



GCE A LEVEL MARKING SCHEME

SUMMER 2018

**A LEVEL
BUSINESS – COMPONENT 3
A510U30-1**

INTRODUCTION

This marking scheme was used by WJEC for the 2018 examination. It was finalised after detailed discussion at the examiners' conference by all the examiners involved in the assessment. The conference was held shortly after the paper was taken so that reference could be made to the full range of candidates' responses, with photocopied scripts forming the basis of discussion. The aim of the conference was to ensure that the marking scheme was interpreted and applied in the same way by all examiners.

It is hoped that this information will be of assistance to centres but it is recognised at the same time that, without the benefit of participation in the examiners' conference, teachers may have different views on certain matters of detail or interpretation.

WJEC regrets that it cannot enter into any discussion or correspondence about this marking scheme.

GENERAL MARKING GUIDANCE

Positive Marking

It should be remembered that learners are writing under examination conditions and credit should be given for what the learner writes, rather than adopting the approach of penalising him/her for any omissions. It should be possible for a very good response to achieve full marks and a very poor one to achieve zero marks. Marks should not be deducted for a less than perfect answer if it satisfies the criteria of the mark scheme, nor should marks be added as a consolation where they are not merited.

For each question there is a list of indicative content which suggest the range of business concepts, theory, issues and arguments which might be included in learners' answers. This is not intended to be exhaustive and learners do not have to include all the indicative content to reach the highest level of the mark scheme.

The level based mark schemes sub-divide the total mark to allocate to individual assessment objectives. These are shown in bands in the mark scheme. For each assessment objective a descriptor will indicate the different skills and qualities at the appropriate level. Learner's responses to questions are assessed against the relevant individual assessment objectives and they may achieve different bands within a single question. A mark will be awarded for each assessment objective targeted in the question and then totalled to give an overall mark for the question.

EDUQAS A LEVEL BUSINESS - COMPONENT 3

BUSINESS IN A CHANGING WORLD

SUMMER 2018 MARK SCHEME

SECTION A

1 (a)	Analyse Aldi's approach to corporate responsibility.			[8]
Band	AO1	AO2	AO3	
	2 marks	2 marks	4 marks	
3			<p>4 marks</p> <p>Excellent analysis of Aldi's approach to corporate responsibility</p> <p>Arguments are well developed and in context</p>	
2	<p>2 marks</p> <p>Good understanding of corporate responsibility</p> <p>The learner demonstrates a clear and accurate understanding of corporate responsibility</p>	<p>2 marks</p> <p>Good application of corporate responsibility to Aldi</p> <p>The learner makes effective use of the case study context</p>	<p>2-3 marks</p> <p>Good analysis of Aldi's approach to corporate responsibility</p> <p>Arguments are reasonably well developed</p>	
1	<p>1 mark</p> <p>Limited understanding of corporate responsibility</p>	<p>1 mark</p> <p>Limited application of corporate responsibility to Aldi</p> <p>The learner makes some use of the case study context during the answer</p>	<p>1 mark</p> <p>Limited analysis of Aldi's approach to corporate responsibility</p> <p>A limited number of factors are analysed</p>	
0	<p>0 marks</p> <p>No understanding of corporate responsibility</p>	<p>0 marks</p> <p>No application of corporate responsibility to Aldi</p>	<p>0 marks</p> <p>No valid analysis</p>	

Indicative content:

Corporate social responsibility (CSR) assumes businesses are responsible for monitoring and take responsibility for the impact they have on both social welfare and the environment.

All of Aldi's products are sourced in a sustainable way, which is good for the reputation of the business. Other supermarkets have received bad publicity in the past because they sold products that were not environmentally friendly, e.g. non-line caught tuna.

Aldi is committed to reducing its carbon footprint and recycling its waste. This means not only that it is meeting its legal obligations but shows that it cares for the environment.

Aldi is committed to treating its employees fairly, this will help to retain employees and improve their motivation.

Aldi supports the communities in which it operates, this will help to ensure customer loyalty. Labelling of health food in order to help customers make healthy choices with regard to food purchases.

Any other valid point.

1 (b)	Discuss the similarities and differences between Aldi and traditional supermarkets, such as Tesco and Morrisons and how this has affected Aldi's performance. [12]			
Band	AO1	AO2	AO3	AO4
	2 marks	2 marks	4 marks	4 marks
3			<p>4 marks Excellent analysis of the ways in which Aldi is similar to and differs from traditional supermarkets and how this has affected its performance</p> <p>Key issues are analysed</p>	<p>4 marks Excellent well balanced evaluation of Aldi's similarities and differences with traditional supermarkets and how this has affected its performance</p> <p>Key issues are evaluated</p>
2	<p>2 marks Good understanding of how Aldi is similar to and differs from traditional supermarkets</p>	<p>2 marks Good application to Aldi and traditional supermarkets</p> <p>Reference is made to the key points in the case study</p>	<p>2-3 marks Good analysis of the ways in which Aldi is similar to and/or differs from traditional supermarkets and how this has affected its performance</p> <p>Relevant issues are analysed</p>	<p>2-3 marks Good evaluation of Aldi's similarities and/or differences with traditional supermarkets and how this has affected its performance</p> <p>The evaluation may be one-sided</p> <p>Some relevant issues are evaluated</p>
1	<p>1 mark Limited understanding of how Aldi is similar to and/or differs from traditional supermarkets</p>	<p>1 mark Some application to Aldi and/or traditional supermarkets</p> <p>Reference is made to some relevant points in the case study</p>	<p>1 mark Limited analysis of the ways in which Aldi is similar to and/or differs from traditional supermarkets and/or how this has affected its performance</p>	<p>1 mark Limited evaluation of Aldi's similarities and/or differences with traditional supermarkets and/or how this has affected its performance</p>
0	<p>0 marks No understanding of how Aldi is similar to and/or differs from traditional supermarkets</p>	<p>0 marks No application to Aldi and traditional supermarkets</p>	<p>0 marks No valid analysis</p>	<p>0 marks No valid evaluation</p>

Indicative content:

Aldi is a private limited company. This means that there is not the pressure to produce profits to satisfy institutional shareholders. Aldi is able to take a long-term view on its expansion.

Aldi is committed to low prices even if it means a fall in profits as, in the long-run, this will lead to increased expansion of the business. Larger supermarkets are plcs and so are constantly under the scrutiny of the stock market. As a result, Aldi has been able to increase its share of the market.

Aldi has a limited range of stock but they buy this range in greater bulk, which gives them purchasing economies of scale. This is attractive to customers on limited incomes. In times of economic hardship, this is likely to increase Aldi's sales.

Aldi does not spend a great deal of money on "fancy displays and gimmicks", which keeps down their costs.

Its buyers are experts in their field. Because they specialise in fewer product lines they are able to find products that "represent the best quality at the best prices". As the larger supermarkets have so many product lines, it is less easy for them to become expert in any one area.

Aldi's staff are well paid relative to other supermarkets but they are expected to work harder and so overall staff costs are low compared to big employers such as Tesco.

Like all supermarkets in this competitive environment, Aldi will need to arrange their marketing strategy in order to provide quality products at the right price for customers in the right locations and inform them of the product range.

Customer loyalty is as much an issue for Aldi as it is for any supermarket. As supermarkets deal with consumable items then repeat purchase is vital to their long-term strategy.

Any other valid point.

1 (c)	Evaluate Aldi's plans for organic growth in the UK. [10]			
Band	AO1	AO2	AO3	AO4
	2 marks	2 marks	2 marks	4 marks
				<p>4 marks Excellent well-balanced evaluation of Aldi's plans for organic growth</p> <p>Key issues are evaluated</p>
2	<p>2 marks Good and clear understanding of organic growth</p> <p>The learner demonstrates a clear and accurate understanding of organic growth</p>	<p>2 marks Good application to Aldi's plans for organic growth in the UK</p> <p>The learner makes effective use of the case study context</p>	<p>2 marks Good analysis of the key issues which may be considered or encountered during organic growth</p> <p>Good well-developed answer explaining the implications of organic growth</p>	<p>2-3 marks Good evaluation of Aldi's plans for organic growth</p> <p>The evaluation may be one-sided</p> <p>Some relevant issues are evaluated</p>
1	<p>1 mark Limited understanding of organic growth</p>	<p>1 mark Limited application to Aldi's plans for organic growth in the UK</p> <p>The learner makes limited use of the case study context</p>	<p>1 mark Limited analysis of the issues which may be considered or encountered during organic growth</p>	<p>1 mark Limited evaluation of Aldi's plans for organic growth</p> <p>Unsupported judgements are made</p>
0	<p>0 marks No understanding of organic growth</p>	<p>0 marks No application to Aldi's plans for organic growth in the UK</p>	<p>0 marks No valid analysis</p>	<p>0 marks No valid evaluation</p>

Indicative content:

Aldi is planning to open 80 new stores this year and a further 300 by 2022, rapidly increasing the number of its stores.

All of this growth is organic. There are apparently no plans for acquisition.

At a time when its profit margins are being squeezed it is possible that Aldi might find it difficult to raise the finance to pay for this expansion. This is especially true as it is a private company and so will not have access to the stock market to raise funds. Unless of course there is a decision to go public.

Aldi has already been very successful in its growth plans, having captured a significant percentage of the market in recent years. So it must be doing something right.

In addition, as the article says, there are many towns in the UK without an Aldi, so it appears that the market is not yet saturated and there is still plenty of room for expansion.

Aldi's organic growth strategy will assist in achieving purchasing economies of scale. As this will reduce the average unit cost, this can assist in providing customers with low prices in Aldi stores. However, this may have been achieved more quickly through external growth.

Diseconomies of scale can be managed more effectively through organic growth. As Aldi is a private limited company external finance may be limited. Therefore, if Aldi only opens stores when finances allow this will help keep gearing and liquidity under control. External growth, with a large capital outlay, may suddenly increase gearing and lower liquidity as external and internal finance reserves are put under pressure.

However, Aldi has targeted shoppers who are looking for low priced non-branded goods, which may be classified as inferior goods. However, if the economy expands, and peoples' incomes increase shoppers may well return to traditional brands and traditional supermarkets as they shift back to normal and superior goods.

Any other valid point.

1 (d)	The key to the success of multinational companies, such as Aldi, is their ability to adapt their products, activities and working practices to reflect local needs (known as glocalisation). To what extent do you agree with this statement? [10]		
Band	AO1	AO3	AO4
	2 marks	3 marks	5 marks
		<p>3 marks</p> <p>Excellent analysis of the need to adapt to local needs</p> <p>Well-developed analysis of the advantages and disadvantages of glocalisation</p> <p>The key impacts of comparative factors are analysed</p>	<p>4-5 marks</p> <p>Excellent well-balanced evaluation of the need to adapt to local needs</p> <p>Well-supported judgements of the need to employ glocalisation strategies</p>
2	<p>2 marks</p> <p>Good understanding of glocalisation</p> <p>The learner demonstrates a clear and accurate understanding of glocalisation</p> <p>The learner may make use of examples</p>	<p>2 marks</p> <p>Good analysis of the need to adapt to local needs</p> <p>Analysis of the advantages and/or disadvantages of glocalisation</p> <p>The impact of some comparative factors are analysed</p>	<p>2-3 marks</p> <p>Good evaluation of the need to adapt to local needs</p> <p>Supported judgements are made</p> <p>May be one-sided</p>
1	<p>1 mark</p> <p>Limited knowledge of glocalisation</p>	<p>1 mark</p> <p>Limited analysis of the need to adapt to local needs</p> <p>Superficial analysis of the advantages and/or disadvantages of glocalisation/ comparative factors</p>	<p>1 mark</p> <p>Limited evaluation of the need to adapt to local needs</p> <p>Unsupported and/or superficial judgements</p>
0	<p>0 marks</p> <p>No knowledge of glocalisation</p>	<p>0 marks</p> <p>No valid analysis</p>	<p>0 marks</p> <p>No valid evaluation</p>

Indicative content:

The aim of glocalisation is to reach customers all over the globe, however, this should be achieved by taking into account local tastes, customs and traditions.

Glocalisation is a market-oriented approach. Global businesses today have to be constantly aware of changing consumer tastes and failure to invest in market research in foreign markets will result in a lack of competitiveness. Aldi would not have had the success that it has had if it had only sold German products in its supermarkets. Consumers in different countries have different tastes

For example, McDonald's menu keeps its core elements everywhere in the world but there are 'local' variations. For instance, the Japanese menu includes The Chicken Katsu Burger, a breaded chicken sandwich flavoured with soy sauce and ginger. In Germany, a big seller was the 'McCurrywurst', a hot sausage with tangy curry tomato sauce.

The case study makes clear that Aldi is proud of its "Britishness". It is a "fantastic supporter of British farming ... and has 100% British meat all year round".

Any other valid point.

1 (e)	Discuss the likely consequences to Aldi's stakeholders of the UK's decision to leave the European Union (Brexit). [10]		
Band	AO2	AO3	AO4
	2 marks	4 marks	4 marks
3		<p>4 marks</p> <p>Excellent well-developed analysis of the consequences of leaving the EU to Aldi's stakeholders</p> <p>Key impacts for Aldi of the UK's decision to leave the EU are analysed</p> <p>Clear impact on the key stakeholders</p>	<p>4 marks</p> <p>Excellent evaluation of the consequences to Aldi's stakeholders of the UK's decision to leave the EU</p> <p>Well-supported judgements are made</p> <p>Key issues have been discussed</p> <p>May give an overall conclusion</p>
2	<p>2 marks</p> <p>Good application of the consequences of Brexit to Aldi's stakeholders</p>	<p>2-3 marks</p> <p>Good analysis of the consequences of leaving the EU to Aldi's stakeholders</p> <p>Impact(s) for Aldi of the UK's decision to leave the EU is/are analysed</p> <p>Reference is made to the impact on at least 2 stakeholders</p>	<p>2-3 marks</p> <p>Good evaluation of the consequences to Aldi's stakeholders of the UK's decision to leave the EU</p> <p>Supported judgements are made</p> <p>Some relevant issues are evaluated</p>
1	<p>1 mark</p> <p>Limited application of the consequences of Brexit to Aldi's stakeholders</p>	<p>1 mark</p> <p>Limited analysis of the consequences of leaving the EU to Aldi's stakeholder(s)</p> <p>Superficial reference made to at least 1 impact and 1 stakeholder</p>	<p>1 mark</p> <p>Limited evaluation of the consequences to Aldi's stakeholders of the UK's decision to leave the EU</p> <p>Judgements are superficial and unsupported</p>
0	<p>0 marks</p> <p>No application of the consequences of Brexit to Aldi's stakeholders</p>	<p>0 marks</p> <p>No valid analysis</p>	<p>0 marks</p> <p>No valid evaluation</p>

Indicative content:

The decision to leave the EU has resulted in a fall in the value of the pound. This in turn has resulted in higher prices for imported goods. As far as Aldi sells British produced goods this will not affect their customers, but imported produce can be expected to go up in price. As well as consumers this might also affect shareholders as it is likely that some of the increase will be absorbed by the business and, as a result, reduce profits.

Some UK suppliers might have benefited as there is likely to be some import substitution, for example with Aldi buying UK produced vegetables rather than imported vegetables. As a result, customers may have found that the range of products offered by Aldi's has changed, e.g., some favourite products may no longer be available.

The fall in the value of the pound makes it cheaper for Aldi, as a German company, to invest in its UK stores. This may benefit both shareholders and employees as the company begins to employ more workers. However, if they decide to send profits back to their HQ in Germany, less profits may be received.

Aldi may find it more difficult to employ people from other parts of Europe due to restrictions on migration. A restriction in the supply of labour from the EU may lead to a labour shortage in the UK. This in turn could lead to wages increasing as competition for staff drives up the price of labour. As a result, this may lead to increases in the prices charged by Aldi.

Should the UK place tariffs on EU products such as oranges from Spain, the purchase cost or stock will increase. This cost increase may be pushed on to customers leading to higher prices in Aldi's UK stores. As a result, the customers will suffer from higher prices due to cost push inflation.

Any other valid point

2 (a)	Explain how Maslow's hierarchy of needs might be used to motivate workers who are employed in a department store, such as John Lewis or Debenhams. [10]		
Band	AO1	AO2	AO3
	4 marks	4 marks	2 marks
3	3-4 marks Excellent understanding of Maslow's hierarchy of needs Clear understanding of at least 4 hierarchical layers are demonstrated	3-4 marks Excellent application of using Maslow's hierarchy of needs to motivate workers in a department store Appropriate methods of motivation linked to Maslow's hierarchy are fully applied to a department store	
	2 marks Good understanding of Maslow's hierarchy of needs At least 3 of the layers of the hierarchy are understood Or/and A diagram of Maslow's hierarchy is fully completed	2 marks Good application of using Maslow's hierarchy of needs to motivate workers in a department store Methods of motivation linked to Maslow's hierarchy are applied to a department store	2 marks Good analysis of the impact of Maslow's hierarchy on motivation at a department store The advantages and/or disadvantages of Maslow's hierarchy are clearly analysed
1	1 mark Limited understanding of Maslow's hierarchy of needs 1 or 2 layers are briefly described Or/and A diagram of Maslow's hierarchy is partially completed	1 mark Limited application of using Maslow's hierarchy of needs to motivate workers in a department store At least 1 method of motivation linked to Maslow's hierarchy is applied to a department store	1 mark Limited analysis of the impact of Maslow's hierarchy on motivation 1 or 2 advantages or disadvantages of Maslow's hierarchy are analysed
	0 marks No understanding of Maslow's hierarchy of needs	0 marks No application of using Maslow's hierarchy of needs to motivate workers in a department store	0 marks No valid analysis

Indicative content:

An explanation of how a department store can help employees meet the following:

Physiological needs – e.g., by creating a good working environment and paying them well. Department stores often pay above the minimum wage so that they can attract good quality staff who will do their best to satisfy the stores' customers. Equally, hourly pay may be suitable to motivate lower level employees such as shop floor staff to attend and engage in work. This may be suitable when encouraging staff to work more hours perhaps when a sale is on.

Security needs – e.g., by giving them permanent contracts of employment and guaranteeing their hours of work. For department stores it is important to retain experienced staff in order to maintain a good working relationship with their customers. Salary may be used as a more consistent pay method so that managers focus on the operation within their department rather than how many hours they are at work. In retail many jobs are seasonal.

Social needs – e.g., by having good relations with employees and providing them with social facilities/functions. This can be important in a 'customer facing' environment such as a department store as the ability of staff to work as a team can affect the customer's experience and potential customer loyalty. In the case of John Lewis, employees are partners and are likely to have a sense of ownership in the business.

Esteem needs – e.g. by providing encouragement to improve skills and gain promotion. Department stores often run schemes such as employee of the month. As Debenhams is a national store internal promotions can offer a career ladder to employees. The prospect of career development may encourage staff to work productively as well as reduce absenteeism and labour turnover.

Self-actualisation – this may not be possible for all job roles, but, as far as possible, to make jobs satisfying for the individual worker. Workers in department stores need to be empowered in order to do their jobs well. This will help to give them a feeling of self-actualisation, i.e., that in doing their job well they are also fulfilling their own potential. At lower levels of the hierarchy, empowerment may lead to departments being able to respond flexibly to customer's needs. Self-actualisation is more likely to take place in the upper levels of these large organisations as involvement in strategic decision making is more likely.

2 (b)	Discuss, with the use of examples, the view that, for all businesses “workers are always the organisations most important resource”. [20]		
Band	AO1	AO3	AO4
	4 marks	8 marks	8 marks
3		<p>6-8 marks</p> <p>Excellent analysis of the importance of workers to a business</p> <p>Appropriate examples are analysed</p> <p>The analysis is balanced and detailed</p> <p>Analysis of other resources in comparison to workers</p> <p>Key issues have been well-developed with a clear line of argument</p> <p>In-depth analysis required for this band</p>	<p>6-8 marks</p> <p>Excellent evaluation of the view that workers are always a business’s most important resource</p> <p>Appropriate examples are evaluated</p> <p>The evaluation is balanced and detailed</p> <p>Consideration of other resources in comparison to workers</p> <p>Clear judgements are made with supporting statements to build an argument</p> <p>A holistic evaluation may be offered with an overall conclusion</p>
2	<p>3-4 marks</p> <p>Good understanding of the importance of workers to a business</p> <p>Examples are used to show good understanding</p>	<p>3-5 marks</p> <p>Good analysis of the importance of workers to a business</p> <p>1 or 2 appropriate examples are analysed</p> <p>The analysis may include a comparison with other resources</p> <p>The analysis is uneven with some well-developed points and others which are more limited in their development</p>	<p>3-5 marks</p> <p>Good evaluation of the view that workers are always a business’s most important resource</p> <p>Appropriate examples are evaluated</p> <p>The evaluation provides a reasonably well balanced argument</p> <p>The learner makes judgements with some attempt to support their evaluation</p> <p>The answer may contain a brief conclusion</p>
1	<p>1-2 marks</p> <p>Limited understanding of the importance of workers to a business</p> <p>Limited use of example(s) to show knowledge</p>	<p>1-2 marks</p> <p>Limited analysis of the importance of workers to a business</p> <p>At least 1 appropriate example is briefly analysed</p> <p>Superficial analysis</p>	<p>1-2 marks</p> <p>Limited evaluation of the view that workers are always a business’s most important resource</p> <p>Appropriate example(s) is/are briefly evaluated</p> <p>Judgements are superficial and unsupported</p> <p>The evaluation is uneven and one-sided</p> <p>There is no conclusion</p>
0	<p>0 marks</p> <p>No understanding of the importance of workers to a business</p>	<p>0 marks</p> <p>No valid analysis</p>	<p>0 marks</p> <p>No valid evaluation</p>

Indicative content:

Arguments in favour of the proposition:

- For most businesses workers play a key role in their success especially when the worker is required to think for him or herself.
- In dealing with customers workers can, in giving good customer service, increase sales and help to retain valuable customers.
- In production, workers are key to achieving consistent quality outputs. If workers are engaged in their work they are likely to increase output as well.
- In research and development workers are vital in the production and development of new products.

Arguments against the proposition

- It depends on the type of business. In some industries workers play a more important role than in others.
- Some jobs are routine and do not require high levels of skill or commitment by staff.
- If there are high levels of unemployment it should be relatively easy to replace staff.
- Some products more or less sell themselves, e.g., i-phones, the workers role is relatively unimportant.
- Other resources can be important such as the role of marketing, operations and financial management and can have a larger impact on the success of the business.

Any other valid point.

3 (a)	Explain the type of ethical considerations that an oil company such as BP or Shell would need to take into account in operating its business. [10]		
Band	AO1	AO2	AO3
	4 marks	4 marks	2 marks
3	3-4 marks Excellent understanding of ethical issues a business may consider The learner demonstrates clear and accurate understanding of at least 2 ethical considerations	3-4 marks Excellent application of ethical considerations to an oil company The learner will have suggested appropriate ethical considerations which are fully applied to an oil company	
	2 marks Good understanding of ethical issues a business may consider The learner demonstrates understanding of at least 2 ethical considerations	2 marks Good application of ethical considerations to an oil company The learner will have suggested some likely considerations which are relevant to an oil company	2 marks Good analysis of the impact of ethical considerations on an oil company The learner will have clearly analysed likely considerations
1	1 mark Limited understanding of ethical issue(s) a business may consider The learner demonstrates understanding of at least 1 ethical consideration	1 mark Limited application of ethical considerations to an oil company The learner will have suggested at least 1 consideration which is relevant to an oil company	1 mark Limited analysis of the impact of ethical considerations The learner will have analysed at least 1 consideration
	0 marks No understanding of ethical issues a business may consider	0 marks No application of the impact of ethical considerations to an oil company	0 marks No valid analysis

Indicative content:

There are a number of potential ethical considerations, these might include:

Concern for the environment where oil is extracted. Is it produced in such a way so as not to harm the environment. For instance there have been concerns about the impact of drilling in environmentally sensitive areas such as Alaska.

Is drilling taking place in places that threaten the lives of local communities such as the native populations of the Amazon rain forest?

Concern about the way that oil is transported. There have been several serious oil spills in the past that have had a devastating effect on fish, birds and other animals.

Are the workers on the oil rigs being treated fairly and is their safety being taken sufficiently seriously. A number of workers have been killed on oil rigs in the past.

As the burning of fossil fuels is bad for the health of humans are there ways in which the damage can be reduced?

Is the fuel causing the least possible damage to people's vehicles?

Any other valid point.

3 (b)	“Few large companies truly value ethical matters since they are mainly interested in making as large a profit as possible.” Discuss. [20]		
Band	AO1	AO3	AO4
	4 marks	8 marks	8 marks
3		<p>6-8 marks</p> <p>Excellent analysis of an ethical standpoint in relation to profits</p> <p>A detailed analysis between the importance of selecting an ethical standpoint in comparison to a profitable standpoint</p> <p>The analysis is balanced and detailed</p> <p>Key issues have been well-developed with a clear line of argument</p> <p>In-depth analysis required for this band</p>	<p>6-8 marks</p> <p>Excellent evaluation of the view that most large companies do not truly value ethical matters</p> <p>The evaluation is balanced and detailed</p> <p>Consideration of ethics versus profits</p> <p>Clear judgements are made with supporting statements to build an argument</p> <p>A holistic evaluation may be offered with an overall conclusion</p>
2	<p>3-4 marks</p> <p>Good understanding of the reasons for setting business objectives in terms of ethics and profits</p>	<p>3-5 marks</p> <p>Good analysis of an ethical standpoint in relation to profits</p> <p>Analysis between the importance of selecting an ethical standpoint in comparison to a profitable standpoint</p> <p>The analysis is uneven with some well-developed points and others which are more limited in their development</p>	<p>3-5 marks</p> <p>Good evaluation of the view that most large companies do not truly value ethical matters</p> <p>The evaluation provides a reasonably well balanced argument considering ethics versus profits</p> <p>The learner makes judgements with some attempt to support their evaluation</p> <p>The answer may contain a brief conclusion</p>
1	<p>1-2 marks</p> <p>Limited understanding of the reasons for setting business objectives in terms of ethics and/or profits</p>	<p>1-2 marks</p> <p>Limited analysis of an ethical standpoint in relation to profits</p> <p>Analysis of the importance of selecting an ethical standpoint</p> <p>or</p> <p>Analysis of the importance of selecting a profitable standpoint</p> <p>One-sided analysis</p>	<p>1-2 marks</p> <p>Limited evaluation of the view that most large companies do not truly value ethical matters</p> <p>Judgements are superficial and unsupported</p> <p>The evaluation is uneven and one-sided</p>
0	<p>0 marks</p> <p>No understanding of business objectives in terms of ethics / profits</p>	<p>0 marks</p> <p>No valid analysis</p>	<p>0 marks</p> <p>No valid evaluation</p>

Indicative content:

The primary aim of most businesses is to make a profit. Without this motive many things would not be produced at all. It is the over-riding incentive for operating and investing in a business.

However, this does not mean that ethical considerations are unimportant.

Some company's USP is their commitment to ethical practice: prime examples being Bodyshop and the Coop.

If a business were to gain a reputation for unethical practice it could well affect its profitability.

On the other hand some businesses are by nature unethical. For example tobacco companies such as BAT or arms manufacturers. But even companies in these industries will argue that they are acting ethically. For example tobacco companies say that their advertising does not encourage people to smoke, only to change brands!

Many businesses give money to local charities and clubs. This is clearly going to slightly effect their profits, although the amounts they give are typically only a small fraction of their profits. Also, it could be argued that the goodwill of the community leads to greater sales and hence profits.

Some behaviour such as sourcing from Fair Trade suppliers where farmers are paid a reasonable rate for their produce can be seen as ethical. However, by promoting the business as being ethical this may also be used in order to develop brand strength and customer loyalty. Therefore, as ethical sourcing can be used to promote sales and generate revenue, ethical behaviour is not necessarily separate from 'profitable' behaviour.

Equally, ethical behaviour such as paying staff above the minimum wage for unskilled work may also be seen as ethical. However, this increased cost may lead to an increase in the quality of work from staff. Therefore, reported 'ethical' behaviour may lead to increased productivity. As a result, ethical behaviour is not inseparable from profitable behaviour.

Businesses such as Ryanair look to reduce costs as far as is possible. As a result, a higher cost ethical option is unlikely to be selected. However, Ryanair's sales depend on a low price strategy. Therefore, to increase the businesses cost base will be counterproductive to its marketing strategy. Therefore, the prioritising of ethics over profit will depend on the marketing strategy of the business.

Learners should be rewarded for giving suitable examples.

4 (a)	Explain how demographic change might affect a holiday company such as Thomas Cook or Thomson (TUI). [10]		
Band	AO1	AO2	AO3
	4 marks	4 marks	2 marks
3	3-4 marks Excellent understanding of demographic change The learner demonstrates clear and accurate understanding of key demographic changes	3-4 marks Excellent application of the impact of demographic change on a holiday company The learner will have suggested appropriate demographic change which are fully applied to a holiday company	
	2 marks Good understanding of demographics or demographic change The learner demonstrates understanding of demographics or demographic changes	2 marks Good application of the impact of demographic change on a holiday company The learner will have suggested some likely demographic changes which are relevant to a holiday company	2 marks Good analysis of the impact of demographic change on a holiday company The learner will have clearly analysed the impact of demographic changes
1	1 mark Limited understanding of demographics or demographic change At least 1 demographic is identified	1 mark Limited application of the impact of demographics or demographic change on a holiday company The learner will have suggested at least 1 likely demographic change which is relevant to a holiday company	1 mark Limited analysis of the impact of demographics or demographic change Limited analysis of the impact of at least 1 demographic or demographic change
	0 marks No understanding of demographics	0 marks No application to a holiday company	0 marks No valid analysis

Indicative content:

Demographic change refers to changes in the data that tells us about the characteristics of the population. It is particularly concerned with the age profile of the population. For example, for the first time in the UK the number of people over 60 exceeds the number of people under 16. Demography is also concerned with statistics about birth rates, death rates and migration.

Holiday companies will be aware of demographic change because they want to tailor their holidays to peoples' needs.

If there is an increase in the birth rate, they will provide more family oriented holidays.

As the population ages, they will provide more holidays that suit older people. For example SAGA specialises in holidays for people over 50.

Older people also have more disposable income, as they have mostly paid off their mortgages and so there is a big increase in cruise holidays to cater for the better-off pensioner.

If the statistics show that there are more people living on their own then the holiday companies will provide holidays for "singles".

As more young people go to university and become independent from their families, holiday companies will provide more holidays to suit this age group.

Any other valid point.

4 (b)	Discuss the view that businesses that fail to respond successfully to social factors, such as changes in the age profile, culture, lifestyle and preferences of consumers, are likely to fail in the long term. [20]		
	AO1	AO3	AO4
	4 marks	8 marks	8 marks
3		<p>6-8 marks</p> <p>Excellent analysis of the importance of responding to changing social factors</p> <p>A detailed analysis of the value of incorporating changes to social factors into business strategy</p> <p>The analysis is balanced and detailed and considers the long term</p> <p>Key issues have been well-developed with a clear line of argument</p> <p>In-depth analysis required for this band</p>	<p>6-8 marks</p> <p>Excellent evaluation of the view that businesses that fail to respond successfully to social factors, are likely to fail in the long term</p> <p>The evaluation is balanced and detailed</p> <p>Considerations include long term survival</p> <p>Clear judgements are made with supporting statements to build an argument</p> <p>A holistic evaluation may be offered with an overall conclusion</p>
2	<p>3-4 marks</p> <p>Good understanding of how businesses may react in response to changes in social factors</p> <p>Clear references are made to changing social factors</p> <p>Clear understanding of suitable responses to changes in social factors</p>	<p>3-5 marks</p> <p>Good analysis of the importance of responding to changing social factors</p> <p>Analysis of the value of incorporating changes to social factors into business strategy</p> <p>The analysis is uneven with some well-developed points and others which are more limited in their development</p>	<p>3-5 marks</p> <p>Good evaluation of the view that businesses that fail to respond successfully to social factors, are likely to fail in the long term</p> <p>The evaluation provides a reasonably well balanced argument</p> <p>Considerations may not focus on long term survival</p> <p>The learner makes judgements with some attempt to support their evaluation</p> <p>The answer may contain a brief conclusion</p>
1	<p>1-2 marks</p> <p>Limited understanding of how businesses may react in response to changes in social factors</p> <p>Some reference is made to changing social factors</p> <p>Limited understanding of suitable response(s) to changes in social factor(s)</p>	<p>1-2 marks</p> <p>Limited analysis of the importance of responding to changing social factors</p> <p>Brief analysis of the importance to businesses in adapting to changes in social factors</p> <p>Superficial analysis</p> <p>One-sided analysis</p>	<p>1-2 marks</p> <p>Limited evaluation of the view that businesses that fail to respond successfully to social factors, are likely to fail</p> <p>Judgements are superficial and unsupported</p> <p>The evaluation is uneven and one-sided.</p>
0	<p>0 marks</p> <p>No understanding of responses to social factors</p>	<p>0 marks</p> <p>No valid analysis</p>	<p>0 marks</p> <p>No valid evaluation</p>

Indicative content:

As society changes consumer requirements change and this calls for new methods of marketing. Businesses need to produce new products to meet these new requirements.

There is plenty of evidence that businesses that bring out innovative products that are adapted to changes in social factors achieve success. Examples include:

- Apple that has constantly brought out new products that appeal to consumers' preferences and lifestyle.
- McDonalds withdrawal of plastic straws due to consumer preferences concerning the environment.
- Supermarkets withdrawing unhealthy snacks from checkouts.
- The growth of music concerts and festivals due to culture and lifestyle changes towards live music and digital downloads.

The massive increase in shopping via the internet means that businesses that have been slow to offer this service to consumers have lost market share.

The growth of social media as a method of influencing consumer behaviour.

On the other hand not every business needs to change, such as Coca Cola's decision not to change its formula due to the introduction of the sugar tax and sugar consumer concerns (asset-led marketing) in comparison to Irn-Bru who have.

Some social changes can be short-lived and a business that invests too much money chasing a new fad may find itself in trouble.

Many social changes involve changes in technology and so some new strategies may be short lived and not successful when adapting to social changes e.g. Apple i-watch has not done as well as expected when targeting the change towards health and fitness.

Some businesses by accident benefit without changing for example the growth of Wiggle selling bicycles due to the shift towards cycling. Domino's pizza has still seen sales growth due to changes in other factors (not social).

Many businesses have kept their original products but have adapted them to new social changes as well as adding to their product portfolios. Coca Cola continues to sell Coke but it also sells zero sugar varieties and has expanded its product portfolio to include fruit juices and water as well as taking over Innocent's product range.

Any other valid point.