 12	<p>An excellent response that focuses fully on the demands of the question</p> <p>Likely to demonstrate sound, focused analysis and well-supported evaluation:</p> <ul style="list-style-type: none"> • includes supported evaluation in a final conclusion and within response • includes well-focused analysis with clear, logical chains of reasoning • includes well-focused application to the given context • shows sound knowledge and understanding of business terminology and with few, if any, errors • is well-structured and well-focused. <p>A complete and coherent overall argument with a clear conclusion. The conclusion is arrived at through a balancing of arguments, with appropriate weight given to each argument and to the argument overall. Where there are crucial arguments, these are distinguished from less crucial ones.</p>
3	7 – 9	<p>A good response that focuses on many of the demands of the question</p> <p>Likely to demonstrate sound, focused analysis and some supported evaluation:</p> <ul style="list-style-type: none"> • includes some reasonable, supported evaluation • includes analysis with some logical chains of reasoning • includes some good application to the given context • shows sound knowledge and understanding of business terminology and concepts with relatively few errors • is well-structured and generally focused. <p>A relatively complete and coherent argument leading to an attempt to conclude. The content is detailed and correct and most of it is integrated. There is recognition of arguments and counter-arguments, but balance is not always present and the weight to be given to each argument is not always fully clear.</p>

2	4 – 6	<p>A reasonable response which focuses on some of the demands of the question</p> <p>Some reasonable analysis but generally unsupported evaluation:</p> <ul style="list-style-type: none"> • there is likely to be some attempt to make relevant evaluation but this has little support from arguments or does not address the question as a whole • includes some reasonable analysis but which might not be adequately developed or becomes confused in places • includes reasonable application to the given context • shows satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present. <p>There is an attempt to answer the question. There is likely to be a conclusion but it has little support and response may lack balance. The content is largely correct, though there may be some gaps and lack of detail.</p>
1	1 – 3	<p>A limited response that has little focus on the demands of the question</p> <p>A limited response with some understanding:</p> <ul style="list-style-type: none"> • includes no evaluation or attempts evaluation but this is unsupported • includes some limited analysis but it may lack focus and/or become confused • includes some limited application to the given context • includes some limited knowledge and understanding of business terminology and concepts but errors are likely.
	0	<p>No credit worthy material.</p>

The demands of the question – candidate will need to consider whether NEC should license its engine design and brand to Manzi. The overall judgement will need supporting.

Indicative Content

- Increase in profit to business of \$5m per annum, with potential to increase. This will make it easier for NEC to achieve objective of raising profits by 5% per year.
- Manzi will understand the Indonesian and wider Asian market better than NEC and, therefore, maybe able to increase sales further, generating further profit for NEC.

However:

- NEC may have to compete with Manzi in Asian markets. This may reduce NEC sales in these countries and, therefore, profits
- Manzi's quality systems may not be to the same standard as NEC. This could lead to faulty products reaching the customer, which have NEC name on them, leading to brand damage, reducing the ability of the business to charge premium prices, which is the concern of the marketing director.
- intellectual property from NEC's designs may be used in other Manzi products, from which NEC will receive no income.

It depends upon:

- how much of NEC revenue is currently and potentially generated in Asia; if this market is of little importance to the business then it may be worth taking a risk with the brand name.
- the reputation of Manzi, as a quality producer; it may be worth visiting their production facilities to ascertain their current approach to quality.
- whether Manzi has had any previous relationship where intellectual property has been transferred without permission.

Credit other valid arguments and judgements.