



General Certificate of Education

Business Studies

Unit 3: Strategies for Success

Specimen mark scheme for examinations in June 2009 and June 2010 onwards

This mark scheme uses the [new numbering system](#)

The specimen assessment materials are provided to give centres a reasonable idea of the general shape and character of the planned question papers and mark schemes in advance of the first operational exams.

Further copies of this Mark Scheme are available to download from the AQA Website: www.aqa.org.uk

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	Assessment Objectives
	The Assessment Objectives represent those qualities which can be demonstrated in candidates' work and which can be measured for the purposes of assessment.
AO1	Demonstrate knowledge and understanding of the specified content.
AO2	Apply knowledge and understanding to problems and issues arising from both familiar and unfamiliar situations.
AO3	Analyse problems, issues and situations.
AO4	Evaluate, distinguish between and assess appropriateness of fact and opinion, and judge information from a variety of sources.
Quality of Written Communication	<p>The GCE Qualification Criteria require GCE specifications which require candidates to produce written material in English to:</p> <ul style="list-style-type: none"> • ensure that text is legible and that spelling, punctuation and grammar are accurate so that meaning is clear • select and use a form and style of writing appropriate to purpose and to complex subject matter • organise information clearly and coherently, using specialist vocabulary when appropriate. <p>In this specification QWC will be assessed in all units by embedding QWC in Assessment Objective 4 (AO4).</p>

Question 01

Total for this question: 18 marks

To what extent might the success of *Coffee Delight plc*'s marketing strategy in Romania depend upon its directors preparing an effective marketing plan? (18 marks)

	Content 4 marks	Application 4 marks	Analysis 5 marks
Level 4	<p style="text-align: center;">4 marks</p> <p>Candidate identifies two or more relevant factors and shows good understanding of marketing plans or strategies</p>		
Level 3	<p style="text-align: center;">3 marks</p> <p>Candidate identifies two or more relevant factors and shows understanding of marketing plans or strategies</p>		<p>5 marks</p> <p>Strong analysis of argument, developing points fully</p>
Level 2	<p style="text-align: center;">2 marks</p> <p>Candidate offers two or more relevant arguments or shows good understanding of marketing plans or strategies or a combination</p>	<p>4–3 marks</p> <p>Candidate applies knowledge effectively to <i>Coffee Delight plc</i>'s circumstances</p>	<p>4–3 marks</p> <p>Good analysis of argument</p>
Level 1	<p style="text-align: center;">1 mark</p> <p>Candidate offers single relevant argument or shows limited understanding of marketing plans or strategy</p>	<p>2–1 marks</p> <p>Candidate attempts to apply knowledge to <i>Coffee Delight plc</i>'s circumstances</p>	<p>2–1 marks</p> <p>Limited analysis of argument</p>

Relevant answers might include the following:

- marketing planning will encourage investigation and reflection in the proposed strategic decision about the move to Romania
- will help to give the new managers a clear sense of direction in this market
- will encourage in-depth research into an unfamiliar market and one of which information is not readily available
- will long-term planning be productive in a market which is changing rapidly and where EU policies and spending will promote further change?
- Romanian market would suit managers who are responsive and willing to use initiative not stick rigidly to the plan.

For Evaluation, you should award marks using the grid below.

Note: Evaluation also assesses candidates' quality of written communication. When deciding on the level to be awarded, consider the degree to which the candidate orders and communicates his/her ideas.

Level	Descriptor	Marks
E3	Candidate shows good judgment in weighing up overall value of an effective marketing plan. Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communications.	5
E2	Some judgement shown in reaching conclusion about the value of an effective marketing plan. Ideas are communicated with some structure evident with occasional use of technical terms. There are some errors in accepted conventions of written communications.	4–3
E1	Limited judgment shown. Ideas are communicated in a simplistic way with limited use of technical terms. There are noticeable errors in accepted conventions of written communications.	2–1

Points for evaluation might include the following:

- success of strategy will depend on whole process of marketing – setting realistic objectives, accuracy of market analysis, size of budget allocated to marketing for Romanian option etc
- depends on the extent to which the plan is flexible to allow for change
- if it is an 'effective' marketing plan then surely it will help
- this market is so fluid that any sort of rigidity will be counter-productive.

Question 02**Total for this question: 10 marks**

Analyse whether or not the Finance Director is correct to say that both expansion projects meet the company's financial objective of a 10% annual average return, but that the Romanian project looked more attractive? You should support your answer with relevant calculations.
(10 marks)

	Content 2 marks	Application 6 marks	Analysis 2 mark
Level 3		6 marks Candidate carries through both calculations correctly	
Level 2	2 marks Candidate shows good relevant knowledge, for example, formula ARR	5–3 marks Candidate makes significant progress with calculations	2 marks Candidate interprets results clearly
Level 1	1 mark Candidate shows limited relevant knowledge	2–1 marks Candidate makes limited attempt to complete calculation	1 mark Candidate makes some attempt to interpret results

Romania: Total profits (millions) = $(1.85 + 3.08 + 5.12 + 7.99) - 10.6 = 18.04 - 10.6$
 $7.44/4 = 1.86/10.6 \times 100 = \mathbf{17.55\%}$

UK: Total profits (millions) = $(2.0 + 3.10 + 3.31 + 3.45) - 8.1 = 11.86 - 8.1$
 $3.67/4 = 0.94/8.1 \times 100 = \mathbf{11.60\%}$

Question 03**Total for this question: 15 marks**

To what extent do you consider *Coffee Delight plc's* 'hard' human resource strategy to be a success? (18 marks)

	Content 4 marks	Application 4 marks	Analysis 5 marks
Level 4	4 marks Candidate identifies two or more relevant factors and shows understanding of HR strategy		
Level 3	3 marks Candidate identifies two or more relevant factors and shows understanding of HR strategy		5 marks Strong analysis of argument, developing points fully
Level 2	2marks Candidate identifies two or more relevant factors or shows good understanding of HR strategy	4–3 marks Candidate applies knowledge effectively to <i>Coffee Delight plc's</i> circumstances	4–3 marks Good analysis of argument
Level 1	1 mark Candidate offers single relevant argument or shows limited understanding of HR strategy	2–1 marks Candidate attempts to apply knowledge to <i>Coffee Delight plc's</i> circumstances	2–1 marks Limited analysis of argument

Relevant answers might include the following:

- the company has achieved rapidly rising sales so there is no real evidence that the strategy has affected this measurement of HR performance
- the success can be seen in the falling number of staff used in the company's shops
- 'hard' style fits with the approach used by the company: core and flexible workforce and centralisation
- this is a critical part of the company's financial strategy of cost minimisation
- industrial relations within the company are not settled and the 'hard' HR approach will not help in this regard
- the labour turnover data suggests a degree of dissatisfaction amongst employees and imposes recruitment and training (hygiene and H & S) costs on the company.

For Evaluation, you should award marks using the grid below.

Note: Evaluation also assesses candidates' quality of written communication. When deciding on the level to be awarded, consider the degree to which the candidate orders and communicates his/her ideas.

Level	Descriptor	Marks
E3	Candidate shows good judgement in weighing up overall value of an effective marketing plan. Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communications.	5
E2	Some judgement shown in reaching conclusion about the value of an effective marketing plan. Ideas are communicated with some structure evident with occasional use of technical terms. There are some errors in accepted conventions of written communications.	4–3
E1	Limited judgement shown. Ideas are communicated in a simplistic way with limited use of technical terms. There are noticeable errors in accepted conventions of written communications.	2–1

Points for evaluation might include the following:

- successful if the company has met its HR objectives, but mixed success in terms of performance measures available
- is there enough detail to judge what is happening to labour costs overall or to other labour-related costs?
- there are 'softer' elements as the company invests in training – maybe this is why it has had some success.

Question 04**Total for this question: 34 marks**

Using all the information available to you complete the following tasks:

- analyse the case for *Coffee Delight plc* expanding further in the UK
- analyse the case for *Coffee Delight plc* opening outlets in Romania
- make a justified recommendation on which option the company should choose.

(34 marks)

	Content 6 marks	Application 10 marks	Analysis 8 marks
Level 3	6–5 marks Candidate offers arguments on both sides with development	10–8 marks Candidate's arguments are consistently rooted in the case material.	8–6 marks Good analysis – arguments well developed on both sides of case
Level 2	4–3 marks Candidate offers two or more arguments on both sides	7–4 marks Candidate makes good attempt to use context to develop arguments	5–3 marks Reasonable analysis of arguments
Level 1	2–1 marks Candidate identifies single relevant argument	3–1 marks Candidate makes very limited attempt to apply knowledge to the scenario.	2–1 marks Limited analysis of argument, failing to develop points.

For Evaluation, you should award marks using the grid below.

Note: Evaluation also assesses candidates' quality of written communication. When deciding on the level to be awarded, consider the degree to which the candidate orders and communicates his/her ideas.

Level	Descriptor	Marks
E3	Candidate offers judgement plus full justification. Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communications.	10–8
E2	Candidate offers judgement plus limited justification. Ideas are communicated with some structure evident with occasional use of technical terms. There are some errors in accepted conventions of written communications.	7–4
E1	Candidate offers undeveloped judgement based on evidence. Ideas are communicated in a simplistic way with limited use of technical terms. There are noticeable errors in accepted conventions of written communications.	3–1

Relevant arguments might include those listed below:

For investing in the UK:

- establishing and running businesses in Romania could prove more difficult than in the UK. Aside from the inevitable language difficulties, there may be problems with different laws, customs and cultures. There may also be hidden costs
- UK tax rates are much lower than in Romania. This is important for a growing company as retained profits are an important source of finance
- sales have risen strongly in the UK despite a 10% reduction in the company's marketing budget. This suggests the brand is established and attractive
- the company's forecasts suggest that it will continue to achieve sales growth above the national market growth rate – it will increase its market share
- *Coffee Delight plc* has been successful in lowering its UK costs (which larger competitors have not been able to do), so it may be that the UK is the best option.

For investing in Romania:

- high rates of economic growth and especially consumer spending in Romania mean that coffee sales could be buoyant. It is important to get into this market during its period of peak growth to benefit as fully as possible
- the forecast growth in coffee shop sales looks encouraging, and exceeds those in the UK, though they will be attractive to other competitors too. This is strongly supported by the growth in retail sales which look to be exploding – but can this rate of growth be sustained?
- the UK market is dominated by large businesses which have more resources and provide stiff competition – and *Coffee Delight plc's* market share is tiny. Can it really compete with the giants, even with its cost conscious approach? Might Romania be more attractive therefore?
- the ARR from the Romanian project is quite attractive, at over 17%, which is much higher than the ROCE achieved by the company in 2006
- costs in Romania look a lot lower which will assist the company which seeks to minimise costs.

Recommendations:

- There is a considerable level of risk attached to the Romanian project. Much depends on the attitude of the management team and key shareholders to risk. It does fit in with the company's aim of growth – if it is successful.
- The reliability of the Romanian data must be a key issue. There is limited market data available too.
- What are rivals doing? They have the financial capacity to enter this market and to provide tough competition. If they are not doing so, perhaps the market is not as attractive as it may appear.
- The impact of the EU's financial support may well be critical. Is this likely to affect consumer spending (are current increases already reflecting this factor) or will it be diverted into other areas of the economy?
- The company has no experience of operating outside the UK and possibly a decision to enter the Romanian market would require the appointment of one or more managers with relevant experience.

Unit 3 Specimen Assessment Grid

Questions	AO1 Content	AO2 Application	AO3 Analysis	AO4 Evaluation	Total
01	4	4	5	5	18
02	2	6	2	0	10
03	4	4	5	5	18
44	6	10	8	10	34
PAPER TOTAL	16	24	20	20	80