

OXFORD

INTERNATIONAL
AQA EXAMINATIONS

INTERNATIONAL AS BUSINESS

(9625)

Mark scheme

Unit 1: Business and markets

Specimen 2018

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 AS 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)
- 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
- put into a rank order the achievements of students (not to grade them – that is done later using the rank order that your marking has produced)
- 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 of terms, concepts, theories, methods and models to show an understanding of how individuals and organisations are affected by and respond to business issues.
AO2	Apply knowledge and understanding to various business contexts to show how individuals and organisations are affected by and respond to issues.
AO3	Analyse issues within business, showing an understanding of the impact on individuals and organisations of external and internal influences.
AO4	Evaluate quantitative and qualitative information to make informed judgements and propose evidence-based solutions to business issues.

The marking grids

The specification has generic marking grids for each Assessment Objective that is customised with indicative content for individual tasks. These have been designed to allow assessment of the range of knowledge, understanding and skills that the specification demands.

Within each Assessment Objective there are three or four broad levels representing different levels of achievement. Do not think of levels as equivalent to grade boundaries.

The indicative content gives examples of the kind of things students might do that would exemplify the level. They are neither exhaustive nor required – they are simply indicative of what would appear at this level. You will find that they sometimes indicate areas of content that can be handled with

increasing sophistication and subtlety. You will also find statements which only characterise work at the bottom or top of the range.

Depending on the part of the examination, the levels will have different mark ranges assigned to them. This will reflect the different weighting of Assessment Objectives in particular tasks and across the examination as a whole. You may be required to give different marks to bands for different Assessment Objectives.

Using the grids

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. There is the same number of marks in each level for an individual Assessment Objective. The number of marks per level will vary depending upon the number of marks allocated to the various Assessment Objectives covered by a particular question.

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.

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 in 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; eg 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 students' 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 19) and be careful not to over/under credit a particular skill. For example, in question 11 more weight should be given to AO4 than to AO1, AO2 and AO3. This will be exemplified and reinforced as part of examiner training.

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; this is unprofessional and it impedes a positive marking approach.

Section A

Total for this section: 17 marks

Question	Part	Marking guidance	Total marks
01		<p>The price elasticity of demand for a product is -0.2. This means:</p> <p>Answer: B (Revenue will increase if price increases)</p>	<p>1</p> <p>AO1=1</p>
02		<p>The market research findings for a new product have a 95% confidence level. This means:</p> <p>Answer: C (The findings are likely to be correct 95% of the time)</p>	<p>1</p> <p>AO1=1</p>
03		<p>The share price of a company is \$2. The market capitalisation is \$40 billion. The dividend paid by the company per share is \$0.50. This means:</p> <p>Answer: D (The total dividends paid are \$10 billion)</p>	<p>1</p> <p>AO2=1</p>
04		<p>Explain one reason why a government might encourage business start-ups.</p> <p>Indicative content</p> <ul style="list-style-type: none"> • Creates jobs and income. • Stimulates economic growth. • Provides new goods and services for customers. <p>Credit valid alternative content.</p> <p>Good response 3 marks</p> <p>Clear link between the effect of setting up a business and why a government might encourage this, eg creates jobs, which leads to higher incomes and higher standards of living of citizens; start-ups produce new products which lead to better service and quality for people in the country.</p> <p>Reasonable response 2 marks</p> <p>Identifies relevant points but with limited explanation and does not fully develop why a government might encourage this, eg start-ups create jobs which increases incomes; start-ups produce new products.</p> <p>Limited response 1 mark</p> <p>Identifies relevant point(s) but with no explanation or development of why a government might encourage this, eg identifies that start-ups may reduce unemployment.</p>	<p>3</p> <p>AO1=1</p> <p>AO2=2</p>
05		<p>Having limited liability is a benefit to a company when it wants to raise funds from investors. Explain one reason why.</p> <p>Indicative content</p> <ul style="list-style-type: none"> • Limited liability means the personal funds of investors are not at risk. • Reduced risk may make the investment more attractive to investors. 	<p>3</p> <p>AO1=1</p> <p>AO2=2</p>

Question	Part	Marking guidance	Total marks
05		<p>Credit valid alternative content.</p> <p>Good response 3 marks</p> <p>Clear link between understanding of limited liability and how this helps to attract investors. Explains that limited liability means investors do not lose personal funds, and links to why this helps raise funds, eg investors willing to invest because the risk is reduced.</p> <p>Reasonable response 2 marks</p> <p>Identifies relevant points but with limited explanation and does not fully develop why having limited liability helps to attract investors. Explains what limited liability is, ie means investors do not lose personal funds. Some link to investors, eg that this will make it safer for them but link not explained clearly.</p> <p>Limited response 1 mark</p> <p>Identifies relevant point(s) but with no explanation or development of how this helps to attract investors, eg less risk.</p>	
06		<p>In 2016 the value of the British pound fell against other currencies.</p> <p>Explain how a fall in the value of the British pound against other currencies might affect the sales of a UK exporter.</p> <p>Indicative content</p> <ul style="list-style-type: none"> • A fall in the value of the British pound will reduce the price of British goods and services in foreign currencies, all other factors unchanged. • Cheaper prices abroad should lead to higher sales, all other factors unchanged. <p>Credit valid alternative content.</p> <p>Good response 3–4 marks</p> <p>Clear link between the fall in the value of the currency, the impact on price abroad (all other factors unchanged) and sales. Shows understanding of a fall in the exchange rate and effect on the prices of UK products abroad. Explains this means sales are likely to increase with lower prices.</p> <p>Reasonable response 2 marks</p> <p>Shows understanding of the exchange rate and some understanding of a fall in the exchange rate means lower prices but no clear explanation of why and no link made to effect on the sales of UK products abroad.</p> <p>Limited response 1 mark</p> <p>May identify relevant point(s), eg goods cheaper but no link made to sales or explanation of why.</p>	<p>4</p> <p>AO1=2</p> <p>AO2=2</p>

Question	Part	Marking guidance	Total marks
07		<p>Mattel is a global toy business, producing products such as Barbie and Hotwheels.</p> <p>Explain one benefit of segmentation to a toy manufacturer.</p> <p>Indicative content</p> <ul style="list-style-type: none"> • Segmentation may allow more targeted marketing activities; this can lead to better returns on any marketing spending. • For example, may identify different buyer groups such as different ages, different motivations to buy, different purchase occasions, different price points. Can adapt marketing mix accordingly. <p>Credit valid alternative points.</p> <p>Good response 3–4 marks</p> <p>Clear link between segmentation and the benefits to a toy manufacturer, eg can develop different toys for different age groups to more precisely match needs and help sales.</p> <p>Reasonable response 2 marks</p> <p>Likely to show an understanding of segmentation and its benefits, eg targeting groups but not in context of a toy manufacturer.</p> <p>Limited response 1 mark</p> <p>May show an understanding of segmentation but not show benefits. Or states benefits but does not link segmentation to toy manufacturer.</p>	<p>4</p> <p>AO1=2 AO2=2</p>

Section B
Total for this section: 27 marks

Question	Part	Marking guidance	Total marks
08		<p>The profits of a retail business may be reduced by an increase in interest rates. Explain why.</p>	<p>9</p> <p>AO1=3 AO2=3 AO3=3</p>

Examiners are reminded that AO1, 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 for this question.

Level	Marks	Descriptor
3	7–9	<p>A good response that focuses on many of the demands of the question</p> <ul style="list-style-type: none"> • includes well-focused analysis with logical chains of reasoning • includes well-focused application to the given context • shows sound knowledge and understanding of business terminology and concepts with few, if any, errors • is well structured.

Level	Marks	Descriptor
2	4–6	<p>A reasonable response which focuses on some of the demands of the question</p> <ul style="list-style-type: none"> • includes reasonable analysis but the analysis may not be fully developed or may lack some accuracy in places • includes reasonable application to the given context • focuses on issues that are relevant to the question, showing satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present.
1	1–3	<p>A limited response that has little focus on the demands of the question</p> <p>A limited response with some understanding that may:</p> <ul style="list-style-type: none"> • include some limited analysis but lacks focus and development • include some limited application to the given context • include some limited knowledge and understanding of business terminology and concepts but some errors are likely.
	0	No credit worthy material.

Indicative content

The focus of the question is on the impact of higher interest rates on the profits of a retail business.

Indicative content includes:

- The interest rate is the cost of borrowing and the reward for saving.
- With higher interest rates consumers may be more likely to save and less likely to borrow. This can reduce demand and possibly profits.
- Higher interest rates can increase costs (eg if it has borrowed money) and this can reduce profits.

Credit valid alternative content.

A good response will show a clear link between higher interest rates and the profits of a retail business. for example, the higher interest rate has increased the costs of borrowing (eg on loans) and so the consumer has less money left over for retail shopping so demand falls reducing profits.

A reasonable response may not make the links to profits so clearly, eg may explain how the forces affect a business, greater competition or more shopping around by customers, but not link fully to profits.

A limited response may show understanding of some of the five forces but have limited development of the impact of these.

Question	Part	Marking guidance	Total marks
09		<p>The promotional mix is likely to differ for an industrial product, such as production machinery, compared to a consumer product, such as a newspaper.</p> <p>Analyse how the promotional mix might differ between industrial products and consumer products.</p>	<p>9</p> <p>AO1=3</p> <p>AO2=3</p> <p>AO3=3</p>

Examiners are reminded that AO1, 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.

Indicative content

- Industrial products may have fewer buyers than consumer products. This may mean that personal selling becomes more important.
- Some consumer products will be mass market products; this can mean forms of advertising such as national television are justified whereas it would not be appropriate for small group of specialist industrial goods buyers.
- Promotional offers may be more likely to be used for some consumer products (eg where items are bought on impulse) compared to specialist industrial goods buyers.

Credit valid alternative content.

Level	Marks	Descriptor
3	7–9	<p>A good response that focuses on many of the demands of the question</p> <ul style="list-style-type: none"> • includes well-focused analysis with logical chains of reasoning • includes well-focused application to the given context • shows sound knowledge and understanding of business terminology and concepts with few, if any, errors • is well structured.
2	4–6	<p>A reasonable response which focuses on some of the demands of the question</p> <ul style="list-style-type: none"> • includes reasonable analysis but the analysis may not be fully developed or may lack some accuracy in places • includes reasonable application to the given context • focuses on issues that are relevant to the question, showing satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present.
1	1–3	<p>A limited response that has little focus on the demands of the question</p> <p>A limited response with some understanding that may:</p> <ul style="list-style-type: none"> • include some limited analysis but lacks focus and development • include some limited application to the given context • include some limited knowledge and understanding of business terminology and concepts but some errors are likely.
	0	No credit worthy material.

A good response would clearly distinguish the promotional mix for an industrial product such as expensive production machinery relative to a consumer product, eg likely to use more personal selling as much more targeted customer base whereas consumer products may use more advertising as more of a mass market. Differences between the two mixes are clearly made.

A reasonable response may recognise some of the features of the promotional mix for an industrial product and/or a consumer product but not analyse the differences between the two.

A limited response is likely to show an understanding of elements of the promotional mix or these types of products but not analysing the difference between the two.

Question	Part	Marking guidance	Total marks
10		<p>Coca Cola, the global drinks producer, has a portfolio of products including soft drinks, bottled water, energy drinks and fruit juices.</p> <p>Having a portfolio of products can help ensure long-term sales growth for Coca Cola. Analyse the reasons why.</p> <p>[9 marks]</p>	<p>9</p> <p>AO1=3 AO2=3 AO3=3</p>

Examiners are reminded that AO1, 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 for this question.

Level	Marks	Descriptor
3	7–9	<p>A good response that focuses on many of the demands of the question</p> <ul style="list-style-type: none"> includes well-focused analysis with logical chains of reasoning includes well-focused application to the given context shows sound knowledge and understanding of business terminology and concepts with few, if any, errors is well structured.
2	4–6	<p>A reasonable response which focuses on some of the demands of the question</p> <ul style="list-style-type: none"> includes reasonable analysis but the analysis might not be fully developed or may lack some accuracy in places includes reasonable application to the given context focuses on issues that are relevant to the question, showing satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present.
1	1–3	<p>A limited response that has little focus on the demands of the question</p> <p>A limited response with some understanding that may:</p> <ul style="list-style-type: none"> include some limited analysis but lacks focus and development include some limited application to the given context include some limited knowledge and understanding of business terminology and concepts but some errors are likely.
	0	No credit worthy material.

Indicative content

- A portfolio is a collection of products. By having a portfolio a business may have some products that generate cash immediately; this can help finance investment in products for the future.
- By keeping a balanced portfolio other businesses will be able to launch products over time, taking over from those that are declining, thereby achieving long-term sales growth.

Credit valid alternative content.

A good response will clearly link the effect that having a portfolio of products can have on long-term sales. For example, by having some ‘question mark’ and ‘star’ products they can take over from the ‘cash cows’ when the latter begin to experience falling sales. A portfolio may ensure that when markets change (eg some enter decline) the business is still able to sell more (eg new products to take over from ones where sales are falling). This is important over time to keep long-term sales growing.

A reasonable response is likely to show an understanding of product portfolio and the individual impact of products on sales but not link to the effect over time on long-term sales.

A limited response is likely to demonstrate some understanding of a portfolio of products and types such as ‘cash cows’ or ‘dogs’ but make little attempt to link to sales.

Section C
Total for this section: 36 marks

Question	Part	Marking guidance	Total marks
11		<p>Sam is thinking of setting up a business with other members of his family.</p> <p>Do you think setting up as a family business is a good idea? Assess the advantages and disadvantages and make a judgement.</p>	<p>12</p> <p>AO1=2 AO2=2 AO3=3 AO4=5</p>

Examiners are reminded that AO1, AO2, AO3 and AO4 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 in this question. More weight should therefore be given to AO4 than AO1, AO2 and AO3.

Level	Marks	Descriptor
4	10–12	<p>An excellent response that focuses fully on the demands of the question</p> <p>Likely to demonstrate sound, focused analysis and well-supported evaluation:</p> <ul style="list-style-type: none"> • includes supported evaluation in a final conclusion and within response • includes well-focused analysis with clear, logical chains of reasoning • includes well-focused application to the given context • showing sound knowledge and understanding of business terminology and with few, if any, errors • is well structured and well-focused. <p>A complete and coherent overall argument with a clear conclusion. The conclusion is arrived at through a balancing of arguments, with appropriate weight given to each argument and to the argument overall. Where there are crucial arguments, these are distinguished from less crucial ones.</p>

Level	Marks	Descriptor
3	7–9	<p>A good response that focuses on many of the demands of the question</p> <p>Likely to demonstrate sound, focused analysis and some supported evaluation:</p> <ul style="list-style-type: none"> • includes some reasonable, supported evaluation • includes analysis with some logical chains of reasoning • includes some good application to the given context • showing sound knowledge and understanding of business terminology and concepts with relatively few errors • is well-structured and generally focused. <p>A relatively complete and coherent argument leading to an attempt to conclude. The content is detailed and correct and most of it is integrated. There is recognition of arguments and counter-arguments, but balance is not always present and the weight to be given to each argument is not always fully clear.</p>
2	4–6	<p>A reasonable response which focuses on some of the demands of the question</p> <p>Some reasonable analysis but generally unsupported evaluation:</p> <ul style="list-style-type: none"> • there is likely to be some attempt to make relevant evaluation but this has little support from arguments or does not address the question as a whole • includes some reasonable analysis but which might not be adequately developed or becomes confused in places • includes reasonable application to the given context • shows satisfactory knowledge and understanding of business terminology, concepts but some weaknesses may be present. <p>There is an attempt to answer the question. There is likely to be a conclusion but it has little support and response may lack balance. The content is largely correct, though there may be some gaps and lack of detail.</p>
1	1–3	<p>A limited response that has little focus on the demands of the question</p> <p>A limited response with some understanding:</p> <ul style="list-style-type: none"> • includes no evaluation or attempts evaluation but this is unsupported • includes some limited analysis but it may lack focus and/or become confused • includes some limited application to the given context • includes some limited knowledge and understanding of business terminology and concepts but errors are likely.
	0	No credit worthy material.

The demands of the question are to decide whether Sam setting up as a family business is a good idea. It requires an overall judgement to be made.

Indicative content

Advantages may include:

- the loyalty from family members which can lead to extra effort and commitment

- shared resources as the family combines to support each other.

The disadvantages include:

- the potential lack of professional skills and experience
- the impact of more emotional decision making
- the danger that there is a lack of funds due to a reluctance to bring in outsiders.

Overall whether this is a good idea will depend on the skills, quality and experience of Sam’s family and their openness to outside expertise and funds. There are some big, very successful family business and some very unsuccessful non-family business. Cannot say one form of business is automatically better than another. And in judging the advantages and disadvantages it depends on who is assessing it. A business that is not generating especially high returns but which serves to keep the family together and employed may be regarded as very successful by the family.

Credit valid alternative arguments.

Question	Part	Marking guidance	Total marks
12		<p>Ahmed is considering spending money on primary market research before he starts up his own business as a website designer.</p> <p>Would you recommend that he do this?</p> <p>Assess the arguments for and against and make a judgement.</p>	<p>12</p> <p>AO1=2 AO2=2 AO3=3 AO4=5</p>

Examiners are reminded that AO1, AO2, AO3 and AO4 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 of this question. More weight should therefore be given to AO4 than AO1, AO2 and AO3.

Level	Marks	Descriptor
4	10–12	<p>An excellent response that focuses fully on the demands of the question</p> <p>Likely to demonstrate sound, focused analysis and supported evaluation:</p> <ul style="list-style-type: none"> • includes supported evaluation in a final conclusion and within response • includes well-focused analysis with clear, logical chains of reasoning • includes well-focused application to the given context • showing sound knowledge and understanding of business terminology and with few, if any, errors • is well structured and well-focused. <p>A complete and coherent overall argument with a clear conclusion. The conclusion is arrived at through a balancing of arguments, with appropriate weight given to each argument and to the argument overall. Where there are crucial arguments, these are distinguished from less crucial ones.</p>
3	7–9	<p>A good response that focuses on many of the demands of the question</p> <p>Likely to demonstrate sound, focused analysis and some supported evaluation:</p> <ul style="list-style-type: none"> • includes some reasonable, supported evaluation • includes analysis with some logical chains of reasoning

Level	Marks	Descriptor
		<ul style="list-style-type: none"> includes some good application to the given context showing sound knowledge and understanding of business terminology and concepts with relatively few errors is relatively well-structured and generally focused. <p>A relatively complete and coherent argument leading to an attempt to conclude. The content is detailed and correct and most of it is integrated. There is recognition of arguments and counter-arguments, but balance is not always present and the weight to be given to each argument is not always fully clear.</p>
2	4–6	<p>A reasonable response which focuses on some of the demands of the question</p> <p>Some reasonable analysis but generally unsupported evaluation:</p> <ul style="list-style-type: none"> there is likely to be some attempt to make relevant evaluation but this has little support from arguments or does not address the question as a whole includes some reasonable analysis but which may not be adequately developed or becomes confused in places includes reasonable application to the given context shows satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present. <p>There is an attempt to answer the question. There is likely to be a conclusion but it has little support and response may lack balance. The content is largely correct, though there may be some gaps and lack of detail.</p>
1	1–3	<p>A limited response that has little focus on the demands of the question</p> <p>A limited response with some understanding:</p> <ul style="list-style-type: none"> includes no evaluation or attempts evaluation but this is unsupported includes some limited analysis but it may lack focus and/or become confused includes some limited application to the given context includes some limited knowledge and understanding of business terminology and concepts but errors are likely.
	0	No credit worthy material.

The demands of the question are to decide whether Ahmed should spend money on primary market research (not secondary) when starting up (rather than being an established business).

Indicative content

Possible arguments for:

- The questions they may want answering are likely to be specific to them, eg who their competitors are, who are the potential customers in this specific market, how might the strengths of the business be most effectively used in promotion.
- Secondary information may exist and may be of some use (eg general trends in online sales) but it may not be providing the specific information needed.

Primary research can provide useful information to reduce the risks of starting up.

Possible arguments against:

- There is a question of costs and returns on spending. As a new start-up Ahmed may have limited funds and therefore whilst primary research may be desirable it may not always be affordable. He will need to think how much to spend and what to spend it on – does he want a focus group or to survey local businesses? He will need to consider the likely returns.
- Secondary research may exist and be useful.

Overall primary research is likely to be useful but he cannot do unlimited amounts due to resources constraints, eg time and money; therefore he must consider how resources are best used, given what secondary data already exists.

Credit valid alternative arguments.

Question	Part	Marking guidance	Total marks
13		<p>McDonald’s is a global business that has many franchisees.</p> <p>Do you think that franchising is a good way for a business to grow globally? Assess the arguments for and against and make a judgement.</p>	<p>12</p> <p>AO1=2 AO2=2 AO3=3 AO4=5</p>

Examiners are reminded that AO1, 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 in this question. More weight should therefore be given to AO4 than AO1, AO2 and AO3.

Level	Marks	Descriptor
4	10–12	<p>An excellent response that focuses fully on the demands of the question</p> <p>Likely to demonstrate sound, focused analysis and well-supported evaluation:</p> <ul style="list-style-type: none"> • includes supported evaluation in a final conclusion and within response • includes well-focused analysis with clear, logical chains of reasoning • includes well-focused application to the given context • showing sound knowledge and understanding of business terminology and with few, if any, errors • is well structured and well-focused. <p>A complete and coherent overall argument with a clear conclusion. The conclusion is arrived at through a balancing of arguments, with appropriate weight given to each argument and to the argument overall. Where there are crucial arguments, these are distinguished from less crucial ones.</p>
3	7–9	<p>A good response that focuses on many of the demands of the question</p> <p>Likely to demonstrate sound, focused analysis and some supported evaluation:</p> <ul style="list-style-type: none"> • includes some reasonable, supported evaluation • includes analysis with some logical chains of reasoning • includes some good application to the given context • showing sound knowledge and understanding of business terminology and concepts with relatively few errors

Level	Marks	Descriptor
		<ul style="list-style-type: none"> is relatively well-structured and generally focused. <p>A relatively complete and coherent argument leading to an attempt to conclude. The content is detailed and correct and most of it is integrated. There is recognition of arguments and counter-arguments, but balance is not always present and the weight to be given to each argument is not always fully clear.</p>
2	4–6	<p>A reasonable response which focuses on some of the demands of the question</p> <p>Some reasonable analysis but generally unsupported evaluation:</p> <ul style="list-style-type: none"> there is likely to be some attempt to make relevant evaluation but this has little support from arguments or does not address the question as a whole includes some reasonable analysis but might not be adequately developed or becomes confused in places includes reasonable application to the given context shows satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present. <p>There is an attempt to answer the question. There is likely to be a conclusion but it has little support and response may lack balance. The content is largely correct, though there may be some gaps and lack of detail.</p>
1	1–3	<p>A limited response that has little focus on the demands of the question</p> <p>A limited response with some understanding:</p> <ul style="list-style-type: none"> includes no evaluation or attempts evaluation but this is unsupported includes some limited analysis but it may lack focus and/or become confused includes some limited application to the given context includes some limited knowledge and understanding of business terminology and concepts but errors are likely.
	0	No credit worthy material.

The demands of the question are to decide whether franchising is a good way to grow globally (rather than just grow).

Indicative content

- Franchising may be a good way to grow as it can allow fast growth as franchisees provide some of funds; it can motivate staff who own some of the business and this can help stimulate sales in itself. The shared findings and expertise of franchisees can help support each other and help each other to grow.
- Franchising may be particularly suitable for a business wanting to grow globally because of different market conditions – McDonald's is a perfect example in terms of different attitudes to meat and different eating habits in different countries. Using franchisees may be an excellent way of using local knowledge and experience and helping the business adapt regionally.
- However, it may be argued that operating globally brings with it many challenges in terms of communication and management; these could be made even more difficult with franchising as franchisees will have some autonomy. May be better to be more centralised.

- Overall whether franchising will be a good way to grow globally will depend on which franchise, the terms, conditions and management of franchisees and how different regional markets are.
- To decide if franchising is a good way does not require a comparison with another form of growth.

Credit valid alternative arguments.

Assessment Objective grid

	A01	A02	A03	A04	Total
Section A					
01	1				1
02		1			1
03		1			1
04	1	2			3
05	1	2			3
06	2	2			4
07	2	2			4
Section B					
08	3	3	3		9
09	3	3	3		9
10	3	3	3		9
Section C					
11	2	2	3	5	12
12	2	2	3	5	12
13	2	2	3	5	12
Unit total	22	25	18	15	80

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OXFORD INTERNATIONAL AQA EXAMINATIONS
LINACRE HOUSE, JORDAN HILL, OXFORD, OX2 8TA
UNITED KINGDOM

enquiries@oxfordaqaexams.org.uk
oxfordaqaexams.org.uk

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