

OXFORD

INTERNATIONAL
AQA EXAMINATIONS

INTERNATIONAL GCSE

BUSINESS

(9225/1)

Mark scheme

Paper 1: Influences of operations and
human resources on business activity

Specimen 2017

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 assessment writer.

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.

International GCSE Business mark scheme

How to mark

Aims

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

- recognise and identify the achievements of students
- place students in the appropriate mark band and in the appropriate part of that mark band (high, low, middle) for **each** assessment objective
- record your judgements with brief notes, annotations and comments that are relevant to the mark scheme and make it clear to other examiners how you have arrived at the numerical mark awarded for each assessment objective
- ensure comparability of assessment for all students, regardless of question or examiner.

Approach

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

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

Assessment Objectives

This component requires students to:

AO1: Demonstrate knowledge and understanding of business concepts and issues.

AO2: Apply knowledge and understanding of business concepts and issues to a variety of contexts.

AO3: Analyse and evaluate business information and issues to demonstrate understanding of business activity, make judgements and draw conclusions.

Levels of response marking instructions

These levels of response mark schemes are broken down into levels, each of which has descriptors. The descriptors for the level show the performance characteristics of the level.

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

Step 1 Determine a level

Start at the lowest level of the mark scheme and use it as a ladder to see whether the answer meets the descriptors for that level. The descriptors for the level indicate the different qualities that might be seen in the student's answer for that level. If it meets all the descriptors for 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 descriptors and the answer. With practice and familiarity you will find that for better answers you will be able to skip through the lower levels of the mark scheme quickly.

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 fulfils most but not all of level 3 with a small amount of level 4 material, it would be placed in level 3 but be awarded a mark near the top of the level because of the level 4 content.

Step 2 Determine a mark

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

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

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

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

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

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

Examiners are required to assign each of the student's responses to the most appropriate level according to its overall quality, then allocate a single mark within the level. When deciding upon a mark in a level examiners should bear in mind the relative weightings of the assessment objectives (see page 24) and be careful not to over/under credit a particular skill. This will be exemplified and reinforced as part of examiner training.

Specimen responses

Specimen responses are included to help clarify the way in which the mark scheme will be applied. It should be noted however, that such responses are not meant to be definitive, nor intended to represent a very good answer to a particular question. The nature of the subject means that there are often far more acceptable responses to a particular question than could reasonably be listed in the mark scheme. The specimen responses represent what is probably going to be the most likely answer to the questions and illustrate where marks are awarded and levels of response reached. Teachers are advised against using the content or structure of these specimen responses to tutor students in how to answer similar questions, as identical marks can be achieved in a variety of different ways.

Annotating scripts

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

Section A

Total for this section: 15 marks

Question	Part	Marking guidance	Total marks
01		Which one of the following is a factor of production? Answer: B (Labour)	1 AO1=1
02		Which one of the following is a method of external growth? Answer: B (Merging with another business)	1 AO1=1
03		Which one of the following is likely to happen when a business improves its customer service? Answer: D (An increase in the volume of the business's sales)	1 AO1=1
04		Which one of the following is a likely benefit of internal recruitment? Answer: C (It will motivate existing workers)	1 AO1=1
05		Which one of these business activities operates in the secondary sector? Answer: C (Manufacturing clothing)	1 AO1=1
06		State two benefits of on-the-job training. One mark for each benefit stated, up to a maximum of two marks. Possible answers include: <ul style="list-style-type: none"> • it is cheaper than off-the-job training • the worker doesn't need time off • the training will be carried out by someone who already knows how that job is done in the company. Specimen response Training an employee within their own working environment is much cheaper than paying for external training (1). The employee can be given specific and relevant job training by someone who is already familiar with the job (1).	2 AO1=2

Question	Part	Marking guidance	Total marks
07		<p>Identify and explain one reason why communication can sometimes be difficult between people who work in a business with a tall organisational structure.</p> <p>One mark for knowledge of a communication difficulty within business with a tall organisational structure, and one mark for some explanation or development.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • slow communication through all the layers • decision making can take a long time • it may be more difficult for the business to adapt and change. <p>Specimen response A tall organisational structure can result in slower communications (1) because they have to go through more layers (1).</p>	<p>2</p> <p>AO1=2</p>
08		<p>Identify and explain one benefit to a sole trader of becoming a partnership.</p> <p>One mark for identifying a valid benefit, plus one mark for offering some explanation or development.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • responsibility of running the business can be shared • work can be divided up according to the specific ability of the partners • decision making can be shared • more ideas can be put forward to help solve business problems • more capital can be contributed to the business which will allow it to grow and expand faster. <p>Specimen response One benefit is that responsibility can be shared (1). This allows for greater specialisation where each partner can use their particular strengths for the benefit of the business (1).</p>	<p>2</p> <p>AO1=2</p>

Question	Part	Marking guidance	Total marks
09		<p>Customers at Sami’s Restaurant have complained that the quality of the food is poor. A result of this is the number of meals sold has been falling. This has made the business less profitable.</p> <p>Identify and explain two methods that Sami’s Restaurant could use to improve the quality of the food that it sells.</p> <p>One mark for each valid method identified, plus one mark for offering some explanation or development in context. (2x2)</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • better quality management • additional training for the chefs • improve the quality of ingredients. <p>Specimen response Sami’s Restaurant could arrange for additional training for their chefs (1). This could improve their skill level so the meals they make will taste better. (1)</p> <p>Sami’s Restaurant could change their supplier so that their ingredients are of higher quality. (1) This could have a positive impact on the flavour and nutritional value of their meals, which could make customers happy (1).</p>	<p>4</p> <p>AO1=2 AO2=2</p>

Section B

Total for this section: 40 marks

Question	Part	Marking guidance	Total marks						
10	1	<p>Use the information in Table 1 to calculate the percentage increase in sales between 2013 and 2014.</p> <p>Give your answer correct to 2 decimal places and show your calculations.</p> <table border="1" data-bbox="518 488 1110 712"> <thead> <tr> <th>Year</th> <th>Total sales in USA</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>2 236 042</td> </tr> <tr> <td>2014</td> <td>2 373 771</td> </tr> </tbody> </table> <p>2 marks = Correct answer given to 2 dp 6.16%</p> <p>1 mark = At least one correct operation shown OR correct answer but not to the correct degree of accuracy (2DP).</p> <p>$2\,373\,771 - 2\,236\,042 = 137\,729$</p> <p>$137\,729 / 2\,236\,042 \times 100$</p> <p>0 marks = Incorrect answer (if given) and no correct operation shown.</p>	Year	Total sales in USA	2013	2 236 042	2014	2 373 771	<p>2</p> <p>AO2=2</p>
Year	Total sales in USA								
2013	2 236 042								
2014	2 373 771								
10	2	<p>Identify and explain two benefits to Toyota of producing high-quality cars.</p> <p>One mark for identifying a valid benefit, plus one mark for offering some explanation or development in context. (2x2)</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • higher customer satisfaction leads to greater loyalty • increased reputation allows sales to grow • fewer recalls means lower costs and more profit • potential increase in market share allows Toyota to remain as a market leader. <p>Specimen response</p> <p>Producing high-quality cars ensures that customers continue to buy Toyota cars in the future (1) this will allow Toyota to maintain its market share.</p> <p>Producing high-quality cars means that there is less chance of them having to be repaired by Toyota (1) which will reduce the company's costs (1).</p>	<p>4</p> <p>AO1=2 AO2=2</p>						
10	3	<p>Identify and explain two possible effects on Toyota of having to repair faulty cars.</p> <p>One mark for identifying a valid effect, plus one mark for offering some explanation or development in context. (2x2)</p>	<p>4</p> <p>AO1=2 AO2=2</p>						

Question	Part	Marking guidance	Total marks
		<p>Possible answers include:</p> <ul style="list-style-type: none"> • negative effects on reputation leading to fewer sales and less profit • negative effects on customer satisfaction • opportunity to improve techniques in the future. <p>Specimen response This could affect the choice that consumers make when buying a new Toyota car (1), and so Toyota could lose sales to other manufacturers. (1)</p> <p>Toyota will have to pay out money to get the cars repaired. (1) This will increase costs and reduce profits. (1)</p>	
10	4	<p>Toyota is considering opening new factories to make their hybrid cars. This will affect the local communities where the factories are located.</p> <p>Explain ways in which local communities may be affected by the opening of new Toyota factories.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • may provide additional places for people to work. Local communities will experience an increase in employment and spending, leading to an improvement in living standards • opportunities for training in the car manufacturing industry will develop the workforce from the local community • the government could receive more tax revenue which can contribute to local economic development • employees may experience changes to the way they work and the numbers employed • local businesses will become part of the supply chain thereby increasing their profitability and growth • development of the local infrastructure • the service to consumers may improve if the new factory generates further/ increased profits for investment. This can lead to lower prices, more choice and better quality for local communities • local communities may be concerned by the environmental impact and possible pollution. 	<p>6</p> <p>AO1=3 AO2=3</p>

Examiners are reminded that AO1 and AO2 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives.

Level	Description	Marks
3	<p>Detailed understanding and application of the topics</p> <ul style="list-style-type: none"> Applies knowledge and understanding to the context sufficiently, throughout the answer. A sound and detailed understanding of business concepts and issues. 	<p>5–6</p> <p>AO2</p> <p>AO1</p>
2	<p>Sound understanding and application of the topics</p> <ul style="list-style-type: none"> Applies knowledge and understanding to the context sufficiently, in most areas. A sound understanding of business concepts and issues, but the answer lacks detail. 	<p>3–4</p> <p>AO2</p> <p>AO1</p>
1	<p>Basic understanding and application of the topics</p> <ul style="list-style-type: none"> Knowledge and understanding is applied to the context, but may be fragmented. Understanding of business concepts and issues is simplistic. 	<p>1–2</p> <p>AO2</p> <p>AO1</p>
0	Nothing worthy of credit.	

Specimen response

The opening of new factories may provide additional places for people to work. Local communities will experience an increase in employment. (L1)

The increase in employment and consequent reduction in unemployment will lead to an increase in purchasing power and spending in the local communities. This will lead to an improvement in living standards. (L2)

Furthermore, the opening of new factories will not only result in employment opportunities within the factories, but will also result in increasing employment opportunities for local businesses who will become an important part of Toyota’s supply chain. This will further increase the spending power within local communities and will raise living standards even higher. As a consequence of this local communities will grow economically and develop even further. (L3)

Question	Part	Marking guidance	Total marks
10	5	<p>Analyse how Toyota could be affected by people becoming more concerned about the environment.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> consumers are more aware of environmental issues and so are more likely to choose environmentally friendly options Toyota is one of the leaders in hybrid cars and so this trend could benefit them in terms of more sales vehicles are a major contributor to traffic congestion and air and noise pollution developing more environmentally friendly cars could be more expensive, leading to a decrease in profitability. 	<p>6</p> <p>AO2=2</p> <p>AO3=4</p>

Examiners are reminded that AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives. Due to the greater number of marks available for AO3, answers at level 3 will have a greater depth of analysis (AO3) but may show similar levels of application of knowledge and understanding (AO2) to a level 2 answer.

Level	Description	Marks
3	Detailed analysis of topics based on the context <ul style="list-style-type: none"> Business areas are analysed in depth. Applies knowledge and understanding to the context sufficiently, throughout the answer. 	5–6 AO3 x2
2	Sound analysis of topics based on the context <ul style="list-style-type: none"> Business areas are partially analysed. Applies knowledge and understanding to the context sufficiently, in most areas. 	3–4 AO3 AO2
1	Basic analysis of topics based on the context <ul style="list-style-type: none"> Analysis of business areas is simplistic. Knowledge and understanding is applied to the context, but may be fragmented. 	1–2 AO3 AO2
0	Nothing worthy of credit.	

Specimen response

Consumers are becoming increasingly aware about environmental issues, and are likely to want their car purchases to be more environmentally friendly. (L1)

This could mean that more consumers will put time into researching which makes of car do the least harm to the environment. (L2)

As Toyota is known worldwide as a leading producer of more environmentally friendly cars, this could result in much larger numbers of customers choosing Toyota cars, which will increase Toyota's profitability. (L2)

As a result of this, Toyota will have more funds for investment into developing even more environmentally friendly and fuel-efficient cars, increasing their reputation even further. (L3)

Question	Part	Marking guidance	Total marks
10	6	Analyse why Toyota chooses to use flow production to make its cars. Possible answers include: <ul style="list-style-type: none"> large-scale production – Toyota is a very large company that can produce very large numbers of units many of the car designs can be standardised to allow for better production this way Toyota has a very large number of workers who can be split into groups performing just one task out of many. 	6 AO2=2 AO3=4

Examiners are reminded that AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives. Due to the greater number of marks available for AO3, answers at level 3 will have a greater depth of analysis (AO3) but may show similar levels of application of knowledge and understanding (AO2) to a level 2 answer.

Level	Description	Marks
3	Detailed analysis of topics based on the context <ul style="list-style-type: none"> Business areas are analysed in depth. Applies knowledge and understanding to the context sufficiently, throughout the answer. 	5–6 AO3 x2
2	Sound analysis of topics based on the context <ul style="list-style-type: none"> Business areas are partially analysed. Applies knowledge and understanding to the context sufficiently, in most areas. 	3–4 AO3 AO2
1	Basic analysis of topics based on the context <ul style="list-style-type: none"> Analysis of business areas is simplistic. Knowledge and understanding is applied to the context, but may be fragmented. 	1–2 AO3 AO2
0	Nothing worthy of credit.	

Specimen response

Toyota uses flow production in order to benefit from the advantages of large-scale production. (L1)

Toyota has sold over 2 million cars in one year just in the USA, which is a large number to produce in a short space of time. Using flow production means that Toyota can produce large numbers of standardised cars while maintaining their quality. (L2)

In order to produce cars on such a scale, Toyota will need large factories equipped with assembly lines, and the technology necessary to mass-produce cars in the most efficient way. Using flow production enables Toyota to minimise its average costs and therefore increase its profitability. In addition, flow production will benefit Toyota as it will be able to employ large numbers of workers who will require minimum training to perform a simple task out of a much larger job, further adding to the efficiency and profitability of Toyota. (L3)

Question	Part	Marking guidance	Total marks
10	7	<p>Toyota is thinking about increasing the number of hybrid cars that it makes. This would mean that it would make fewer cars with just petrol engines.</p> <p>Recommend whether Toyota should move towards making more hybrid cars or continue to specialise in making cars with just petrol engines.</p> <p>Use the information in Items A and B to give reasons for your recommendation.</p> <p>Areas for consideration:</p> <ul style="list-style-type: none"> customer needs are likely to shift even more towards environmentally friendly options, which would secure the future of the business as Toyota is one of the leading manufacturers of hybrid electric cars, many of its customers may expect the cars it makes to be environmentally friendly a large proportion of Toyota’s infrastructure may be built around manufacturing normal petrol cars – changing would come with a cost that could decrease profits. 	12 AO2=4 AO3=8

Examiners are reminded that AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives. More weight should therefore be given to AO3 than AO2.

Level	Description	Marks
4	<p>Detailed analysis and evaluation of topics based on the context</p> <ul style="list-style-type: none"> • Coherent line of reasoning followed, which is sustained, relevant and substantiated. There is a focused conclusion that is fully justified and follows clearly from the analysis. • Business areas are analysed in depth. • Knowledge and understanding is detailed and appropriately applied within context. 	<p>10–12</p> <p>AO3</p> <p>AO3</p> <p>AO2</p>
3	<p>Sound analysis and evaluation</p> <ul style="list-style-type: none"> • Coherent line of reasoning given and the conclusion is appropriate and related to the preceding analysis. • Business areas are partially analysed. • Knowledge and understanding is detailed and appropriately applied within context. 	<p>7–9</p> <p>AO3</p> <p>AO3</p> <p>AO2</p>
2	<p>Limited attempt made to analyse the topics based on the context</p> <ul style="list-style-type: none"> • Evidence of some line of reasoning, with a conclusion that has limited justification. • Analysis of business areas is simplistic. • Some knowledge and understanding is applied within context. 	<p>4–6</p> <p>AO3</p> <p>AO3</p> <p>AO2</p>
1	<p>Basic evaluation of topics but without any real support or analysis</p> <ul style="list-style-type: none"> • A conclusion is present but without any reasoned support. • No discernible or relevant analysis. • A clear attempt to apply knowledge and understanding, but context may be lacking. 	<p>1–3</p> <p>AO3</p> <p>AO3</p> <p>AO2</p>
0	Nothing worthy of credit.	

Specimen response

Toyota should move towards making more hybrid cars because consumers are becoming more aware of environmental issues. (L1)

The item says that Toyota has established a reputation as market leaders in producing environmentally friendly cars, and a failure to continue investing in this type of technology could result in Toyota damaging its reputation and losing sales. (L2)

In the future there could be even more technological innovation which could result in more cost efficient methods of producing environmentally friendly cars. So in this respect Toyota could benefit from falling long run average costs brought about by this technological innovation. (L3)

It is likely that more and more consumers will in the long run demand environmentally friendly cars, so although the technology may be expensive at present, it could be a worthwhile investment for the future, as there will be a larger market to sell to. (L3)

This is an easy decision for Toyota to make as increasing environmental awareness on the part of its consumers is likely to result in an increased demand for more environmentally friendly cars, and therefore a growth in the market. By continuing to invest in hybrid cars Toyota is positioning itself as market leader, and could achieve market dominance. Therefore Toyota should make more hybrid cars. (L4)

Section C

Total for this section: 35 marks

Question	Part	Marking guidance	Total marks
11	1	<p>With reference to Figure 1, what is meant by span of control?</p> <p>One mark for identifying that the span of control is the number of subordinates reporting directly to a manager, plus one mark for explaining how this applies to LEECO (Figure 1).</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> the number of subordinates each manager is in charge of. <p>Specimen response Span of control is how many people there are working under each manager. (1) The span of control for LEECO is narrow with the general manager Lee being responsible for three subordinates, Jay, Nadia and Zara. (1)</p>	<p>2</p> <p>AO1=1 AO2=1</p>
11	2	<p>Identify and explain two ways LEECO motivates its employees.</p> <p>One mark for identifying a valid way in context, plus one mark for offering some explanation or development. (2x2)</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> the management is democratic and makes workers feel valued and that their opinion matters staff receive frequent training which makes them feel as though they have higher value in the company and more job security there is the opportunity to earn a share of the profits, so staff are motivated to get the best results for the business so that they earn more. <p>Specimen response The management structure of LEECO is democratic. Lee and his management team have regular meetings that enable all views to be taken into consideration. (1) This makes the workers feel valued and that their opinion matters. They are more likely to contribute positively to the business to make it grow. (1)</p> <p>Staff at LEECO are rewarded with a share of the profits if LEECO does well. (1) This will make them feel valued and motivated to work as hard as possible to make LEECO profitable so that they earn more.(1)</p> <p>NB Students need to demonstrate how the ways identified apply to LEECO for the first mark.</p>	<p>4</p> <p>AO1=2 AO2=2</p>
11	3	<p>Analyse how poor customer service might affect LEECO.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> loss of sales – decreasing revenue lack of repeat business poor reputation – decreasing sales and revenue increased complaints – staff time wasted. 	<p>6</p> <p>AO2=2 AO3=4</p>

Examiners are reminded that AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives. Due to the greater number of marks available for AO3, answers at level 3 will have a greater depth of analysis (AO3) but may show similar levels of application of knowledge and understanding (AO2) to a level 2 answer.

Level	Description	Marks
3	Detailed analysis of topics based on the context <ul style="list-style-type: none"> Business areas are analysed in depth. Applies knowledge and understanding to the context sufficiently, throughout the answer. 	5–6 AO3 x2
2	Sound analysis of topics based on the context <ul style="list-style-type: none"> Business areas are partially analysed. Applies knowledge and understanding to the context sufficiently, in most areas. 	3–4 AO3 AO2
1	Basic analysis of topics based on the context <ul style="list-style-type: none"> Analysis of business areas is simplistic. Knowledge and understanding is applied to the context, but may be fragmented. 	1–2 AO3 AO2
0	Nothing worthy of credit.	

Specimen response

One way that poor customer service may affect LEECO is that it may result in more complaints from customers who are dissatisfied with either the quality of the products or the level of service. (L1)

Lee believes that LEECO has been successful because of the great customer service they provide. If this standard dropped then many customers could be lost, which could reduce LEECO's revenue and profitability even further. (L2)

Additionally, LEECO employees are given a share of the profits of the business. If they are receiving lots of complaints then they may believe that the business isn't going to make a profit and may decide to leave. As LEECO's staff are highly skilled it could be very expensive and difficult to replace them. (L3)

Question	Part	Marking guidance	Total marks												
11	4	<p>Table 2 shows LEECO's total revenue and total cost for the years 2015 and 2016.</p> <p style="text-align: center;">Table 2</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Year</th> <th>Total Revenue US\$ million</th> <th>Total Cost US\$ million</th> <th>Profit US\$ million</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>2.3</td> <td>0.8</td> <td>1.5</td> </tr> <tr> <td>2016</td> <td>2.4</td> <td>1.1</td> <td></td> </tr> </tbody> </table> <p>Use the information in Table 2 to calculate the change in profit between 2015 and 2016. You will need to calculate the profit in 2016 to help you do this.</p> <p>Show your calculations</p> <p>2 marks = Correct answer of -0.2</p> <p>1 mark = At least one correct operation shown.</p> <p>$2.4 - 1.1 = 1.3$ (1)</p> <p>Own figure – 1.5 = incorrect answer (1)</p> <p>0 marks = Incorrect answer (if given) and no correct operation shown.</p>	Year	Total Revenue US\$ million	Total Cost US\$ million	Profit US\$ million	2015	2.3	0.8	1.5	2016	2.4	1.1		<p>2</p> <p>AO1=2</p>
Year	Total Revenue US\$ million	Total Cost US\$ million	Profit US\$ million												
2015	2.3	0.8	1.5												
2016	2.4	1.1													
11	5	<p>Explain one way the change in profit you calculated in 11.4 might affect LEECO.</p> <p>One mark for identifying that the change is negative, one mark for identifying a suitable effect on LEECO and one mark for correct explanation in context.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • cheaper suppliers may need to be found • sales may need to be increased • staff may need to be made redundant • production methods may need to be changed. <p>Specimen response LEECO are making less profit than before. (1) As the workers are given a share of the profits to motivate them, they may be disappointed about this amount decreasing and be less motivated. (1) This could reduce the overall productivity of the company as the workers do a worse job. (1)</p> <p>NB Do not accept a numerical answer (ie -0.2). The student must interpret the figure for the first mark.</p>	<p>3</p> <p>AO2=3</p>												

Question	Part	Marking guidance	Total marks
11	6	<p>Analyse the benefits of LEECO using internal recruitment to recruit their new manager.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • cheaper and quicker to recruit – LEECO doesn't have that much money to spare, so internal recruitment would be cheaper • LEECO employees are already familiar with the business and how it operates • less training - most of LEECO employees have been there since the start so they will need less training for the new job • provides opportunities for promotion within the business – can be motivating • LEECO already knows the strengths and weaknesses of candidates. 	<p>6</p> <p>AO2=2 AO3=4</p>

Examiners are reminded that AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives. Due to the greater number of marks available for AO3, answers at level 3 will have a greater depth of analysis (AO3) but may show similar levels of application of knowledge and understanding (AO2) to a level 2 answer.

Level	Description	Marks
3	<p>Detailed analysis of topics based on the context</p> <ul style="list-style-type: none"> • Business areas are analysed in depth. • Applies knowledge and understanding to the context sufficiently, throughout the answer. 	<p>5–6 AO3 x2</p>
2	<p>Sound analysis of topics based on the context</p> <ul style="list-style-type: none"> • Business areas are partially analysed. • Applies knowledge and understanding to the context sufficiently, in most areas. 	<p>3–4 AO3 AO2</p>
1	<p>Basic analysis of topics based on the context</p> <ul style="list-style-type: none"> • Analysis of business areas is simplistic. • Knowledge and understanding is applied to the context, but may be fragmented. 	<p>1–2 AO3 AO2</p>
0	<p>Nothing worthy of credit.</p>	

Specimen response

If LEECO used internal recruitment then it would promote an existing member of staff. This would be a cheap and quick solution. (L1)

Given that a supervisor role needs to have a good level of expertise and knowledge to oversee the employees as they do their work, the best candidate is someone who has already worked with the company and understands the systems and processes. Most of LEECO's employees have been with the company since it began, so there is a good chance that there will be a suitable candidate with the right skills already there. (L2)

Furthermore, LEECO doesn't have that much money to spare, and profits are decreasing, so the fact that internal recruitment is cheaper would be advantageous for them as the internal applicant will need less training. (L3)

Question	Part	Marking guidance	Total marks
11	7	<p>Lee is thinking about two different ways to expand LEECO.</p> <ul style="list-style-type: none"> • Sell a franchise to the young entrepreneur • Buying E-Conference <p>Using the information in Items C and D, recommend which of the two options would be better for expanding LEECO.</p> <p>Give reasons for your recommendation.</p> <p>Areas for consideration:</p> <ul style="list-style-type: none"> • pros/cons of franchising in terms of LEECO • pros/cons of the bank loan in terms of LEECO • LEECO has decreasing profit; is getting a loan a good idea/possible? • the money received from the franchisee could make up the shortfall in profit • LEECO depends on its customer service – would a franchisee uphold these standards and have the required expertise? • franchising would see only a portion of the profits made by the owners, whereas taking over E-Conference could be much more profitable. 	<p>12</p> <p>AO2=4 AO3=8</p>

Examiners are reminded that AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives. More weight should therefore be given to AO3 than AO2.

Level	Description	Marks
4	<p>Detailed analysis and evaluation of topics based on the context</p> <ul style="list-style-type: none"> • Coherent line of reasoning followed, which is sustained, relevant and substantiated. There is a focused conclusion that is fully justified and follows clearly from the analysis. • Business areas are analysed in depth. • Knowledge and understanding is detailed and appropriately applied within context. 	<p>10–12</p> <p>AO3</p> <p>AO3 AO2</p>
3	<p>Sound analysis and evaluation</p> <ul style="list-style-type: none"> • Coherent line of reasoning given and the conclusion is appropriate and related to the preceding analysis. • Business areas are partially analysed. • Knowledge and understanding is detailed and appropriately applied within context. 	<p>7–9</p> <p>AO3</p> <p>AO3</p> <p>AO2</p>
2	<p>Limited attempt made to analyse the topics based on the context</p> <ul style="list-style-type: none"> • Evidence of some line of reasoning, with a conclusion that has limited justification. • Analysis of business areas is simplistic. • Some knowledge and understanding is applied within context. 	<p>4–6</p> <p>AO3</p> <p>AO3 AO2</p>

Level	Description	Marks
1	<p>Basic evaluation of topics but without any real support or analysis</p> <ul style="list-style-type: none"> • A conclusion is present but without any reasoned support. • No discernible or relevant analysis. • A clear attempt to apply knowledge and understanding, but context may be lacking. 	<p>1–3</p> <p>AO3 AO3 AO2</p>
0	Nothing worthy of credit.	

Specimen response

I think that Lee should try and purchase E-Conference because he will be able to maintain more control over the business and in the long run generate more revenue and profit for the business. (L1) On the other hand, this is a risky venture because he will have to borrow money in order to finance the expansion. But LEECO has a good reputation and there is a high demand for the business products. (L2)

LEECO has built a reputation for its good quality customer service. One reason for this is the fact that Lee trains the staff himself to ensure that they understand how best to operate. (L1) If Lee was to sell a franchise to the businessman, there is a chance that he would not uphold the same high standards of customer service, which would see the reputation of the franchise suffer. As the franchise will be using the same brand as LEECO, Lee might find that the performance of the franchise has harmed his hard earned reputation, and LEECO's business might suffer as a result, through less revenue and even less profit. (L2)

However, franchising will allow LEECO to expand by using other people's money to grow the business, thus freeing up valuable financial resources for LEECO. (L1) As well as this Lee will be less involved in the day-to-day operations and will have more time to concentrate on his core business. Franchising will allow Lee to grow the business very quickly and will provide opportunities for him to expand the business both nationally and internationally. Generally, franchising attracts highly motivated individuals who already have high levels of local knowledge and expertise and are therefore likely to run a successful business. (L3)

LEECO will also have a competitive advantage since they already have a brand, an established business and a market share. Furthermore the failure rate for franchised businesses is an average of about 4%. This is significantly lower than for the economy as a whole. This suggests that Lee could consider the franchising option quite seriously. (L4)

There is a risk because Lee wants to take out a loan to purchase E-Conference. With LEECO experiencing decreased profits at the moment, there is the chance that the financial repayments may be too much and could decrease LEECO's profits even further. (L3) The downside of franchising is that LEECO would see only a portion of the profits made by the owners, whereas taking over E-Conference could be much more profitable with the majority of revenues coming to LEECO.

However I would recommend that Lee get the loan to purchase E-Conference. He has already set up and run a successful business and would not put this at risk by not taking care when arranging the loan. Additionally, the potential cost to LEECO of having its reputation ruined by a franchise is much too great when it is one of the main reasons for its success so far. Therefore the purchase of E-Conference is the better option for Lee. (L4)

Assessment Objective grid

	AO1	AO2	AO3	Total
01	1			1
02	1			1
03	1			1
04	1			1
05	1			1
06	2			2
07	2			2
08	2			2
09	2	2		4
10.1		2		2
10.2	2	2		4
10.3	2	2		4
10.4	3	3		6
10.5		2	4	6
10.6		2	4	6
10.7		4	8	12
11.1	1	1		2
11.2	2	2		4
11.3		2	4	6
11.4	2			2
11.5		3		3
11.6		2	4	6
11.7		4	8	12
Totals	25	33	32	90

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