



GCE A LEVEL MARKING SCHEME

SUMMER 2018

**A LEVEL (NEW)
BUSINESS – UNIT 4
BUSINESS IN A CHANGING WORLD
1510U40-1**

INTRODUCTION

This marking scheme was used by WJEC for the 2018 examination. It was finalised after detailed discussion at examiners' conferences 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.

1 (a)	Explain how changes in technology and market conditions have impacted upon Amazon. [6]		
Band	AO1	AO2	AO3
	2 marks	2 marks	2 marks
2	<p>2 marks</p> <p>Good and clear understanding of the changes in technology and market conditions.</p>	<p>2 marks</p> <p>Good application of the changes in technology and market conditions affecting Amazon.</p> <p>The learner makes effective use of data in the case study.</p>	<p>2 marks</p> <p>A good analysis of the changes in technology and market conditions affecting Amazon.</p> <p>The argument is developed in context.</p>
1	<p>1 mark</p> <p>Limited understanding of the changes in technology and/or market conditions.</p> <p>Points are brief and show limited understanding.</p>	<p>1 mark</p> <p>Limited application of the changes in technology and/or market conditions affecting Amazon.</p> <p>The learner response is mainly theoretical with the limited use of examples from the case study.</p>	<p>1 mark</p> <p>Limited analysis of the changes in technology and/or market conditions affecting Amazon.</p> <p>A limited number of factors are analysed.</p> <p>Use of text is descriptive with little development.</p> <p>Superficial understanding of the impact of either market or technological changes upon Amazon.</p>
0	<p>0 marks</p> <p>No understanding of the changes in technology and market conditions.</p>	<p>0 marks</p> <p>No application of the changes in technology and market conditions affecting Amazon.</p>	<p>0 marks</p> <p>No analysis of the changes in technology and market conditions.</p>

Indicative content:

The development of the internet as a sales platform has been the cornerstone of Amazon.com. Without technological developments the business would not exist.

Technology has been important in the development of many areas of Amazon's products. Media streaming, downloadable videos and music as well as developing links with retailers and operating their websites have all been the result of effective use of technology by Amazon.

Technology has been vital in the development of the Kindle and other physical products offered by Amazon. As the Kindle has created a new experience for consumers through the birth of the e-reader this product has reportedly sold in its millions throughout the world.

Market changes have been particularly significant for Amazon. Initial entry into a rapidly growing internet market (2 300% a year) has allowed Jeff to grow the business quickly. In a growing market new customers are not attached to an online trader. Therefore, the early branding of Amazon and focus on a popular product, books, has helped the company see rapid growth.

Another market change was the dot.com crash. Unlike many companies, Amazon.com managed to survive the crash. This was in part due to Jeff's focus on developing the business to a large scale quickly. The post-crash nervousness of retailers developing an online presence led to the outsourcing of this function. Amazon.com was able to supply a retail web experience to these businesses and in doing so managed to continue its rapid rise to become the world's number one online retailer.

Reduction of competition due to the bursting of the .com bubble gave Amazon more access to customers and potential for growth.

Partnership with DC Comics gave them exclusive digital rights allowing them to operate in a niche market.

Credit any other valid point.

1 (b)	Explain how contingency planning may have aided the survival of businesses experiencing sudden events such as the bursting of the dotcom bubble. [8]	
Band	AO1	AO3
	4 marks	4 marks
3	4 marks Excellent and clear understanding of contingency planning. A range of points made in relation to contingency planning.	4 marks Excellent analysis of the usefulness of contingency planning Benefits and problems are analysed Points are well developed expressing clear development of arguments.
	2-3 marks Good and clear understanding of contingency planning.	2-3 marks A good analysis of the usefulness of contingency planning. Benefits and/or problems are analysed. Arguments are developed in context.
1	1 mark Limited understanding of contingency planning.	1 mark Limited analysis of the usefulness of contingency planning. A limited number of benefits/problems are analysed. Use of data is descriptive with little development.
	0 marks No understanding of contingency planning.	0 marks No analysis of the use of contingency planning.

Indicative content:

Contingency planning is planning for unwanted and unlikely events.

A contingency plan may be to have enough liquidity to survive potential problems. Amazon.com managed to survive the dotcom crash as it had at its disposal a suitable quantity of liquidity. As this was the case, Amazon.com was able to continue to trade and generate business quickly in the aftermath of the crash. Therefore, contingency planning helped the business survive.

Contingency planning may include contractual arrangements or insurances to be put in place in the event of a sudden occurrence. In the case of Amazon.com the rapid devaluation of the company was not necessarily a problem as the business had created a good asset base both in terms of physical assets such as warehouses, but also in terms of creating copyrights and patents to protect the company's assets. Therefore, potential negative impacts of events have been guarded against and have little impact on businesses which are prepared for eventualities.

As contingency planning only deals with expected events it is as useful as the ability to predict. Therefore, contingency planning would have been useful to the few who had expected the dot.com crash enabling companies to prepare for potential devaluing of their share price.

Attempted takeovers may have taken place during the dotcom crash. As the share price dropped significantly, this would mean the company could have been taken over relatively cheaply. A contingency plan may have been for the company to own a significant number of shares to prevent a takeover. However, it is also likely that investors may have been nervous about investing in any dotcom company at this time and as a result Amazon.com may have survived due to a lack of faith in the market at this time.

Contingency planning is costly and time consuming to construct.

Having a contingency plan allows management to make better decisions as they are not panicking or reacting to situations.

Credit any other valid point.

1 (c)	Discuss the view that working conditions at Amazon are ethical. [12]			
Band	AO1	AO2	AO3	AO4
	2 marks	2 marks	2 marks	6 marks
3				<p>5-6 marks</p> <p>An excellent evaluation of ethical behaviour in relation to working conditions.</p> <p>A well balanced evaluation demonstrating a high level of judgement.</p> <p>Clear reference to the case study and context to support the judgement.</p>
2	<p>2 marks</p> <p>Good and clear understanding of ethical behaviour.</p>	<p>2 marks</p> <p>Good application to Amazon</p> <p>The learner makes effective use of the data in the case study.</p>	<p>2 marks</p> <p>Good analysis of ethical behaviour in relation to working conditions.</p> <p>Arguments are developed in context.</p>	<p>3-4 marks</p> <p>Good evaluation of ethical behaviour in relation to working conditions.</p> <p>Candidate makes partial judgement, with some attempt to support their evaluation.</p>
1	<p>1 mark</p> <p>Limited knowledge or understanding of ethical behaviour.</p>	<p>1 mark</p> <p>Limited application to Amazon</p> <p>The learner response is mainly theoretical with the limited use of examples from the case study.</p>	<p>1 mark</p> <p>Limited analysis of ethical behaviour in relation to working conditions.</p> <p>The analysis is superficial.</p>	<p>1-2 marks</p> <p>Limited evaluation of ethical behaviour of Amazon in relation to working conditions.</p> <p>Unsupported judgements are made.</p>
0	<p>0 marks</p> <p>No knowledge or understanding of ethical behaviour.</p>	<p>0 marks</p> <p>No application to Amazon.</p>	<p>0 marks</p> <p>No analysis of points relating to ethics.</p>	<p>0 marks</p> <p>No evaluation of the ethical behaviour of Amazon.</p>

Indicative content:

Working conditions at Amazon seem to be unethical as employees seem to be suffering from stress as a result of the tight time constraints placed upon them when locating packages at the warehouse in Swansea. This has led to anxiety and depression amongst some workers. As a result, it appears that a high work rate is being prioritised over the mental health of workers therefore it can be concluded that this is unethical.

Additionally, it appears that the physical demands of working in the 8000 square feet factory has led to muscular problems and joint problems because of the volumes of work and pressure on staff to deliver. This again is evidence that the work level is too high and by imposing a strict time frame Amazon has prioritised the work rate of employees over their health. This must be considered unethical as Amazon is in effect causing injury amongst their staff.

However, as this is a highly competitive market in which delivery times are a key part of the businesses success Amazon are correct to closely monitor the work of employees. This will help to keep costs down for Amazon and as there is a high level of price comparison during internet shopping, this is vital to the overall survival of the business therefore maintaining long term employment for workers.

Additionally, workers are given the opportunity to feed back to the company through 'worker forums'. This will help Amazon develop a guide as to levels of satisfaction at work as well as anticipate and deal with any concerns the employees have to offer. In this way, Amazon will be able to strike a balance between the needs of the company and the needs of the employee.

Overall, it is normal business practice to increase the efficiency of the workers. A higher 'pick' rate amongst the warehouse staff will lower costs and increase the speed of delivery times enabling the business to remain competitive. However, just because Amazon are working within legal requirements for health and safety, this does not mean they are not asking for a work rate which will cause mental and physical issues for staff. As these symptoms are clearly occurring amongst staff Amazon may be deemed to be legalistic rather than acting in an ethical manner.

Credit any other valid point.

1 (d)	Using SWOT analysis, evaluate the strategic position of Amazon. [12]		
Band	AO2	AO3	AO4
	4 marks	4 marks	4 marks
3	<p>4 marks</p> <p>Excellent application to the strategic position of Amazon.</p> <p>The learner makes excellent use of the data in the case study.</p>	<p>4 marks</p> <p>Excellent use of SWOT in analysing the strategic position of Amazon.</p> <p>All 4 factors of SWOT are analysed and the analysis is balanced and detailed.</p> <p>Logical chains of reasoning.</p> <p>Well-reasoned developments that show a clear understanding of SWOT analysis.</p> <p>The analysis draws on the data in the case study.</p>	<p>4 marks</p> <p>An excellent critical SWOT analysis that evaluates the strategic position of Amazon.</p> <p>A well-balanced evaluation of the 4 elements of SWOT analysis.</p> <p>Clear reference to the case study and context to support the judgement.</p> <p>Relevant judgements are made with qualifying statements used to build an argument.</p> <p>A holistic evaluation may be offered.</p>
2	<p>2-3 marks</p> <p>Good application to the strategic position of Amazon.</p> <p>The learner makes effective use of the data in the case study.</p>	<p>2-3 marks</p> <p>Good use of SWOT in analysing the strategic position of Amazon.</p> <p>SWOT factors are analysed in details.</p> <p>The analysis is developed in context.</p> <p>The analysis may be unbalanced.</p>	<p>2-3 marks</p> <p>Good use of SWOT analysis to evaluate the strategic position of Amazon.</p> <p>SWOT factors will be evaluated, though the evaluation may be unbalanced.</p> <p>Partial judgements are made with some attempt to support the evaluation.</p> <p>The answer may contain a brief holistic evaluation</p>

1	<p style="text-align: center;">1 mark</p> <p>Limited application to the strategic position of Amazon.</p> <p>The learner response is mainly theoretical with the limited use of examples from the case study.</p>	<p style="text-align: center;">1 mark</p> <p>Limited use of SWOT in analysing the strategic position of Amazon.</p> <p>Not all the components of SWOT analysis are analysed. The analysis may only refer to 1 or 2 SWOT factors.</p> <p>The analysis is superficial and undeveloped.</p>	<p style="text-align: center;">1 mark</p> <p>Limited use of SWOT to evaluate the strategic position of Amazon.</p> <p>Unsupported judgements are made.</p> <p>Statements may be brief or not fully developed.</p> <p>The evaluation may focus on 1 or 2 SWOT factors.</p>
0	<p style="text-align: center;">0 marks</p> <p>No application to Amazon and its strategic position.</p>	<p style="text-align: center;">0 marks</p> <p>No use of SWOT analysis to analyse the strategic position of Amazon.</p>	<p style="text-align: center;">0 marks</p> <p>No use of SWOT to evaluate the strategic position of Amazon.</p>

Indicative content:

A strength of Amazon is the fact that it is the biggest online retailer in the world through hosting numerous online traders. As the business focused on growth in the formative years of the internet as a trading platform, the brand has managed to attract a range of customers wishing to purchase a variety of items. It is the diversity of products available on Amazon which allows customers to carry out price comparisons on the same site without the need for browsing elsewhere. This has helped maintain customers for repeat purchases.

A weakness of Amazon is that its staff seem to be treated poorly. As a result, it may be that staff suffer from low motivation. This may lead to an increase in staff absence and a high labour turnover. As this may result in new staff taking longer to pick items in the warehouse, Amazon may have delayed deliveries which could result in a loss of customers. This may be a significant problem for Amazon as there are many alternative providers in the market.

An opportunity for Amazon is to focus on its retail operations. As Amazon has only just trailed a version of its Go store to staff, the opportunity to roll out this quick stop, no checkout shop is a great opportunity. Should this be a success for Amazon they will be able to compete with retailers off-line as well as on-line increasing its reach to customers significantly.

Amazon may face threats in many markets. Although Amazon has recently entered the television and film market, they are late in to this market following popular providers such as Netflix. Should Amazon find competition in this market too severe they will have to abandon plans for the future of this service costing the company a significant amount of capital in the process.

Overall, Amazon seems to be relatively secure in its main market as an online trading platform whilst products such as the Kindle have suffered in popularity due to the invention of other tablets (notably the iPad) which may act as e-readers. As long as Amazon continue to innovate it is likely that they will continue to be a success

Credit any other valid point.

1 (e)	Consider whether the objective of rapid growth is of benefit to all of Amazon's stakeholders. [12]			
Band	AO1	AO2	AO3	AO4
	2 marks	2 marks	2 marks	6 marks
3				<p>5-6 marks</p> <p>An excellent well-balanced evaluation of the benefits and problems to a range of stakeholders of Amazon's rapid growth.</p> <p>The impact on the key stakeholders are evaluated.</p> <p>Clear judgements are made with supporting statements.</p> <p>Clear reference to the case study and context to support the judgement.</p> <p>May offer a conclusion or overall judgement.</p>
2	<p>2 marks</p> <p>Good and clear understanding of rapid growth as a business objective.</p>	<p>2 marks</p> <p>Good accurate application to Amazon's stakeholders in terms of rapid growth.</p> <p>The learner makes effective use of the data in the case study.</p>	<p>2 marks</p> <p>A good analysis of the benefits and/or problems to Amazon's stakeholders of rapid growth.</p> <p>Well-reasoned arguments are developed in context.</p> <p>The impact on the key stakeholders are included.</p>	<p>3-4 marks</p> <p>Good evaluation of the benefits and/or problems to Amazon's stakeholders of rapid growth.</p> <p>The evaluation will include reference to most of the key stakeholders.</p> <p>The evaluation is reasonably well-balanced.</p> <p>Judgements are made with some attempt to support their evaluation.</p> <p>The evaluation is in context.</p> <p>May offer a brief conclusion or overall judgement.</p>

<p style="text-align: center;">1</p>	<p style="text-align: center;">1 mark</p> <p>Limited knowledge or understanding of rapid growth as a business objective.</p>	<p style="text-align: center;">1 mark</p> <p>Limited application to Amazon's stakeholders in terms of rapid growth.</p> <p>The learner response is mainly theoretical with the limited use of examples from the case study.</p>	<p style="text-align: center;">1 mark</p> <p>Limited analysis of the benefits and problems to Amazon's stakeholders of rapid growth.</p> <p>The analysis is superficial and may only include reference to 1 or 2 stakeholders.</p> <p>Use of data is descriptive with little development.</p>	<p style="text-align: center;">1-2 marks</p> <p>Limited evaluation of the benefits and problems to Amazon's stakeholders of rapid growth.</p> <p>Judgements are superficial and unsupported.</p> <p>Awareness of the key issues but with limited development.</p> <p>Limited reference to the context.</p> <p>Evaluation tends to be asserted rather than explained.</p>
<p style="text-align: center;">0</p>	<p style="text-align: center;">0 marks</p> <p>No knowledge or understanding of rapid growth as a business objective.</p>	<p style="text-align: center;">0 marks</p> <p>No application to Amazon's stakeholders in terms of rapid growth.</p>	<p style="text-align: center;">0 marks</p> <p>No analysis of the benefits and problems to Amazon's stakeholders in terms of rapid growth.</p>	<p style="text-align: center;">0 marks</p> <p>No evaluation of the benefits and problems to Amazon's stakeholders as a result of rapid growth.</p>

Indicative content:

A benefit of operating on an international basis is that this opens up trading to a larger amount of customers. As customers will be interested in increased choice this will be a particular benefit to those customers who are able to access amazon.com and Amazon's products for the first time.

Some aspects of their business such as the Amazon Prime television service are accessible via an app. As a result, there is no additional cost to Amazon of operating these services internationally. As a result, the additional revenue generated will have a limited cost implication. This will be especially beneficial to shareholders as higher profits may lead to higher dividend payments.

When moving in to markets such as China, Amazon will face significant competition. As Alibaba offers a similar service as a trading platform in China, it is likely that such competitors will begin to suffer as Amazon attempts to gain a foothold in the market. This could lead to price based competition which could negatively affect both groups.

As Amazon has more than 7 000 workers at UK distribution centres it is clear that the government may benefit from increased tax receipts. As workers are likely to pay income tax and Amazon itself will pay corporation tax, this will be a benefit to the government and their ability to pay for merit and public goods.

The communities around Amazon distribution centres will see employment rise which will increase general spending within the community. As a result, it appears that local communities may become more affluent with a large employer being introduced to the area. However, it may also be said that the increase in traffic from Amazon's distribution centres is also likely to put pressure on local infrastructure and potentially create traffic problems reducing the quality of life for the local community.

Suppliers will see a significant benefit as those achieving contracts with this large employer will gain increased trade. However, it must also be considered that Amazon focuses on low prices therefore those companies supplying Amazon will be under pressure to reduce their prices. This may in itself limit the benefit of working with such a large organisation.

SECTION B

2 (a)	Outline the implications to small businesses in Wales if the UK were to implement protectionist policies.		[10]
Band	AO1	AO2	
	6 marks	4 marks	
3	<p style="text-align: center;">5-6 marks</p> <p>Excellent understanding of protectionist policies.</p> <p>Key aspects are identified and well explained.</p>		
2	<p style="text-align: center;">3-4 marks</p> <p>Good understanding of protectionist policies.</p> <p>The learner identifies key aspects.</p>	<p style="text-align: center;">3-4 marks</p> <p>The learner clearly applies the key implications of protectionist policies to small businesses.</p>	
1	<p style="text-align: center;">1-2 marks</p> <p>Limited understanding of protectionist policies.</p> <p>Understanding is superficial.</p>	<p style="text-align: center;">1-2 marks</p> <p>The learner applies limited implications of protectionist policies to small businesses.</p>	
0	<p style="text-align: center;">0 marks</p> <p>Little or no understanding of protectionist policies.</p>	<p style="text-align: center;">0 marks</p> <p>No meaningful attempt to apply the key implications of protectionist policies to small businesses.</p>	

Indicative content:

Protectionism is an economic policy of restraining trade between countries through the imposition of barriers to trade, such as tariffs or quotas.

Protectionism can be imposed by creating tariffs on imported goods. Should the UK choose to do this, then imports from other trading blocs such as the African Union would be disadvantaged when exporting to the UK. A tariff would impose an additional cost to imported goods and as a result could push the price of imports higher than that of domestic goods produced in the UK. As a result, it is more likely that Welsh businesses sell goods as customers purchase them rather than higher priced imported products.

Additionally, it may be the case that the UK imposes quotas on imports from abroad. For example, China exports large quantities of textiles to the UK. Should the UK government wish to protect jobs in Welsh factories it may choose to impose a quota on imported Chinese textiles. Although this would not stop China importing to the UK, it would create a cap on the quantity of imports. Assuming UK customers wish to consume textiles at the same rate, the reduction in supply from China will create the need for textiles to be produced in UK countries such as Wales in order to keep up with demand. This could be of particular benefit to the Welsh wool producers and increase the price of wool on the UK market. As a result, Welsh sheep farmers will receive a higher income which could be crucial in securing the future of Welsh hill farming.

However, if the UK imposed protectionist policies on other trading nations this may lead other countries to impose restrictions upon UK businesses. For example, if Welsh lamb was subject to quotas in New Zealand this may restrict the level of sales for Welsh farmers. As a result, this will reduce revenue for Welsh farmers and negatively their ability to reinvest in new livestock causing the industry to reduce its activity.

Credit any other valid point.

2 (b)	Evaluate the impact on businesses and their stakeholders of the UK leaving the European Union. [20]		
Band	AO1	AO3	AO4
	4 marks	8 marks	8 marks
3		<p>6-8 marks</p> <p>The learner gives an excellent analysis of the impact on UK businesses of leaving the EU.</p> <p>Key issues for both businesses and their stakeholders of the UK leaving the EU.</p> <p>The analysis will be balanced, well-developed and with a clear line of argument.</p> <p>In-depth analysis is the key for this band.</p>	<p>6-8 marks</p> <p>The learner presents an excellent evaluation of the impact on businesses and their stakeholders of the UK leaving the EU.</p> <p>The evaluation is well-balanced and detailed and will focus on the key issues.</p> <p>The evaluation judges a broad range of arguments on both sides of the debate.</p> <p>Clear judgements are made with supporting statements to build an argument.</p> <p>An holistic evaluation will be offered with an overall conclusion.</p>
2	<p>3-4 marks</p> <p>The learner demonstrates good understanding of the impact the business and at least 1 stakeholder of the UK leaving the EU.</p> <p>A clear understanding of the arguments for and/or against leaving the EU.</p>	<p>3-5 marks</p> <p>The learner gives a good analysis of the impact on UK businesses of leaving the EU.</p> <p>Implications for the business and at least one stakeholder are discussed.</p> <p>The analysis will be uneven, with some well-developed ideas and others where the development is more limited.</p> <p>The analysis may focus on one-side of the argument.</p>	<p>3-5 marks</p> <p>The learner presents a good evaluation of the impact on businesses and their stakeholders of the UK leaving the EU.</p> <p>The evaluation will include a range of the key issues.</p> <p>The learner makes judgements with some attempt to support their evaluation.</p>

<p style="text-align: center;">1</p>	<p style="text-align: center;">1-2 marks</p> <p>The learner demonstrates limited knowledge or understanding of the key benefits and/or drawbacks for UK businesses and/or their stakeholders of leaving the EU.</p> <p>The learner identifies some of the arguments for and/or against leaving the EU.</p>	<p style="text-align: center;">1-2 marks</p> <p>The learner gives a limited analysis of the impact on UK businesses of leaving the EU.</p> <p>A limited number of implications for stakeholder(s) and/or the business are discussed.</p> <p>The analysis will focus on one-side of the argument but lacks detail</p>	<p style="text-align: center;">1-2 marks</p> <p>The learner presents a limited evaluation of the impact on businesses and/or their stakeholders of the UK leaving the EU.</p> <p>The learner shows an awareness of some of the key issues but with limited development.</p> <p>Judgements are superficial and unsupported.</p> <p>The evaluation will be uneven and focus on one-side of the argument.</p> <p>Evaluation tends to be asserted rather than explained</p>
<p style="text-align: center;">0</p>	<p style="text-align: center;">0 marks</p> <p>Little or no understanding of the key benefits or drawbacks for UK businesses or their stakeholders of leaving the EU.</p>	<p style="text-align: center;">0 marks</p> <p>Little or no analysis of the impact on UK businesses of leaving the EU.</p>	<p style="text-align: center;">0 marks</p> <p>No meaningful evaluation of the impact on businesses or their stakeholders of the UK leaving the EU.</p>

Indicative content:

Positive impacts of leaving the EU:

As the government will not have to pay the EU for membership the UK government may use the saved tax income to increase investment in the domestic market. This may mean extra funding for businesses within the UK. As a result, funds may be available for innovative technology products. As any discovery may lead to technical advances this could lead to a more innovative and productive business environment within the UK. This will be crucial in competing against other industrial nations when trading internationally and could lead to significant rises in GDP helping to meet the government's economic targets.

Exiting the EU can lead to increased control over imports. As protectionist policies may be put in place this could be increase demand for UK goods within the UK rather than consumers purchasing imported products. This will be of great benefit to both UK businesses allowing growth to occur as market demand increases. Inevitably, the increased demand will lead to increased revenue with the likely outcome of increased profits for UK businesses and increased jobs and promotion prospects for workers.

Once the UK has left the EU this will enable stricter border controls to be imposed and immigration may be reduced. This may limit pressure on public services such as the NHS and education. As a result, waiting lists for medical treatment may reduce as will class sizes. Therefore, UK society may see a great benefit in the quality of public and merit goods as a result of an exit from the EU.

Negative impacts of leaving the EU:

UK exporters will still need to comply with EU regulations in order to export goods to the EU trading bloc. Therefore, there may be little change in operations for businesses exporting products to the EU. As a result, some businesses will not be freed from EU legislation if the UK leaves the EU.

Quotas on imported EU products may lead to a reduction in choice for consumers. Tariffs may lead to increased prices for consumers, therefore attempts to boost sales of UK products will lead to consumers being in a poorer position.

Some areas in the UK (including large areas of Wales) currently receive funding from the EU. This funding is a benefit to businesses either directly from EU subsidies, e.g. farming, or indirectly through the development of infrastructure to support business activity. Once the UK leaves the EU this funding will be removed. As this could be seen to remove both support and security from some businesses this may be seen as a considerable negative. In the event that this leads to business failure employees will be significantly affected by the increase in redundancies.

It has already been the case that the UK's proposed departure from the EU has led to a weakening of the pound against the Euro. This has made imports more expensive as a result of cost push inflation. As a result, UK consumers have experienced price rises for some products. If wage increases do not keep pace with inflation rates UK consumers will be significantly worse off.

UK businesses employ many EU foreign nationals. If the UK's exit from the EU leads to restrictions on immigration, this will restrict the supply of labour. If a reduction in the labour supply leads to a reduction in the ability to supply the market, UK business may achieve lower profit levels than may otherwise be the case. As dividends are paid as a percentage of profits the resulting implication for shareholders may be a lower than expected dividends.

Credit any other valid argument.

3 (a)	Describe the likely public costs and benefits of building a new motorway to connect North Wales to South Wales. [10]	
Band	AO1	AO2
	6 marks	4 marks
3	<p>5-6 marks</p> <p>Excellent understanding of public costs and benefits</p> <p>Key public costs and benefits are identified and well explained.</p>	
2	<p>3-4 marks</p> <p>Good understanding of public costs and benefits.</p> <p>The learner identifies key public costs and benefits with some explanation.</p>	<p>3-4 marks</p> <p>The learner clearly applies public costs and benefits to the building of a new motorway to connect North Wales to South Wales.</p>
1	<p>1-2 marks</p> <p>Limited understanding of public costs and/or benefits.</p> <p>Understanding is superficial.</p>	<p>1-2 marks</p> <p>The learner applies limited public costs and/or benefits to the building of a new motorway to connect North Wales to South Wales.</p>
0	<p>0 marks</p> <p>Little or no understanding of public costs and benefits.</p>	<p>0 marks</p> <p>No meaningful attempt to apply the scenario to the building of a new motorway to connect North Wales to South Wales</p>

Indicative content:**Public costs:**

A new motorway is likely to cause the loss of woodland, farmland or greenbelt land. The loss of these areas may reduce the enjoyment locals or tourists have when exploring the Welsh countryside. Therefore, a new motorway may lead to the loss of tourism in areas of Wales close to the motorway.

Pollution levels will increase in areas surrounding the new motorway. Emissions from vehicles using the motorway will be present in the atmosphere around the road. This may cause health problems for those living nearby in a previously clean air environment.

Traffic is likely to increase in the towns surrounding the motorway. The increased infrastructure may cause new businesses to select the town as a site and commuters may choose to drive rather than use public transport. Both of these factors may increase traffic and congestion in the surrounding towns.

A new motorway may result in a demolishing some homes and residents may be angry at having to relocate.

Loss of services for local people with local businesses being forced to close down as a result of less passing trade.

Public benefits:

For those travelling to the towns and cities serviced by the new motorway, time spent commuting may be reduced. This will be of great benefit to workers in helping to readdress a work life balance.

Jobs may be created by the construction of this large infrastructure project. The construction of a motorway may take several years therefore leading to steady employment for construction workers and long term contracts for the engineering firms involved.

As the motorway will act as a bypass for many towns and cities in Wales this will significantly reduce traffic on the much smaller A and B roads in the countryside. Therefore, in general, traffic in towns and cities will see a reduction in traffic from vehicles which previously had to pass through the town now being able to use the motorway.

Credit any other valid arguments.

3 (b)	Public costs and benefits will always be less valued by businesses than private costs and benefits. Discuss. [20]		
Band	AO1	AO3	AO4
	4 marks	8 marks	8 marks
3		<p>6-8 marks</p> <p>The learner gives an excellent analysis of the impact public and private costs and benefits have on a business.</p> <p>Key issues for both sides of the debate are discussed in detail.</p> <p>The analysis will be balanced with reference to private costs and benefits and public costs and benefits.</p> <p>The analysis will be balanced, well-developed and with a clear line of argument.</p> <p>In-depth analysis is the key for this band.</p>	<p>6-8 marks</p> <p>The learner presents an excellent evaluation of the argument that public costs and benefits will always/not be less valued by businesses than private costs and benefits.</p> <p>The evaluation is balanced and detailed and will focus on key reasons.</p> <p>The evaluation provides a broad range of arguments on both sides of the debate.</p> <p>Clear judgements are made with supporting statements to build an argument.</p> <p>An holistic evaluation will be offered with an overall conclusion.</p>
		2	<p>3-4 marks</p> <p>The learner demonstrates a good understanding of private and public costs and benefits.</p> <p>A clear understanding of the factors included in cost benefit analysis.</p>

<p style="text-align: center;">1</p>	<p style="text-align: center;">1-2 marks</p> <p>The learner demonstrates a limited understanding of private and public costs and benefits.</p> <p>Some understanding of the factors included in cost benefit analysis.</p>	<p style="text-align: center;">1-2 marks</p> <p>The learner gives a limited analysis of the impact public and private costs and benefits have on a business.</p> <p>A limited number of issues are analysed.</p> <p>The analysis will focus on one-side of the argument.</p> <p>Superficial discussion on the impact of public and private costs and benefits.</p>	<p style="text-align: center;">1-2 marks</p> <p>The learner presents a limited evaluation of the argument that public costs and benefits will always/not be less valued by businesses than private costs and benefits. The learner shows an awareness of some of the key issues but with limited development.</p> <p>Judgements are superficial and unsupported.</p> <p>The evaluation will be uneven and focus on one-side of the argument.</p> <p>Evaluation tends to be asserted rather than explained.</p>
<p style="text-align: center;">0</p>	<p style="text-align: center;">0 marks</p> <p>No understanding of private and public costs and benefits.</p> <p>No understanding of the factors included in cost benefit analysis.</p>	<p style="text-align: center;">0 marks</p> <p>No analysis of private and public costs and benefits.</p>	<p style="text-align: center;">0 marks</p> <p>No meaningful evaluation is provided.</p>

Indicative content:

Reasons in support of the argument: public costs/benefits less valued

Accepting public costs will increase business costs. This will lead to higher prices and reduced competitiveness.

Some customers cannot afford to pay for ethically sourced products and will instead always choose cheaper products. Therefore, it is better for businesses to keep costs low.

There is no need to act in a manner which is beneficial to the public. Law dictates the views of the government and society at large therefore compliance with the law is sufficient to reflect the needs of society.

Reasons against the argument: public costs are valued by businesses

Accepting public costs may be welcomed by customers. Therefore, if the customer is willing to pay for this cost, businesses will be willing to absorb the public costs of their activities.

Public benefits may not lead to revenue within the business. Therefore, businesses opt for more profitable options rather than ones that are of greater benefit to society as a whole.

Many businesses operate to an ethical code of practice. This is often reflected in their vision statement. Therefore the business is more likely to take into account public benefits and public costs.

Larger business are more likely to conduct CBA if they are bidding for large projects, such as the building of new schools.

More likely to carry out CBA in the public sector.

Credit any other valid point.

4 (a)	Describe how independent local grocery shops can remain in the market place despite the existence of large businesses. [10]	
Band	AO1	AO2
	6 marks	4 marks
3	5-6 marks Excellent understanding of the reasons small local businesses survive. Key reasons are identified and well explained.	
	3-4 marks Good understanding of the reasons small local businesses survive. The learner identifies key reasons.	3-4 marks The learner clearly applies reasons to the context of independent local grocery shops. The learner will make specific reference to small local businesses.
1	1-2 marks Limited knowledge or understanding of the reason(s) small local businesses survive. Understanding is superficial.	1-2 marks Limited application to the situation of independent local grocery shops. Answers lack precision in terms of reference to independent local grocery shops.
	0 marks Little or no knowledge or understanding of the reason(s) small local businesses survive.	0 marks No meaningful attempt to apply the scenario of independent local grocery shops.

Indicative content:

Where a personalised service is offered, this experience cannot be scaled up. As an independent grocery shop may cater to the needs of local customers or individual clients this service is unlikely to be replicated by large supermarkets where the focus is on price rather than service.

Local grocery shops are always likely to attract customers due to the aspect of convenience. It is always likely that those in the local community may have forgotten to purchase an item from the supermarket or find they need an ingredient for a meal. In these cases, it is more likely that locals will go to the nearby grocery shop rather than take a trip to the supermarket. In this way, local grocery stores will always attract trade.

Some customers value the personal relationship they have with local shop staff. As some shoppers may value regular social interaction at the local grocery store they may be more willing to visit this shop than a supermarket despite the fact that products may be more expensive.

As many people like to give custom to local businesses, local grocery stores often survive due to their local reputation and location to potential customers. The aspect of supporting local businesses may help to keep many local grocery stores open for business.

Credit any other valid point.

4 (b)	'Customers need protection from exploitation by businesses.' Evaluate the statement. [20]		
Band	AO1	AO3	AO4
	4 marks	8 marks	8 marks
3		<p>6-8 marks</p> <p>The learner gives an excellent analysis as to the reasons why customers may need/not need to be protected from exploitation from businesses.</p> <p>Key issues for both sides of the debate are discussed in detail.</p> <p>The analysis will be balanced, well-developed and with a clear line of argument.</p> <p>In-depth analysis is the key for this band.</p>	<p>6-8 marks</p> <p>The learner presents an excellent evaluation of the need/not need to protect customers.</p> <p>The evaluation is balanced and detailed and will focus on key reasons.</p> <p>The evaluation provides a broad range of arguments on both sides of the debate.</p> <p>Clear judgements are made with supporting statements to build an argument.</p> <p>A holistic evaluation will be offered with an overall conclusion.</p>
	<p>3-4 marks</p> <p>The learner demonstrates a good understanding of the key areas where customers may need protection from exploitation from business.</p> <p>A clear understanding of the legal ways in which protection from exploitation from businesses may be carried out.</p>	<p>3-5 marks</p> <p>The learner gives a good analysis of the reasons why customers may need/not need protection from exploitation from businesses.</p> <p>A number of key issues are discussed.</p> <p>The analysis will be uneven, with some well-developed ideas and others where the development is more limited.</p> <p>The analysis will mainly focus on one-side of the argument.</p>	<p>3-5 marks</p> <p>The learner presents a good evaluation of the need/not need to protect customers.</p> <p>The evaluation will include most of the key points.</p> <p>The learner makes judgements with some attempt to support their evaluation.</p> <p>The answer will contain a brief conclusion.</p>
2			

<p style="text-align: center;">1</p>	<p style="text-align: center;">1-2 marks</p> <p>The learner demonstrates a limited understanding of the areas where customers may need protection from exploitation from business.</p> <p>Answers will lack clear understanding.</p> <p>Understanding is superficial.</p>	<p style="text-align: center;">1-2 marks</p> <p>The learner gives a limited analysis of the reasons why customers may need protection from exploitation from businesses.</p> <p>A limited number of issues are analysed.</p> <p>The analysis will focus on one-side of the argument.</p> <p>Superficial discussion.</p>	<p style="text-align: center;">1-2 marks</p> <p>The learner presents a limited evaluation of the need/not need to protect customers.</p> <p>The learner shows an awareness of some of the key issues but with limited development.</p> <p>Judgements are superficial and unsupported.</p> <p>The evaluation will be uneven and focus on one-side of the argument.</p> <p>Evaluation tends to be asserted rather than explained</p>
<p style="text-align: center;">0</p>	<p style="text-align: center;">0 marks</p> <p>No understanding of the areas where customers may need protection from exploitation from business.</p>	<p style="text-align: center;">0 marks</p> <p>No analysis of the reasons why customers may need protection from exploitation from businesses.</p>	<p style="text-align: center;">0 marks</p> <p>No meaningful evaluation is provided.</p>

Indicative content:

Agree: Need protection

Legislation is needed to monitor the safety of goods. In the search for cost saving measures, businesses may be tempted to provide goods which are of an unsafe standard. As consumers do not wish to be harmed by dangerous goods it is necessary for consumer protection legislation to be put in place to avoid this eventuality. Failure to do so may result in severe consequences for consumers.

Misleading advertising is another cause for concern. It is in the business's interest to make products seem exciting and attractive. However, as this may lead to some marketing campaigns over-embellishing the potential benefits of a product this needs to be monitored by organisation such as the Advertising Standards Authority (ASA). In this way customers will be able to guarantee that their product has the qualities as noted in the advertisement.

Where companies have little competition this will lead to a degree of monopolistic power. As a result, businesses may decide to charge high prices for their products. Without regulations to restrict market share to 25% in the UK customers may be left with no choice. As a result, customers may be left with little option but to pay high prices for some products.

The distribution of some items such as cigarettes is restricted. Without regulation these items may be widely advertised and sold without any warnings present as to the risks of consumption. This may result in, consumers unwittingly suffering significant negative consequences such as poor health including lung cancer which may result in death.

Don't agree: Don't need protection

Social media means that mistreatment of customers will be widely reported. As a result, consumers will be careful not to mistreat customers and face negative publicity via internet campaigns. Therefore, it is not necessary for customers to be protected from businesses as they may protect themselves by reporting mistreatment.

The need for businesses to comply with legislation is a significant cost for businesses. These costs are passed on to the consumer through higher prices. Therefore, it is not in the interest of consumers that businesses activities are restricted and monitored.

Additionally, as laws restrict the sale and distribution of some products, it may be said that consumer choice is restricted by the governments attempts to protect consumers. If customers were given access to all products, market forces would decide the viability of products position within the marketplace.

Competition naturally will lead to companies wishing to improve the quality of goods. Therefore, the nature of competitive markets will lead to innovation through research and development. It can therefore be concluded that regulation is not needed to guard against poor quality products as it is in the company's interest to maintain high quality in order to maintain sales.

Credit any other valid point.