



GCE A LEVEL MARKING SCHEME

AUTUMN 2021

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

INTRODUCTION

This marking scheme was used by WJEC for the 2021 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.

GCE A LEVEL BUSINESS - COMPONENT 3

AUTUMN 2021 MARK SCHEME

SECTION A

1 (a)	Explain the advantages and disadvantages to Debenhams of changing its organisational structure by cutting 320 store management jobs.			[8]
Band	AO1	AO2	AO3	
	2 marks	2 marks	4 marks	
3			<p align="center">4 marks</p> <p>Excellent explanation of the advantages and disadvantages of changing organisational structure by cutting 320 management jobs.</p> <p>Well-developed and in context.</p>	
2	<p align="center">2 marks</p> <p>Good understanding of the advantages and disadvantages of changing organisational structure by cutting jobs.</p>	<p align="center">2 marks</p> <p>Good application of the advantages and disadvantages to Debenhams of changing organisational structure by cutting 320 management jobs.</p> <p>The learner makes effective use of the case study context.</p>	<p align="center">2-3 marks</p> <p>Good explanation of the advantages and disadvantages of changing organisational structure by cutting 320 management jobs.</p> <p>Good well-developed answer explaining the benefits and problems of the change.</p>	
1	<p align="center">1 mark</p> <p>Limited understanding of the advantages and/or disadvantages of changing organisational structure by cutting jobs.</p>	<p align="center">1 mark</p> <p>Limited application of the advantages and/or disadvantages to Debenhams of changing organisational structure by cutting 320 management jobs.</p> <p>The learner makes some use of the case study context during the answer.</p>	<p align="center">1 mark</p> <p>Limited explanation of the advantages and/or disadvantages of changing organisational structure by cutting 320 management jobs.</p> <p>A limited number of effects of the change.</p>	
0	<p align="center">0 marks</p> <p>No understanding of the advantages or disadvantages of changing organisational structure by cutting jobs.</p>	<p align="center">0 marks</p> <p>No application of the advantages or disadvantages to Debenhams of changing organisational structure by cutting 320 management jobs.</p>	<p align="center">0 marks</p> <p>No relevant explanation of the advantages or disadvantages of changing organisational structure by cutting 320 management jobs.</p>	

Indicative content:**Advantages:**

As the roles under discussion are management positions these are likely to be higher than average salaries. Therefore, a reduction in 320 such roles will lead to a significant reduction in the overall wage bill for Debenhams. This will benefit the business by allowing cost savings to be used to increase profits at this time when trading is becoming more difficult due to changes in customer behaviour focusing more towards online shopping.

As management roles are being cut this may lead to delayering. This will result in a shorter chain of command which in turn may mean that decisions are made more quickly with information passing up and down the organisational hierarchy more quickly. This could be beneficial in keeping up with changes in consumer needs.

Disadvantages:

The reduction of 320 management staff will inevitably lead to wider spans of control. This could become a problem for the remaining managers as it will become more difficult to spend time ensuring staff are up to date with duties and that problems are dealt with as they occur. Failure to do so may increase costs.

Demotivation may occur amongst the shop floor staff. If staff are used to having significant contact with their line manager and suddenly this is reduced as managers either have more subordinates, or the previous manager has been made redundant, this may affect motivation and therefore productivity. This can be a particular problem in businesses like Debenhams as this is a customer facing business. If customer service is affected this can reduce the quantity of repeat business putting further pressure on Debenhams's profits.

If managers are reduced their activities will still need to be carried out. Therefore, Debenhams will need to train the remaining shop staff in order that these duties can still be carried out. This may also require employees to change their working methods allowing for more empowerment to take place after training.

Any other valid point.

1 (b)	Debenhams' cost cutting measures place profits over ethics. Discuss. [10]			
Band	AO1	AO2	AO3	AO4
	2 marks	2 marks	2 marks	4 marks
3				<p>4 marks</p> <p>Excellent evaluation of cost cutting measures in relation to placing profits over ethics.</p> <p>Several relevant issues are evaluated.</p>
2	<p>2 marks</p> <p>Good understanding of the relationship between profit and ethics.</p> <p>A number of relevant points are made.</p>	<p>2 marks</p> <p>Good application of Debenhams cost cutting measures in relation to placing profits over ethics.</p> <p>The learner makes effective use of the data in the case study.</p>	<p>2 marks</p> <p>Good analysis of cost cutting measures in relation to placing profits over ethics.</p> <p>Some relevant issues are analysed.</p>	<p>2-3 marks</p> <p>Good evaluation of cost cutting measures in relation to placing profits over ethics.</p> <p>Some relevant issues are evaluated.</p>
1	<p>1 mark</p> <p>Limited understanding of the relationship between profit and ethics.</p>	<p>1 mark</p> <p>Limited application of Debenhams cost cutting measures in relation to placing profits over ethics.</p> <p>The learner response is mainly theoretical with limited use of examples from the case study.</p>	<p>1 mark</p> <p>Limited analysis of cost cutting measures in relation to placing profits over ethics.</p>	<p>1 mark</p> <p>Limited evaluation of cost cutting measures in relation to placing profits over ethics.</p>
0	<p>0 marks</p> <p>No understanding of the relationship between profit and ethics.</p>	<p>0 marks</p> <p>No application of Debenhams cost cutting measures in relation to placing profits over ethics.</p>	<p>0 marks</p> <p>No relevant analysis of cost cutting measures in relation to placing profits over ethics.</p>	<p>0 marks</p> <p>No relevant evaluation of cost cutting measures in relation to placing profits over ethics.</p>

Indicative content:

Closing the least profitable stores will make the business more profitable. However, this is likely to leave staff without jobs.

Store closures may have a serious effect on other businesses as the 'draw' of Debenhams will not occur leading to a reduction in footfall and trade for other shops. As a result, nearby shops may suffer which may lead to further closures. Therefore, it may be argued that Debenhams's closure of profit-making stores may be seen as unethical.

Asking suppliers for a 2.5% discount seems to be imposed at a time when demand from suppliers would naturally increase due to impending Christmas trade. Therefore, this seems unethical as suppliers may not have chance to arrange alternative contracts with stores who otherwise may have been able to take goods at the usual price.

Although Debenhams is closing some stores and related warehouses, the business is attempting to redeploy workers. Therefore, workers may not lose jobs as a result. They will simply move to another location. However, it may be argued that the change in circumstance and being asked to move to another location may be less suitable for some employees. Therefore, this may be considered unethical as employees may feel they have no alternative but to accept their new working conditions.

Any other valid point.

1 (c)	Evaluate the impact of a business's choice of location on its success. [10]		
Band	AO1	AO3	AO4
	2 marks	4 marks	4 marks
3		<p>4 marks</p> <p>An excellent analysis of the factors affecting the choice of location.</p> <p>Arguments are well developed.</p>	<p>4 marks</p> <p>An excellent well-balanced evaluation of the factors affecting the choice of location.</p> <p>Clear reference to the case study and context to support the judgements.</p>
2	<p>2 marks</p> <p>Good and clear understanding of the factors affecting the choice of location.</p>	<p>2-3 marks</p> <p>A good analysis of the factors affecting the choice of location.</p> <p>Arguments are developed.</p>	<p>2-3 marks</p> <p>Good evaluation of the factors affecting the choice of location.</p> <p>Candidate makes partial judgements, with some attempt to support their evaluation.</p>
1	<p>1 mark</p> <p>Limited understanding of the factors affecting the choice of location.</p>	<p>1 mark</p> <p>Limited analysis of the factors affecting the choice of location.</p> <p>Little development.</p>	<p>1 mark</p> <p>Limited evaluation of the factors affecting the choice of location.</p> <p>Unsupported judgements are made.</p>
0	<p>0 marks</p> <p>No understanding of the factors affecting the choice of location.</p>	<p>0 marks</p> <p>No analysis of the factors affecting the choice of location.</p>	<p>0 marks</p> <p>No evaluation of the factors affecting the choice of location.</p>

Indicative content:

Cost is an important factor when deciding upon a location. We can see from the case study that businesses such as Debenhams have expensive rents because of their city centre locations. However, for some businesses, the increased footfall received due to their location is essential in capturing sales from passing trade. However, other businesses such as factories may choose out of town locations as they would not rely on passing trade and therefore accepting high rent costs would be pointless.

Some businesses choose to locate near others of the same type. For example, clothes shops often locate together to form a honeypot location. In doing so, shoppers are attracted to the location in order to comparison shop. This increases the opportunity to increase sales which may be important in businesses with seasonal stock such as clothes shops. However, other businesses such as convenience stores may wish to locate away from competition in order to avoid price-based competition.

Good infrastructure may be vital for some businesses that need to accept supplies and distribute the finished product quickly and efficiently. Therefore, businesses like Amazon with a primary goal of fast delivery will aim to locate near motorway junctions in order to accept stock and distribute items with minimum delay. This can be crucial in maintaining their market share due to quick delivery to customers.

Some businesses require particular skills and so must locate where these are likely to be found. Ship building was a traditional trade in Liverpool. With this came the development of engineering skills. As ship building declined and these skills were readily available in the market, car manufacturers such as Ford and Vauxhall chose to locate on Merseyside in order to make use of both the access to ports and the availability of skilled labour. This was also important in reducing training costs, as the local education system trained engineers perpetuating the availability of skilled labour. The skill of the workforce is a vital component in the quality of the finished vehicles and is therefore essential to business success.

Increased choice of international location provides access to global markets. Businesses can benefit from revenue generated from a worldwide market and therefore may choose to move into new countries in an attempt to generate higher profits. However, some businesses can maintain international sales via online purchases. Therefore, some businesses do not need to be physically located in new countries in order to benefit from international sales. Therefore, for some businesses, location is not essential.

Any other valid point.

1 (d)	Evaluate the importance to Debenhams of managing change effectively. [10]			
Band	AO1	AO2	AO3	AO4
	2 marks	2 marks	2 marks	4 marks
3				<p>4 marks</p> <p>Excellent evaluation of the importance of managing change effectively.</p> <p>Several relevant issues are evaluated.</p>
2	<p>2 marks</p> <p>Good understanding of the importance to Debenhams of managing change effectively.</p> <p>A number of relevant points are made.</p>	<p>2 marks</p> <p>Good application of the importance to Debenhams of managing change effectively.</p> <p>The learner makes effective use of the data in the case study.</p>	<p>2 marks</p> <p>Good analysis of the importance of managing change effectively.</p> <p>Some relevant issues are analysed.</p>	<p>2-3 marks</p> <p>Good evaluation of the importance of managing change effectively.</p> <p>Some relevant issues are evaluated.</p>
1	<p>1 mark</p> <p>Limited understanding of the importance to Debenhams of managing change effectively.</p>	<p>1 mark</p> <p>Limited application of the importance to Debenhams of managing change effectively.</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 importance of managing change effectively.</p>	<p>1 mark</p> <p>Limited evaluation of the importance of managing change effectively.</p>
0	<p>0 marks</p> <p>No understanding of the importance to Debenhams of managing change effectively.</p>	<p>0 marks</p> <p>No application of the importance to Debenhams of managing change effectively.</p>	<p>0 marks</p> <p>No relevant analysis of the importance of managing change effectively.</p>	<p>0 marks</p> <p>No relevant evaluation of the importance of managing change effectively.</p>

Indicative content:

The change in the number of stores is leading to redeployment of staff and some posts becoming redundant. Debenhams may wish to enter negotiations with unions in order to come to an agreed approach when restructuring. This may enable some staff to take voluntary redundancies which will reduce the concern amongst staff and help staff feel secure in their posts.

Changes of the number of product lines would require Debenhams to work with suppliers. It is clear that supplier power is weak as Debenhams has introduced a 2.5% reduction in prices offered to suppliers. Debenhams will need to ensure that contracts are not breached as it reduces product lines. By doing so they will be able to reduce any legal challenges and maintain a good relationship with suppliers.

Change in leadership can have a significant impact on Debenhams's overall objectives. As the new chief executive is formally of Amazon this could be beneficial as Debenhams begins to increase its online presence. Knowledge in this area will be beneficial in identifying logistical handling issues tied in with online sales. However, Sergio will need to bring managers and staff with him in order to compete his vision.

Change of stores 'look' and positioning the shopping experience as more 'joyful' will require a significant investment. In the new Watford store, the funding is largely covered by the shopping centre landlord, Intu. However, replicating this across numerous stores will require careful negotiations with landlords. This will elevate the cost pressures on Debenhams. However, as this change is occurring simultaneously to store closures this may be perceived as too much of a change for some customers and the battle for new shopping experiences may be offset against an ability to keep existing shoppers. If this is not managed carefully, Debenhams may lose its existing customer base without capturing a new audience. Although the initial information from the Watford store opening seems positive, it remains to be seen whether shoppers remain with Debenhams long-term.

By ensuring that Debenhams remains in profit, the strategy will protect the long-term interest of employees, managers and shareholders. Failure to do so may leave the business in a vulnerable financial position. As the threat of online sales continues, Debenhams must focus on its long-term survival in order to fulfil the interests of the aforementioned stakeholders.

Any other valid point.

1 (e)	Evaluate the impact of technological and social factors on Debenhams and its stakeholders. [12]			
Band	AO1	AO2	AO3	AO4
	2 marks	2 marks	4 marks	4 marks
3			<p>4 marks</p> <p>An excellent analysis of the impact of technological and social factors on Debenhams and its stakeholders.</p> <p>Well-developed in context.</p>	<p>4 marks</p> <p>An excellent well-balanced evaluation of the impact of technological and social factors on Debenhams and its stakeholders.</p> <p>Clear reference to the case study and context to support the judgements.</p>
2	<p>2 marks</p> <p>Good and clear understanding of the impact of technological and social factors on a business and its stakeholders</p>	<p>2 marks</p> <p>Good application of the impact of technological and social factors on Debenhams and its stakeholders</p> <p>The learner makes effective use of the data in the case study.</p>	<p>2-3 marks</p> <p>A good analysis of the impact of technological and social factors on Debenhams and its stakeholders.</p> <p>Developed in context.</p>	<p>2-3 marks</p> <p>Good evaluation of the impact of technological and social factors on Debenhams and its stakeholders.</p> <p>Candidate makes partial judgements, with some attempt to support their evaluation.</p>
1	<p>1 mark</p> <p>Limited understanding of the impact of technological and/or social factors on a business and/or its stakeholders</p>	<p>1 mark</p> <p>Limited application of the impact of technological and/or social factors on Debenhams and/or its stakeholders.</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 impact of technological factors and/or social factors on Debenhams and/or its stakeholders.</p> <p>Use of data is descriptive with little development.</p>	<p>1 mark</p> <p>Limited evaluation of the impact of technological and/or social factors on Debenhams and/or its stakeholders.</p> <p>Unsupported judgements are made.</p>
0	<p>0 marks</p> <p>No understanding of the impact of technological and/or social factors on a business and/or its stakeholders</p>	<p>0 marks</p> <p>No application of the impact of technological and/or social factors on Debenhams and/or its stakeholders.</p>	<p>0 marks</p> <p>No analysis of the impact of technological factors and/or social factors on Debenhams and/or its stakeholders.</p>	<p>0 marks</p> <p>No evaluation of the impact of technological and/or social factors on Debenhams and/or its stakeholders.</p>

Indicative content:

Online shopping has had a large impact on Debenhams and its stakeholders.

Shareholders are suffering from a reduction in revenue whilst costs such as rent and rates remain high. This is leading to profits warnings being issued by Debenhams. As shareholders are paid dividends as a percentage of profits, this may decrease.

Managers appear to be bearing the brunt of the need for cost savings. As 320 managers will lose their positions this will have a direct effect on their earning potential. Although these managers may be redeployed into other roles within Debenhams, these new positions may be less well paid. This downturn in earning capability may lead to demotivation.

Employees jobs have been at risk both in terms of store and warehouse closures. Although the group aims to redeploy staff this may not be possible in all cases leading to a significant problem for some employees. However, some employees may prefer their new position in a Debenhams store leading to more job satisfaction.

Suppliers have been told to reduce their prices by 2.5%. This may be a direct response from cost pressures in other parts of the business, such as rent and rates. As these costs do not affect online businesses in the same way, as they do not need a central or shopping centre location, the pressure on suppliers to reduce prices may be said to be a result of online activity.

Customers may benefit as a result of online sales. As this will create competition through consumer choice, this may drive down Debenhams's prices in order to remain competitive. This is particularly true in situations where the same product can be purchased online.

"Bring back the joy" is a strategy aimed at developing a point of difference between on-line and off-line sales. A focus on the shopping experience will lead to a more positive encounter for customers and may increase either the level of spending or the likelihood of repeat visits. As a result, Debenhams's shops will become busier and more profitable.

Government may suffer to some extent from the reduction in profits from Debenhams stores due to more intense online competition. This would result in a fall in corporation tax receipts, cutting government income. Additionally, as Debenhams is a large employer, restructuring may lead to redundancies. If unemployment was to increase this would lead to an increase in government expenditure in terms of welfare payments but a reduction from income tax contributions.

Any other valid point.

2 (a)	Explain the reasons why some businesses seeking to lower costs may carry out international trade. [10]		
Band	AO1	AO2	AO3
	4 marks	4 marks	2 marks
3	4 marks Excellent understanding of the reasons why businesses carry out international trade. Key factors are included.	4 marks Excellent application to why some businesses seeking to lower costs may carry out international trade. Several reasons are clearly applied to businesses seeking lower costs.	
	2-3 marks Good understanding of the reasons why businesses carry out international trade. Most key factors are included.	2-3 marks Good application to why some businesses seeking to lower costs may carry out international trade. A few reasons are applied to businesses seeking lower costs.	2 marks Good explanation of the reasons why some businesses seeking to lower costs may carry out international trade. Several reasons explained.
1	1 mark Limited understanding of the reasons why businesses carry out international trade. At least 1 key factor is included.	1 mark Limited application to why some businesses seeking to lower costs may carry out international trade. Few relevant reasons are applied to businesses seeking lower costs.	1 mark Limited explanation of the reasons why some businesses seeking to lower costs may carry out international trade. Some reasons explained.
	0 marks No understanding of the reasons why businesses carry out international trade.	0 marks No application to why businesses seeking to lower costs may carry out international trade.	0 marks No explanation of the reasons why some businesses seeking to lower costs may carry out international trade.

Indicative content:

Access raw materials from cheaper sources. Chinese steel is notably cheaper than British steel. As this is a significant raw material for car manufacturers, it would be important for them to import this product.

Labour cost may be an issue. As manufacturers may use high quantities of labour it may be more suitable to locate in areas where labour is readily available and therefore cheap.

Reduced transport costs occur as technology develops. As this will affect the cost of exporting goods this may reduce barriers to entry into new international markets. In doing so, it may be more financially advantageous to produce vehicles in one country and sell in another.

Land cost will be lower in some countries rather than others. As a manufacturing plant may take up a significant amount of land, whilst still needing to be accessible to employees, it may be cheaper to locate in countries with cheaper land.

World trade is separated into different trading blocs. These trading blocs, such as the EU, may have free trade within the bloc but impose tariffs and quotas upon those wishing to import goods and services. Therefore, car manufacturers may wish to locate in various countries in order to gain access to the free trade agreements available within trading blocs such as the EU. This will lower their overall costs and enable the manufacturers to compete on the basis of price. This would be important as big ticket items such as cars are likely to be price elastic.

Any other valid point.

2 (b) Evaluate the impact on UK businesses of not being a member of the EU. [20]			
Band	AO1	AO3	AO4
	4 marks	8 marks	8 marks
3		<p>6-8 marks</p> <p>Excellent analysis of the impact to UK businesses of not being a member of the EU.</p> <p>The analysis is balanced and detailed. Key issues have been well-developed with a clear line of argument. In depth analysis required for this band.</p> <p>Several appropriate points are analysed fully.</p>	<p>6-8 marks</p> <p>Excellent evaluation of the impact to UK businesses of not being a member of the EU.</p> <p>The evaluation is balanced and detailed. Clear judgements are made with supporting statements to build an argument. A holistic evaluation may be offered with an overall conclusion.</p> <p>Several appropriate examples are evaluated fully.</p>
2	<p>3-4 marks</p> <p>Good understanding of the impact to UK businesses of not being a member of the EU.</p>	<p>3-5 marks</p> <p>Good analysis of the impact to UK businesses of not being a member of the EU.</p> <p>The analysis is uneven with some well-developed points and others that are more limited in their development.</p> <p>A few appropriate points are analysed in reasonable detail.</p>	<p>3-5 marks</p> <p>Good evaluation of the impact to UK businesses of not being a member of the EU.</p> <p>The evaluation provides a reasonably well-balanced argument</p> <p>The learner makes judgements with some attempt to support their evaluation. The answer may contain a brief conclusion.</p> <p>A few appropriate examples are evaluated in reasonable detail.</p>
1	<p>1-2 marks</p> <p>Limited understanding of the impact to UK businesses of not being a member of the EU.</p>	<p>1-2 marks</p> <p>Limited analysis of the impact to UK businesses of not being a member of the EU.</p> <p>Few appropriate points are analysed in any detail.</p>	<p>1-2 marks</p> <p>Limited evaluation of the impact to UK businesses of not being a member of the EU.</p> <p>Judgements are superficial and unsupported. The evaluation is uneven and one-sided.</p> <p>Few appropriate examples are evaluated in any detail.</p>
0	<p>0 marks</p> <p>No understanding of the impact to UK businesses of not being a member of the EU.</p>	<p>0 marks</p> <p>No meaningful analysis of the impact to UK businesses of not being a member of the EU.</p>	<p>0 marks</p> <p>No meaningful evaluation of the impact to UK businesses of not being a member of the EU.</p>

Indicative content:**Benefits:**

As the UK would not be tied to EU trade rules this allows the UK government to set up new trade deals with other trading blocs or countries which may be more beneficial to UK businesses.

Pound is weaker due to business uncertainty therefore goods bought from the UK in pounds seem relatively cheap to foreign markets. As a result, this is likely to benefit businesses in the UK focused on exporting.

As the UK will be in a position to impose tariffs and quotas from any trading nation, rather than operating to EU regulations, this may benefit UK businesses by restricting or increasing the price of what may otherwise be cheap imports. This is likely to improve the position of UK goods within the market.

Problems:

However, tariffs and quotas may be imposed on UK goods being exported to the EU where free trade would have previously been in place. This can reduce demand for UK goods and as a result lead to a reduction in revenue for UK businesses.

Reduction in available labour can also be a problem for UK industries such as hospitality which rely on a large quantity of unskilled labour. Whereas these staff may have previously been taken up by an immigrating population from the EU, the removal of free movement of labour between the EU and UK would cause a staff shortage in such industries. This could result in either a reduction in the quality of work being carried out or an increase in the cost of employing staff, as higher wages need to be paid in order to attract UK workers with the same skills to these positions.

No free movement of capital may be an issue for UK businesses. As EU businesses were previously allowed to invest in UK businesses without penalty, this may not necessarily be the case after Brexit. This may reduce investment in the UK and as a result reduce the ability to carry out research and development. If this leaves UK business in a weaker strategic position this could become a long-term disadvantage for UK businesses.

Any other valid point

3 (a)	Explain how changes in fiscal and monetary policy affect demand for high value items such as housing and cars. [10]		
Band	AO1	AO2	AO3
	4 marks	4 marks	2 marks
3	4 marks Excellent understanding of how fiscal and monetary policy affect demand. Clear understanding of fiscal and monetary policy	4 marks Excellent application of how changes in fiscal and monetary policy affect demand for high value items such as housing and cars. A good range of relevant examples used.	
	2-3 marks Good understanding of how fiscal and monetary policy affect demand Good understanding of fiscal and/or monetary policy	2-3 marks Good application of how changes in fiscal and monetary policy affect demand for high value items such as housing and cars. Relevant examples applied.	2 marks Good explanation of how changes in fiscal and monetary policy affect demand for high value items such as housing and cars. Several impacts explained.
1	1 mark Limited understanding of how fiscal and/or monetary policy affect demand Some understanding of fiscal and/or monetary policy.	1 mark Limited application of how changes in fiscal and/or monetary policy affect demand for high value items such as housing and cars. Few relevant examples applied.	1 mark Limited explanation of how changes in fiscal and/or monetary policy affect demand for high value items. Some impacts explained.
	0 marks No understanding of how fiscal or monetary policy affect demand	0 marks No application of how changes in fiscal or monetary policy affect demand for high value items such as housing and cars.	0 marks No explanation of how changes in fiscal or monetary policy affect demand for high value items.
0			

Indicative content:

Fiscal policy includes taxation. Tax rules enable businesses to accurately forecast the amounts they need to pay to the government either through corporation tax or through income tax gained by their employees. This may allow a business to decide when to carry out activities. For example, a large building project may reduce the profits of a business which would in turn reduce their corporation tax payment. This may be planned in times when revenue is highest in order that the businesses can cover costs without a significant reduction in profit after tax. From the government's perspective, tax receipts provide funds for public and merit goods as well as subsidies to industry. Therefore, the government can increase tax if it wishes to increase the provision of these goods. Spending on education may reduce the need for training in the workplace therefore offering support to industry.

Monetary policy includes interest rates. Interest rates changes are made in order to control spending in the economy. An increase in interest rates will lead to an increase in the reward for saving and a reduction in the spending as the penalty for taking out loans will increase. If spending is kept at a steady and predictable rate, this will lead to business confidence as inflation will be kept at a roughly similar rate. This is helpful to business as it will lead to an increase in predictability of wage costs and raw material costs. This stability will be useful to businesses in setting prices in the future.

Any other valid point.

3 (b)	The government needs to control business activity through legislation in order to protect stakeholders. Discuss. [20]		
	AO1	AO3	AO4
	4 marks	8 marks	8 marks
3		<p>6-8 marks</p> <p>Excellent analysis of governments needs to control business activity in order to protect stakeholders.</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>The learner analyses the need for intervention providing a wide range of situations.</p>	<p>6-8 marks</p> <p>Excellent evaluation of governments needs to control business activity in order to protect stakeholders.</p> <p>The evaluation is balanced and detailed.</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 governments needs to control business activity in order to protect stakeholders.</p>	<p>3-5 marks</p> <p>Good analysis of governments needs to control business activity in order to protect stakeholders.</p> <p>The analysis is uneven with some well-developed points and others that are more limited in their development.</p> <p>The learner analyses the need for intervention providing a good range of situations.</p>	<p>3-5 marks</p> <p>Good evaluation of governments needs to control business activity in order to protect stakeholders.</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 governments needs to control business activity in order to protect stakeholders.</p>	<p>1-2 marks</p> <p>Limited analysis of governments needs to control business activity in order to protect stakeholders.</p> <p>Few appropriate points are analysed in any detail.</p> <p>The learner analyses the need for intervention providing few situations.</p>	<p>1-2 marks</p> <p>Limited evaluation of governments needs to control business activity in order to protect stakeholders.</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 governments needs to control business activity in order to protect stakeholders.</p>	<p>0 marks</p> <p>No meaningful analysis of governments needs to control business activity in order to protect stakeholders.</p>	<p>0 marks</p> <p>No meaningful evaluation of governments needs to control business activity in order to protect stakeholders.</p>

Indicative content:

For:

The government does need to control business activity as failure to do so would lead to a lack of customer choice and high prices. If the government did not control the percentage of the market controlled by any one business this could lead to the development of monopolies. Monopolies would be able to prevent potential competition by carrying out destroyer pricing or carrying out exclusivity deals which would limit the ability of any other business when trying to compete. As a result, there would be no need for the monopoly to innovate or offer reasonable prices as there would be a very limited threat of losing customers.

Without health and safety laws employees could be allowed to work in more dangerous situations. Any workplace injury would not be subject to compensation as there would be no liability attached to the employers activities. As a result, employees could be at significant risk without health and safety regulations.

Against:

As businesses are only allowed to take up to 25% of the UK market without potential investigation from government agencies this limits businesses ability to take full advantage of economies of scale. As this is the case, customers may experience higher prices than would otherwise be the case. This is a disadvantage as the quantity of items customers may purchase will decrease.

Consumer pressure can be exerted through social media and other platforms. Therefore, businesses will modify their behaviour in areas such as single use plastics due to pressure exerted by customers more quickly than through a proposed change in law which may become the eventual result.

If a business achieves a poor reputation for the treatment of its staff this will result in difficulty in terms of attracting high quality employees. Therefore, there is no need to create employment laws as businesses will regulate their behaviour in order to attract the best employees.

Any other valid point.

4 (a)	Explain the likely features of the marketing mix for a niche market business such as a vegan café or bakery producing gluten free products. [10]		
Band	AO1	AO2	AO3
	4 marks	4 marks	2 marks
3	4 marks Excellent understanding of the features of the marketing mix and of niche markets. Key elements of marketing are clearly understood.	4 marks Excellent application of the features of the marketing mix and to a niche market business. The learner will have suggested several likely considerations which are relevant to a niche business.	
	2-3 marks Good understanding of the features of the marketing mix and of niche markets. Some of the key elements of marketing are understood.	2-3 marks Good application of the features of the marketing mix and to a niche market business. The learner will have suggested some likely considerations which are relevant to a niche business.	2 marks Good explanation of the features of the marketing mix and to a niche market business. The learner will have explained several likely considerations.
1	1 mark Limited understanding of the features of the marketing mix and/or of niche markets. One of the key elements of marketing is understood.	1 mark Limited application of the features of the marketing mix and to a niche market business. The learner will have suggested few likely considerations which are relevant to a niche business.	1 mark Limited explanation of the features of the marketing mix and to a niche market business. The learner will have explained some likely considerations.
	0 marks No understanding of the features of the marketing mix and/or of niche markets	0 marks No application of the features of the marketing mix and to a niche market business.	0 marks No explanation of the features of the marketing mix and to a niche market business.

Indicative content:

Marketing is concerned with setting the appropriate price for products, making them available through an accessible route for the customer, developing the correct product features and promoting products in a way to attract the target audience. A niche market is a small section of a larger market.

Promotion a vegan café would need to establish its unique selling point through below the line techniques such as contacting local vegan groups by direct mail or social media. This would ensure their target market of vegans is informed directly leading to higher potential customer numbers from the promotion.

Price may be an issue depending on the disposable income of the market and cost of raw material. If gluten flour is more expensive than regular flour, this cost may be pushed on to the customer in the form of a higher price for gluten free products. However, as the cost is likely to be a small element of the overall cost, it may be that the prices are relatively similar to those of regular bakery products.

The niche market of customers with particular dietary requirements is likely to be the major selling point of the product. Therefore, the product must live up to the specifics of the recipe described. If a vegan café were to use non-vegan products this is likely to create significant bad press for the business. As the business, by the very nature of niche markets, will have a small customer base, the loss of trade and reputation may lead to business failure due to lack of trade.

A vegan bakery is likely to sell directly to the end consumer. As well as sales through retail trade with customers visiting the bakery, a vegan or gluten free bakery may also offer to cater for external events such as private parties which could be booked online. This may enable the business to reach a wider audience for those seeking to host an event including vegan or gluten free food. Therefore, the niche aspect of the product could help achieve sales to larger events as there are likely to be fewer competitors in this market.

Any other valid point.

4 (b)	Evaluate the usefulness of the different methods of primary and secondary market research to businesses entering new markets. [20]		
	AO1	AO3	AO4
	4 marks	8 marks	8 marks
3		<p>6-8 marks</p> <p>Excellent analysis of the usefulness of the different methods of primary and secondary research to businesses entering new markets.</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>The learner analyses the impact of different types of primary and secondary market research.</p>	<p>6-8 marks</p> <p>Excellent evaluation of the usefulness of the different methods of primary and secondary research to businesses entering new markets.</p> <p>The evaluation is balanced and detailed.</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 different methods of primary and secondary research.</p>	<p>3-5 marks</p> <p>Good analysis of the usefulness of the different methods of primary and secondary research to businesses entering new markets.</p> <p>The analysis is uneven with some well-developed points and others that are more limited in their development.</p>	<p>3-5 marks</p> <p>Good evaluation of the usefulness of the different methods of primary and secondary research to businesses entering new markets.</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 different methods of primary and/or secondary research.</p>	<p>1-2 marks</p> <p>Limited analysis of the usefulness of the different methods of primary and/or secondary research to businesses entering new markets.</p> <p>Few appropriate points are analysed in any detail.</p>	<p>1-2 marks</p> <p>Limited evaluation of the usefulness of the different methods of primary and/or secondary research to businesses entering new markets.</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 different methods of primary and/or secondary research.</p>	<p>0 marks</p> <p>No meaningful analysis of the usefulness of the different methods of primary and secondary research to businesses entering new markets.</p>	<p>0 marks</p> <p>No meaningful evaluation of the usefulness of the different methods of primary and secondary research to businesses entering new markets.</p>

Indicative content:

Primary research is research which is being carried out first hand, such as a questionnaire regarding a new product. Secondary research is information which has already been created, often for a different purpose such as census data.

Primary research may be used in order to test the customers reaction to the product. When entering new markets, it is likely that tastes could be different. This information could be used to modify the product in order to make it more suitable for the new market. However, in doing this, the business may run the risk of losing the consistency of its brand image. If not dealt with carefully this may damage the brand image in the home market.

One downfall of primary research is that it may be relatively expensive to carry out in relation to the number of responses achieved. For example, a business carrying out focus groups on a new product will only be able to do this with one small group at a time. The results can also be time consuming to collect and correlate. However, if this information is compared to data gathered in the home market, it may be that it is quick to establish whether consumer behaviour is likely to be similar in the new market.

Secondary information may be useful in assessing the potential size of the target group. If a product is aimed at women in the 22-34 age bracket the business will be able to establish the potential for sales using census data. However, the actual level of sales may be significantly affected by local competition and a lack of brand awareness in the new market, therefore other methods will also need to be used in combination with census data.

A common problem with secondary research is that it may have been gathered for another purpose. Therefore, industry information on sales from a particular country may become quickly outdated for technology products. This may render secondary information virtually useless. Therefore, the potential usefulness of secondary information may be in its ability to reflect the current position within the market.

Other valid primary and secondary research methods are also accepted.

Any other valid point.