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A-level  
**BUSINESS**  
**7132/2**

Paper 2 Business 2

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Mark scheme

June 2024

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Version: 1.0 Final



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

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

No student should be disadvantaged on the basis of their gender identity and/or how they refer to the gender identity of others in their exam responses.

A consistent use of 'they/them' as a singular and pronouns beyond 'she/her' or 'he/him' will be credited in exam responses in line with existing mark scheme criteria.

Further copies of this mark scheme are available from [aqa.org.uk](https://www.aqa.org.uk)

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## Level of response marking instructions

Level of response mark schemes are broken down into levels, each of which has a descriptor. The descriptor for the level shows the average performance for the level. There are marks in each level.

Before you apply the mark scheme to a student's answer read through the answer and annotate it (as instructed) to show the qualities that are being looked for. You can then apply the mark scheme.

### Step 1 Determine a level

Start at the lowest level of the mark scheme and use it as a ladder to see whether the answer meets the descriptor for that level. The descriptor for the level indicates the different qualities that might be seen in the student's answer for that level. If it meets the lowest level then go to the next one and decide if it meets this level, and so on, until you have a match between the level descriptor and the answer. With practice and familiarity you will find that for better answers you will be able to quickly skip through the lower levels of the mark scheme.

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

### Step 2 Determine a mark

Once you have assigned a level you need to decide on the mark. The descriptors on how to allocate marks can help with this. The exemplar materials used during standardisation will help. There will be an answer in the standardising materials which will correspond with each level of the mark scheme. This answer will have been awarded a mark by the Lead Examiner. You can compare the student's answer with the example to determine if it is the same standard, better or worse than the example. You can then use this to allocate a mark for the answer based on the Lead Examiner's mark on the example.

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

Indicative content in the mark scheme is provided as a guide for examiners. It is not intended to be exhaustive and you must credit other valid points. Students do not have to cover all of the points mentioned in the Indicative content to reach the highest level of the mark scheme.

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

## Marking guidance

- Be clear on the focus of the question.
- Read the response as a whole; follow the flow of the argument as a whole.
- Remember that the indicative content provides possible lines of argument but there may be others that are equally valid. Be willing to credit other lines of argument.
- Annotate the script as you read in accordance with the instructions given at standardisation.
- Consider what it all adds up to, eg is this a good response? A reasonable one? A limited one? Refer back to the standardisation scripts and guidance to help you benchmark. You are marking to the standard agreed at standardisation.
- Summarise your findings briefly at the end of the response. This will help you decide on the overall level and is helpful for others to understand the mark given, eg for an extended response 'well-argued' but does not focus fully on the issue of 'long-term' feels as if it might be good rather than excellent.
- Make sure the comments fit with the level awarded: 'unbalanced and not comparing with alternative solutions' does not sound as if it is 'good'.
- Next to your comment put the level awarded, eg L4.
- If in doubt about an approach contact your Team Leader, do not make up your own rules because we must have a standardised approach across all marking. Be positive in your marking. Look to reward what is there.

## Annotations Key

|        |  |
|--------|--|
| K U    | Knowledge and Understanding                      |
| AN     | Analytical but lacks context                     |
| ARG    | Developed argument                               |
| DEV    | Context but lacks analysis                       |
| J / EV | Judgement with support / Evaluation              |
| NFF    | Not Fully Focused on the demands of the question |
| Bal    | Balanced response, eg both sides acknowledged    |
| Rng    | Range of arguments, eg two arguments presented   |
| BOD    | Benefit of the Doubt                             |
| NAQ    | Not answering the question                       |
| OFR    | Own Figure Rule                                  |
| SEEN   | Seen   |
| ☑      | TICK   |
| ☒      | CROSS  |
| □      | Txt Box  |
| ?      | Unclear  |
| Pencil | Underline/highlight                              |

The following should be used at the end of the response.

|    |         |
|----|---------|
| L1 | Level 1 |
| L2 | Level 2 |
| L3 | Level 3 |
| L4 | Level 4 |
| L5 | Level 5 |

|   |   |   |   |   |                  |
|---|---|---|---|---|------------------|
| 0 | 1 | . | 1 | Using <b>Appendix A</b> , calculate Biggs Ltd's payables days ratio for 2023. | <b>[4 marks]</b> |
|---|---|---|---|---|------------------|

Marks for this question: AO1 = 1, AO2 = 3

$$\text{Payables (days) ratio} = \frac{\text{payables}}{\text{cost of sales}} \times 365$$

Payables days = 73 days (4 marks)

**1 mark** for correct selection of payables £5 056 000

**1 mark** for calculation of cost of sales £25 280 000 (£47 569 000 – £22 289 000)

**1 mark** for  $\frac{£5\,056\,000}{£25\,280\,000} \times 365$

**1 mark** for Payables days = 73

OFR applies so students calculating cost of sales incorrectly can receive 3 marks if there are no further errors.

**1 mark** for Payables days formula if no valid calculation.

|          |          |          |   |
|----------|----------|----------|---|
| <b>0</b> | <b>1</b> | <b>2</b> | Using the information provided, explain <b>one</b> reason why Biggs Ltd's gross profit margin for 2023 fell to 46.9%. |
|          |          |          | <b>[3 marks]</b>  |

**Marks for this question: AO1 = 1, AO2 = 2**

| Level | The student will typically demonstrate:  | Marks |
|-------|--|-------|
| 3     | <b>A good response overall that focuses on many of the demands of the question.</b> <ul style="list-style-type: none"> <li>Explains one reason why gross profit margin has fallen.</li> </ul>                              | 3     |
| 2     | <b>A reasonable response overall that focuses on some of the demands of the question.</b> <ul style="list-style-type: none"> <li>Explanation of why gross profit margin has fallen, with little use of context.</li> </ul> | 2     |
| 1     | <b>A limited response overall that focuses on a few demands of the question.</b> <ul style="list-style-type: none"> <li>Some understanding of gross profit margin.</li> </ul>  | 1     |

**The demands of the question are:**

- to identify a potential influence on the gross profit margin
- to explain how that factor will reduce Biggs Ltd's gross profit margin.

**Indicative content:**

- revenue has increased, but gross profit has fallen, therefore cost of sales must have increased by a greater proportion
- cost of sales has increased due to falling labour productivity, higher potato prices or some other relevant cost.

**Accept all relevant arguments.**

|          |          |          |  |
|----------|----------|----------|--|
| <b>0</b> | <b>1</b> | <b>3</b> | Analyse how the changes in Biggs Ltd's labour productivity, shown in <b>Appendix B</b> , may cause its market share to fall. |
|          |          |          | <b>[9 marks]</b>   |

**Marks for this question: AO1 = 2, AO2 = 3, AO3 = 4**

| Level    | The student will typically demonstrate:  | Marks      |
|----------|--|------------|
| <b>3</b> | <p><b>A good response overall that focuses on many of the demands of the question.</b></p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> <li>demonstrates a depth and range of knowledge and understanding of issues in the question</li> <li>demonstrates analysis which is well-developed and is applied effectively to the context.</li> </ul>   | <b>7–9</b> |
| <b>2</b> | <p><b>A reasonable response overall that focuses on some of the demands of the question.</b></p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> <li>demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question</li> <li>demonstrates analysis which is developed and is applied to the context.</li> </ul> | <b>4–6</b> |
| <b>1</b> | <p><b>A limited response overall with little focus on the demands of the question.</b></p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> <li>demonstrates a limited range and depth of knowledge and understanding of issues in the question</li> <li>demonstrates analysis with little development and with mainly descriptive application to the context.</li> </ul>  | <b>1–3</b> |

**The demands of the question are:**

- to show understanding of labour productivity and market share
- to interpret the labour productivity index data
- to analyse why Biggs Ltd's falling labour productivity may impact its market share.

**Indicative content:**

- the data in **Appendix B** show that Biggs Ltd's labour productivity is falling, at a time when it is rising in the wider industry
- falling labour productivity is likely to increase Biggs Ltd's unit cost whereas the industry average productivity is increasing, which may reduce competitors' unit costs
- higher unit costs may force Biggs Ltd to have higher prices than their competitors
- a lack of price competitiveness may lead to a reduction in market share
- falling labour productivity may reduce Biggs Ltd's ability to meet the growing demand in the market
- lower labour productivity means that Biggs Ltd may not be able to meet the significantly increased demand for its new products, given that marketing expenditure is planned to increase by more than 150%, failing to halt the decline in market share.

|          |          |          |   |
|----------|----------|----------|---|
| <b>0</b> | <b>1</b> | <b>4</b> | <p>In 2024, Biggs Ltd became the sponsor of a major televised sporting competition that attracts a wide range of ages and is popular with families.</p> <p>With reference to the information provided, evaluate whether Biggs Ltd's decision to promote its new product range in this way is a good idea.</p> <p style="text-align: right;"><b>[16 marks]</b></p> |
|----------|----------|----------|---|

**Marks for this question: AO1 = 2, AO2 = 3, AO3 = 4, AO4 = 7**

| Level    | The student will typically demonstrate:   | Marks        |
|----------|---|--------------|
| <b>4</b> | <p><b>An excellent response overall that is fully focused on the key demands of the question.</b></p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> <li>• demonstrates a depth and range of knowledge and understanding that is precise and well-selected in relation to issues in the question</li> <li>• demonstrates analysis throughout which is well-developed, is applied effectively to the context and considers a balanced range of the issues in the question</li> <li>• makes judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole throughout.</li> </ul> | <b>13–16</b> |
| <b>3</b> | <p><b>A good response overall that focuses on many of the demands of the question.</b></p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> <li>• demonstrates a depth and range of knowledge and understanding of issues in the question</li> <li>• demonstrates analysis which is well-developed, applied effectively to the context and considers a range of issues in the question</li> <li>• makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole throughout.</li> </ul>   | <b>9–12</b>  |
| <b>2</b> | <p><b>A reasonable response overall that focuses on some of the demands of the question.</b></p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> <li>• demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question</li> <li>• demonstrates analysis which is developed, applied to the context and considers some of the issues in the question</li> <li>• makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole.</li> </ul>                                | <b>5–8</b>   |
| <b>1</b> | <p><b>A limited response overall with little focus on the demands of the question.</b></p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> <li>• demonstrates a limited range and depth of knowledge and understanding of issues in the question</li> <li>• demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question</li> <li>• makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole.</li> </ul>   | <b>1–4</b>   |



**The demands of the question are:**

- to use the information to analyse arguments for and against the sponsorship
- to make a judgement about whether the sponsorship is a good idea.

**Indicative content:**

- children viewed the promotional plan positively and are keen to trial the new product range which will be important given their high consumption levels
- 6–16-year olds consume the most snacks and have driven recent market growth. They are also a key audience for the sports competition, implying a strong link to the sponsorship medium
- sponsorship may involve exclusive rights to sell snacks at the sports venues or allow other forms of merchandising which could enhance the impact of the promotional campaign
- the older age group, which represents the majority of purchasers, agreed that the promotion would improve the brand's image
- Biggs Ltd has spent significantly less than the industry average and market leader on marketing and this may have contributed to falling market share, so a sponsorship of an event with a wide television audience may arrest this decline.

However, it should be noted that:

- the proposed increase in marketing expenditure (of at least £8m) is significant when the company has generated little more than £9m of profit across the last two years
- the heaviest purchasers of snack products were not keen to trial the new products
- the 36+ year olds did not associate snack foods with sports events and this may reflect a growing social concern about 'unhealthy' processed food and its relationship with sports sponsorship
- the market research interview data came from a small sample of just 27 families and so may not be reliable. It was also conducted in 2021 meaning it may no longer be relevant
- 6–16-year olds were the most impressed by the promotional plan but represented the smallest proportion of snack buyers, with presumably the least purchasing power.

Overall, there is a need for a new promotional strategy to accompany the launch of the new product and this seems to be targeted appropriately. The success of the strategy may depend on:

- competitor actions
- the accuracy of the market research information
- the popularity of the new sporting event itself
- the level of reward that the considerable financial risk offers.

**Accept all relevant arguments.**

|          |          |          |   |
|----------|----------|----------|---|
| <b>0</b> | <b>2</b> | <b>1</b> | When introducing its paid service, Soundcheck plc changed its positioning strategy from position 1 to position 4 on Bowman's strategic clock. |
|          |          |          | Analyse why Soundcheck plc decided to change its positioning strategy.  |
|          |          |          | <b>[9 marks]</b>  |

**Marks for this question: AO1 = 2, AO2 = 3, AO3 = 4**

| Level    | The student will typically demonstrate:   | Marks      |
|----------|---|------------|
| <b>3</b> | <b>A good response overall that focuses on many of the demands of the question.</b><br>Provides an answer to the question set that: <ul style="list-style-type: none"> <li>demonstrates a depth and range of knowledge and understanding of issues in the question</li> <li>demonstrates analysis which is well-developed and is applied effectively to the context.</li> </ul>   | <b>7–9</b> |
| <b>2</b> | <b>A reasonable response overall that focuses on some of the demands of the question.</b><br>Provides an answer to the question set that: <ul style="list-style-type: none"> <li>demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question</li> <li>demonstrates analysis which is developed and is applied to the context.</li> </ul> | <b>4–6</b> |
| <b>1</b> | <b>A limited response overall with little focus on the demands of the question.</b><br>Provides an answer to the question set that: <ul style="list-style-type: none"> <li>demonstrates a limited range and depth of knowledge and understanding of issues in the question</li> <li>demonstrates analysis with little development and with mainly descriptive application to the context.</li> </ul>  | <b>1–3</b> |

**The demands of the question are:**

- to understand the strategic change associated with the movement from 'low price/low value added' to 'differentiation'
- to analyse why Soundcheck plc decided to change its positioning strategy.

**Indicative content:**

- position 1 represents 'low price/low value added' and position 4 is 'differentiation'
- the business does not regularly make a profit and so a differentiation strategy should help to improve margins and become a (more) profitable organisation
- a change to position 4 should provide a high degree of consumer satisfaction and still be viewed as a 'value for money' proposition, given the mid-price point
- the streaming market is becoming more competitive and as it matures it is likely to be increasingly necessary to establish a unique brand identity in consumers' minds
- the subscription model, which is key to providing increased consumer perceptions of added value, allows Soundcheck plc to open up a new revenue stream which should significantly increase income and contribute to profitability
- there is a need to finance the additional, differentiated content and this can justify the change from a 'free' to 'paid' service

- its market-leader status implies a degree of brand loyalty which could allow the firm to transition a significant proportion of its current customers to a paid version of its service
- customers do not place high value on a firm that operates in position 1 and therefore, the position is unlikely to be defensible in the long run given rising competition.

**Accept all relevant arguments.**

|          |          |          |   |
|----------|----------|----------|---|
| <b>0</b> | <b>2</b> | <b>2</b> | Soundcheck plc has set a corporate objective to achieve an annual profit in 2024.                                   |
|          |          |          | Analyse the difficulties Soundcheck plc may experience when attempting to turn its 2023 loss into a profit in 2024. |
|          |          |          | <b>[9 marks]</b>  |

**Marks for this question: AO1 = 2, AO2 = 3, AO3 = 4**

| Level    | The student will typically demonstrate:   | Marks      |
|----------|---|------------|
| <b>3</b> | <b>A good response overall that focuses on many of the demands of the question.</b><br>Provides an answer to the question set that: <ul style="list-style-type: none"> <li>demonstrates a depth and range of knowledge and understanding of issues in the question</li> <li>demonstrates analysis which is well-developed and is applied effectively to the context.</li> </ul>   | <b>7–9</b> |
| <b>2</b> | <b>A reasonable response overall that focuses on some of the demands of the question.</b><br>Provides an answer to the question set that: <ul style="list-style-type: none"> <li>demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question</li> <li>demonstrates analysis which is developed and is applied to the context.</li> </ul> | <b>4–6</b> |
| <b>1</b> | <b>A limited response overall with little focus on the demands of the question.</b><br>Provides an answer to the question set that: <ul style="list-style-type: none"> <li>demonstrates a limited range and depth of knowledge and understanding of issues in the question</li> <li>demonstrates analysis with little development and with mainly descriptive application to the context.</li> </ul>  | <b>1–3</b> |

**The demands of the question are:**

- to identify the key influences on Soundcheck plc's costs, revenues and therefore profit
- analyse the difficulties Soundcheck plc will encounter in increasing its revenue (from subscriptions or advertising) and/or in controlling costs to turn a loss into a profit.

**Indicative content:**

- current users may be unwilling to start to pay for a service which they have been accustomed to receiving for free leading to low growth in subscription numbers
- users who do migrate from 'free' to 'paid' versions will no longer be exposed to adverts and so what will be the impact on advertisers if they lose access to higher-spending consumer groups?
- the market is becoming increasingly competitive and, as a relatively immature market, there is scope for market entry from large providers who could threaten Soundcheck plc's market-leader status, profit margins and advertising revenues
- greater competition may lead to demand becoming more price elastic, limiting scope for revenue growth and increasing the extent of buyer power as a competitive force
- the 'core' product of access to music may be seen as a commodity by young users who are accustomed to being able to download or stream content for free and may resist paying for it
- the increased costs associated with providing additional service features will present a barrier to the company becoming profitable

- being reliant on labour which is in short supply may lead to problems securing the talent who can create the unique content required to differentiate the company from its competitors
- higher than average salaries represent a fixed cost which may limit the ability of the firm to adapt its cost base to any reductions in revenues were the strategic change not to deliver its intended results. These labour costs are likely to be difficult to reduce given the bargaining power of the union and its members
- the global economic slowdown has reduced disposable incomes and led to cuts in discretionary spending, contributing to falling revenues and subscriber numbers for streaming firms in related industries.

**Accept all relevant arguments.**

|          |          |          |  |
|----------|----------|----------|--|
| <b>0</b> | <b>2</b> | <b>3</b> | <p>Soundcheck plc's management has had good relationships with trade unions and its staff have been supportive of strategic change.</p> <p>To what extent does consultation with trade unions enable <b>all businesses</b> to overcome resistance to strategic change?</p> <p style="text-align: right;"><b>[16 marks]</b></p> |
|----------|----------|----------|--|

**Marks for this question: AO1 = 2, AO2 = 3, AO3 = 4, AO4 = 7**

| Level    | The student will typically demonstrate:   | Marks        |
|----------|---|--------------|
| <b>4</b> | <p><b>An excellent response overall that is fully focused on the key demands of the question.</b></p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> <li>• demonstrates a depth and range of knowledge and understanding that is precise and well-selected in relation to issues in the question</li> <li>• demonstrates analysis throughout which is well-developed, is applied effectively to the context and considers a balanced range of the issues in the question</li> <li>• makes judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole throughout.</li> </ul> | <b>13–16</b> |
| <b>3</b> | <p><b>A good response overall that focuses on many of the demands of the question.</b></p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> <li>• demonstrates a depth and range of knowledge and understanding of issues in the question</li> <li>• demonstrates analysis which is well-developed, applied effectively to the context and considers a range of issues in the question</li> <li>• makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole throughout.</li> </ul>   | <b>9–12</b>  |
| <b>2</b> | <p><b>A reasonable response overall that focuses on some of the demands of the question.</b></p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> <li>• demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question</li> <li>• demonstrates analysis which is developed, applied to the context and considers some of the issues in the question</li> <li>• makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole.</li> </ul>                                | <b>5–8</b>   |
| <b>1</b> | <p><b>A limited response overall with little focus on the demands of the question.</b></p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> <li>• demonstrates a limited range and depth of knowledge and understanding of issues in the question</li> <li>• demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question</li> <li>• makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole.</li> </ul>   | <b>1–4</b>   |

**The demands of the question are:**

- to demonstrate an understanding of the role of consultation in employee relations and of factors that are relevant to successful strategic change
- to analyse how effective consultation with trade unions can influence employee attitudes towards strategic change
- to make a judgement concerning whether all businesses can overcome resistance to change through consultation.

**Indicative content:**

Consultation may be beneficial:

- because employees who are well engaged with management may be more likely to appreciate the need for strategic change and support its implementation
- as greater employee engagement should improve the alignment of worker and corporate vision and goals
- it may help management to understand change resistance if they engage with workers' representatives and so appreciate staff concerns
- if resisting forces/reasons for resistance to change are understood and facilitation and support/participation and involvement (or other elements of Kotter & Schlesinger's model) are used to overcome barriers to change
- if it can promote change by influencing the balance of (Lewin's) forces that either support or resist change
- if it is a genuine, two-way exchange of information and ideas.

Evaluation could be provided by considering issues such as:

- situations when consultation may not be beneficial, such as when management ignores outcomes of consultation or if it creates too much delay in choosing and implementing strategy
- the nature of the strategic change, how large it is or its potential impact on workers and the extent to which it may conflict with their self-interest
- the effectiveness with which the change is communicated to employees
- the extent to which workers within the firm/industry are represented by a trade union
- whether alternative forms of employee representation may provide more suitable routes to overcoming change resistance
- whether relations with unions are adversarial or collaborative.

**Further guidance**

There is no requirement for students to refer to the music streaming industry or any specific business, but it would be valid to consider whether trade union consultation may be more or less effective given the varying employee relations environments which exist in different industries. Judgement could focus on the extent to which there will be a positive relationship between consultation and strategic change for all businesses.

**Credit other valid lines of analysis and judgement.**

|   |   |   |   |           |
|---|---|---|---|-----------|
| 0 | 3 | 1 | Analyse how WWH Ltd could improve its cashflow. | [9 marks] |
|---|---|---|---|-----------|

**Marks for this question: AO1 = 2, AO2 = 3, AO3 = 4**

| Level | The student will typically demonstrate:  | Marks |
|-------|--|-------|
| 3     | <b>A good response overall that focuses on many of the demands of the question.</b><br>Provides an answer to the question set that: <ul style="list-style-type: none"> <li>demonstrates a depth and range of knowledge and understanding of issues in the question</li> <li>demonstrates analysis which is well-developed and is applied effectively to the context.</li> </ul>  | 7–9   |
| 2     | <b>A reasonable response overall that focuses on some of the demands of the question.</b><br>Provides an answer to the question set that: <ul style="list-style-type: none"> <li>demonstrates a reasonable knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question</li> <li>demonstrates analysis which is developed and is applied to the context.</li> </ul> | 4–6   |
| 1     | <b>A limited response overall with little focus on the demands of the question.</b><br>Provides an answer to the question set that: <ul style="list-style-type: none"> <li>demonstrates a limited range and depth of knowledge and understanding of issues in the question</li> <li>demonstrates analysis with little development and with mainly descriptive application to the context.</li> </ul>   | 1–3   |

**The demands of the question are:**

- demonstrate knowledge and understanding of how to improve cashflow
- analyse how cashflow can be improved in the context of WWH Ltd.

**Answers may include:**

- produce to order or switch to Just-in-time production, enabling less cash to be tied up in finished goods/stock
- sell assets/sale leaseback, leading to large inflow of cash
- full payment with order/increase deposit, bringing inflows earlier
- outsource fitting/installation to reduce two months wait for fitting (and hence decrease wait for customer's payment)
- debt factoring, use debt factors to get the inflow from the customer payment sooner.
- sale of new shares but if issuing shares is suggested be mindful that context is of a Ltd
- mortgaging some/all of the buildings that they own

**Accept all relevant arguments.**



|          |          |          |   |
|----------|----------|----------|---|
| <b>0</b> | <b>3</b> | <b>2</b> | <p>WWH Ltd's directors are considering making and selling a portfolio of products rather than a single product, in order to increase growth.</p> <p>Analyse how WWH Ltd's organisational design may change if the directors decide to do this.</p> <p style="text-align: right;"><b>[9 marks]</b></p> |
|----------|----------|----------|---|

**Marks for this question: AO1 = 2, AO2 = 3, AO3 = 4**

| Level    | The student will typically demonstrate:   | Marks      |
|----------|---|------------|
| <b>3</b> | <p><b>A good response overall that focuses on many of the demands of the question.</b></p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> <li>demonstrates a depth and range of knowledge and understanding of issues in the question</li> <li>demonstrates analysis which is well-developed and is applied effectively to the context.</li> </ul>  | <b>7–9</b> |
| <b>2</b> | <p><b>A reasonable response overall that focuses on some of the demands of the question.</b></p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> <li>demonstrates a reasonable knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question</li> <li>demonstrates analysis which is developed and is applied to the context.</li> </ul> | <b>4–6</b> |
| <b>1</b> | <p><b>A limited response overall with little focus on the demands of the question.</b></p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> <li>demonstrates a limited range and depth of knowledge and understanding of issues in the question</li> <li>demonstrates analysis with little development and with mainly descriptive application to the context.</li> </ul>   | <b>1–3</b> |

**The demands of the question are:**

- demonstrate understanding of organisational design and its elements
- analyse possible implications for WWH Ltd's organisational design
- in the context of their current organisational design

**Answers may include:**

- structure may become taller as more complexity is added to the business leading to higher costs
- those higher up the hierarchy may end up with wider spans of control, leading to less close supervision/more delegation/addition training needs as scope of jobs change
- the structure may become less centralised as scope of manager's jobs increases
- the business may need to set up a new product development team requiring skills not currently available in the business
- a functional structure may be less effective and a move to a product-based structure may be suitable if the new products are very different
- suggestions for other organisation structures are acceptable, analysis should be relevant to WWH Ltd.

**Accept all relevant arguments.**

|          |          |          |  |
|----------|----------|----------|--|
| <b>0</b> | <b>3</b> | <b>3</b> | <p>'Legislation to protect the environment is always damaging to business.'</p> <p>To what extent do you agree this is true for <b>all</b> businesses?</p> <p style="text-align: right;"><b>[16 marks]</b></p> |
|----------|----------|----------|--|

**Marks for this question: AO1 = 2, AO2 = 3, AO3 = 4, AO4 = 7**

| <b>Level</b> | <b>The student will typically demonstrate:</b>  | <b>Marks</b> |
|--------------|---|--------------|
| <b>4</b>     | <p><b>An excellent response overall that is fully focused on the key demands of the question.</b></p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> <li>• demonstrates a depth and range of knowledge and understanding that is precise and well-selected in relation to issues in the question</li> <li>• demonstrates analysis throughout which is well-developed, is applied effectively to the context and considers a balanced range of the issues in the question</li> <li>• makes judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole throughout.</li> </ul> | <b>13–16</b> |
| <b>3</b>     | <p><b>A good response overall that focuses on many of the demands of the question.</b></p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> <li>• demonstrates a depth and range of knowledge and understanding of issues in the question</li> <li>• demonstrates analysis which is well-developed, applied effectively to the context and considers a range of issues in the question</li> <li>• makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole throughout.</li> </ul>   | <b>9–12</b>  |
| <b>2</b>     | <p><b>A reasonable response overall that focuses on some of the demands of the question.</b></p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> <li>• demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question</li> <li>• demonstrates analysis which is developed, applied to the context and considers some of the issues in the question</li> <li>• makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole.</li> </ul>                                | <b>5–8</b>   |
| <b>1</b>     | <p><b>A limited response overall with little focus on the demands of the question.</b></p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> <li>• demonstrates a limited range and depth of knowledge and understanding of the issues in the question</li> <li>• demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question</li> <li>• makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole.</li> </ul>   | <b>1–4</b>   |

**The demands of the question are:**

- to show understanding of the business impacts of environmental protection legislation
- to provide a balanced analysis of the impacts in the context of all businesses
- to make a judgement on whether environmental protection legislation is always damaging to all business.

**Arguments may include:**

- legislation may reduce sales or stop them altogether for example, inefficient wood-burning stoves
- raising minimum environmental standards may threaten the USP/brand image/market share of firms that already exceed standards
- legislation may lead to increased costs such as:
  - monitoring and reporting compliance
  - product development
  - costs of 'treating waste', eg purifying water, filtering air, recycling waste
  - additional elements to product, eg insulation in new homes
- legislation may put a business' environmental credentials in the public domain, eg reporting of greenhouse gas emissions (could be good (a USP) or bad (reputational damage) for the business)
- legislation may reduce competition if existing rivals find it too expensive/complicated to comply with
- legislation may lead to completely new products, eg electric cars, home insulation, so may give opportunities for businesses to enter markets
- legislation may drive innovation leading to efficiency.

**Accept all relevant arguments.**

**Judgement may depend on:**

- whether the business is an existing or new business
- the financial situation of the business – can it afford to make any changes required effectively
- the speed of implementation of the legislation, laws publicised decades in advance may not hinder existing businesses
- public awareness of and interest in the specific environmental issue.

**Further guidance**

Only credit arguments about legislation which is environmental protection in nature.