GCE A2

Business Studies

Summer 2009

Mark Schemes

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NORTHERN IRELAND GENERAL CERTIFICATE OF SECONDARY EDUCATION (GCSE) AND NORTHERN IRELAND GENERAL CERTIFICATE OF EDUCATION (GCE)

MARK SCHEMES (2009)

Foreword

Introduction

Mark Schemes are published to assist teachers and students in their preparation for examinations. Through the mark schemes teachers and students will be able to see what examiners are looking for in response to questions and exactly where the marks have been awarded. The publishing of the mark schemes may help to show that examiners are not concerned about finding out what a student does not know but rather with rewarding students for what they do know.

The Purpose of Mark Schemes

Examination papers are set and revised by teams of examiners and revisers appointed by the Council. The teams of examiners and revisers include experienced teachers who are familiar with the level and standards expected of 16- and 18-year-old students in schools and colleges. The job of the examiners is to set the questions and the mark schemes; and the job of the revisers is to review the questions and mark schemes commenting on a large range of issues about which they must be satisfied before the question papers and mark schemes are finalised.

The questions and the mark schemes are developed in association with each other so that the issues of differentiation and positive achievement can be addressed right from the start. Mark schemes therefore are regarded as a part of an integral process which begins with the setting of questions and ends with the marking of the examination.

The main purpose of the mark scheme is to provide a uniform basis for the marking process so that all the markers are following exactly the same instructions and making the same judgements in so far as this is possible. Before marking begins a standardising meeting is held where all the markers are briefed using the mark scheme and samples of the students' work in the form of scripts. Consideration is also given at this stage to any comments on the operational papers received from teachers and their organisations. During this meeting, and up to and including the end of the marking, there is provision for amendments to be made to the mark scheme. What is published represents this final form of the mark scheme.

It is important to recognise that in some cases there may well be other correct responses which are equally acceptable to those published: the mark scheme can only cover those responses which emerged in the examination. There may also be instances where certain judgements may have to be left to the experience of the examiner, for example, where there is no absolute correct response – all teachers will be familiar with making such judgements.

The Council hopes that the mark schemes will be viewed and used in a constructive way as a further support to the teaching and learning processes.

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[A2T11]

THURSDAY 21 MAY, MORNING

MARK SCHEME

General Marking Instructions

Introduction

This mark scheme is intended to ensure that the A2 examination is marked consistently and fairly. The mark scheme provides markers with an indication of the nature and range of candidate responses likely to be worthy of credit. It also sets out the criteria which they should apply in allocating marks to candidates' responses. The mark scheme should be read in conjunction with these general marking instructions which apply to all papers.

In marking the examination papers, examiners should be looking for a quality of response reflecting the level of maturity which may reasonably be expected of an 18-year-old which is the age at which the majority of candidates sit their GCE A2 examinations.

Positive Marking

Examiners are encouraged to be positive in their marking, giving appropriate credit for what candidates know, understand and can do rather than penalising candidates for errors or omissions. Examiners should make use of the whole of the available mark range for any particular question and be prepared to award full marks for a response which is as good as might reasonably be expected for a 18-year-old A2 candidate. Conversely, marks should only be awarded for valid responses and not given for an attempt which is completely incorrect or inappropriate.

Unanticipated Responses

The mark scheme is not intended to be totally prescriptive. For many questions, there may be a number of equally legitimate responses and different methods by which candidates may achieve good marks. No mark scheme can cover all the answers which candidates may produce. In the event of unanticipated answers, examiners are expected to use their professional judgement to assess the validity of answers. If an answer is particularly problematic, then examiners should seek the guidance of the Supervising Examiner.

Quality of Written Communication

Quality of written communication refers to candidates' ability to:

- select and use a form and style of writing appropriate to purpose and to complex subject matter;
- organise relevant material clearly and coherently using specialist vocabulary where appropriate;
- ensure writing is legible, with accurate use of spelling, punctuation and grammar in order to make meaning clear.

The assessment of questions which require candidates to respond in continuous prose takes account of the quality of candidates' written communication. These questions are indicated on the cover of the examination paper in the Information for Candidates.

Up to 5% of the total marks for the paper are available for the quality of written communication. After marking the paper, examiners are required to make a holistic judgement of candidates' quality of written communication across the paper as a whole. The following guidelines should be applied in making this judgement.

For ([1])
The candidate makes only a limited attempt to select and use an appropriate form and style of writing. The organisation of material may lack clarity and coherence with little use of specialist vocabulary. Presentation, spelling, punctuation and grammar may be such that intended meaning is not clear.

For ([2])
The candidate makes a reasonable attempt to select and use an appropriate form and style of writing. Relevant material is organised with some clarity and coherence and there is some use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are sufficiently competent to make intended meaning evident.

For ([3])
The candidate successfully selects and uses an appropriate form and style of writing. Relevant material is organised with a high degree of clarity and coherence and there is widespread use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are of a sufficiently high standard to make intended meaning absolutely clear.

AVAILABLE MARKS

1 **(a)** Informal communication takes place through the grapevine. For example, the old factory of Sermo Ltd was small, so the employees would have had plenty of opportunities to talk with each other and pass on messages etc.

The chain of command is the line of authority which runs down through an organisation. The longer the chain of command, the more chance of instructions becoming distorted, as happened in Sermo Ltd.

Level 1 ([1]–[2])
Some knowledge and understanding of informal communication and the chain of command is demonstrated. There is little or no attempt at explanation or application to the context of Sermo Ltd. Quality of written communication is less than satisfactory.

Level 2 ([3])
Adequate knowledge and understanding of informal communication and the chain of command is demonstrated. There is a reasonable attempt at explanation and application to the context of Sermo Ltd. Quality of written communication is satisfactory.

Level 3 ([4])
A thorough knowledge and understanding of informal communication and the chain of command is demonstrated. There is good explanation and application to the context of Sermo Ltd. Quality of written communication is of a high standard. [4]

(b) Barriers to effective communication can take many forms. The communication problems within Sermo Ltd may have been caused by:

- Jargon used in communication. For example, the design department in Sermo Ltd may use technical terms not understood by the marketing department.
- Choice of communication channel used. Different managers in Sermo Ltd may prefer different channels of communication so that messages are not received.
- Perceptions and attitudes. Past experiences may have affected how a message from one department to another was interpreted.
- The form of the message. Messages may be poorly written or contain too much information.
- Wrong target. The wrong person in Sermo Ltd may have received the message.
- Skills of the sender and receiver. Messages need to be clear and precise.
- The increased workload of managers in Sermo Ltd may result in too many messages to effectively deal with each day.
- The greater distances between departments and the newness of the factory may make it harder to locate the recipient of messages.
- Conflict between departments

AVAILABLE MARKS

Level 1 ([1]–[2])
Some knowledge and understanding of the barriers to effective communication is demonstrated. There is little or no attempt at analysis or application to the context of Sermo Ltd. Quality of written communication is limited.

Level 2 ([3]–[5])
Adequate knowledge and understanding of the barriers to effective communication is demonstrated. There is a reasonable attempt at analysis and application to the context of Sermo Ltd. Quality of written communication is satisfactory.

Level 3 ([6]–[8])
A thorough knowledge and understanding of the barriers to effective communication is demonstrated. Analysis and application to the context of Sermo Ltd is good. Quality of written communication is of a high standard. [8]

(c) Arguments in favour of all internal communication in Sermo Ltd being conducted electronically include:

- Cheap method of communication. Once Sermo Ltd sets up a system, messages can be sent at virtually no cost.
- Messages can be received almost instantaneously.
- Large amounts of data can be attached so that production and financial data are easily communicated within Sermo Ltd.
- A secure record is kept of all communications.
- The message goes straight to the right person and can be looked at in their own time.
- It would save time in Sermo Ltd by cutting out the need for formal meetings.

Arguments against all internal communication in Sermo Ltd being conducted electronically include:

- Communication is sometimes more effective face to face.
- Managers will become de-motivated if they can no longer meet regularly with their counterparts in other departments in Sermo Ltd.
- It would be very expensive for Sermo Ltd to set up the system to begin with.
- Managers may be swamped by the volume of e-mails and spend too much time answering them.
- The system may be abused by staff using it for personal messages.
- There may be costs involved in staff training.
- It can be difficult to guarantee security of confidential information.

Level 1 ([1]–[6])
Some knowledge and understanding of the arguments for and against all internal communication in Sermo Ltd taking place using e-mail is demonstrated. Up to three arguments are fully examined, or the candidate mentions more without adequate explanation. There is little application to the context of Sermo Ltd. There is little attempt to analyse or evaluate arguments considered. Quality of written communication is limited.

Level 2 ([7]–[12])
Adequate knowledge and understanding of the arguments for and against all internal communication in Sermo Ltd taking place using e-mail is demonstrated. Up to four arguments are fully examined, or the candidate mentions more with a lesser degree of explanation. There is some attempt to apply these to the context of Sermo Ltd. There is some attempt made to analyse and evaluate arguments considered. Quality of written communication is satisfactory.

Level 3 ([13]–[18])
Good knowledge and understanding of the arguments for and against all internal communication in Sermo Ltd taking place using e-mail is demonstrated. At least five arguments are fully examined, or the candidate mentions more with a lesser degree of explanation. The arguments are well applied to the context of Sermo Ltd. They are thoroughly analysed and there is a comprehensive evaluation leading to a final judgement. This judgement should be consistent with the weight of evidence considered. Quality of written communication is of a high standard.

For a level three answer, candidates must consider both the arguments for and against. [18] — AVAILABLE MARKS: 30

2 (a) Liquidity refers to the speed or ease with which assets can be converted into cash without suffering any capital loss. The liquidity of a business therefore depends upon its asset structure. High levels of stock held by The Byke Shop will tend to make the business less liquid.

Depreciation refers to the loss in value of a fixed asset. It is treated as an expense of the business and can be measured using the straight line or reducing balance method.

Level 1 ([1]–[2])
Some knowledge and understanding of liquidity and depreciation is demonstrated. There is little or no attempt at explanation or application to the context of The Byke Shop. Quality of written communication is less than satisfactory.

Level 2 ([3])
Adequate knowledge and understanding of liquidity and depreciation is demonstrated. There is a reasonable attempt at explanation and application to the context of The Byke Shop. Quality of written communication is satisfactory.

Level 3 ([4])
A thorough knowledge and understanding of liquidity and depreciation is demonstrated. There is good explanation and application to the context of The Byke Shop. Quality of written communication is of a high standard. [4]

AVAILABLE MARKS

(b) The Return on Capital Employed ratio = $\frac{\text{Net Profit before tax}}{\text{Capital Employed}} \times 100$

This ratio is used as a benchmark to judge whether The Byke Shop is making a good profit. Given that the Hills could earn 5% by putting their money in a savings account, a return of 9% seems poor to compensate for the risks associated with being in business.

The Working Capital Ratio = current assets/current liabilities

A ratio of 1.9:1 here is within the recommended 1.5:1–2:1 range. This suggests that The Byke Shop does not have any liquidity problems as it is comfortably able to meet its short term liabilities.

The Acid Test Ratio = current assets – stocks/current liabilities

The value for The Byke Shop falls too. 7:1. This is lower than the recommended ratio of around 1:1. It suggests that The Byke Shop could potentially face liquidity problems.

The fact that this ratio has fallen so far below the working capital ratio seems to indicate that the stock level in the business is too high. This is backed up by Jill's observations.

The Rate of Stock Turnover = Cost of Sales/Average stock

The Byke Shop sells its entire stock about 3.1 times per year. On its own this ratio does not tell us much, except that it takes about four months to convert stock into cash. It would be important to compare this with similar businesses or monitor it over time. It does seem rather low, perhaps again indicating that the stock level is too high.

Level 1 ([1]–[2])
Some knowledge and understanding of the ratios is demonstrated. There is little or no attempt to discuss their significance or apply to the context of The Byke Shop. Quality of written communication is limited.

AVAILABLE MARKS

Level 2 ([3]–[5])
Adequate knowledge and understanding of the ratios is demonstrated. There is a reasonable attempt to discuss their significance and apply to the context of The Byke Shop. Quality of written communication is satisfactory.

Level 3 ([6]–[8])
A thorough knowledge and understanding of the ratios is demonstrated. The significance of their values is properly discussed and application to the context of The Byke Shop is good. Quality of written communication is of a high standard. [8]

(c) Benefits of Jack and Tracey using financial ratios like these to make a decision regarding the purchase of The Byke Shop include:

- Ratios can indicate that there may be a problem in some areas of the business. In this case the profitability of The Byke Shop is in doubt.
- Quantitative measurements allow business performance in a wide range of areas to be assessed.
- Comparisons can be made with other businesses that the Hills may consider buying.
- Ratios can be linked to indicate the sources of problems in The Byke Shop. For example, too much stock.
- Ratios can be used in negotiations regarding a suitable purchase price for The Byke Shop.

Limitations of Jack and Tracey using financial ratios like these to make a decision regarding the purchase of The Byke Shop include:

- Window dressing of accounts may have taken place to make The Byke Shop appear in better shape than it actually is.
- Difficult to make comparisons with other businesses due to different Accounting procedures being used. For example, method of depreciation used.
- Tells nothing about existing or future competition to The Byke Shop.
- Does not take into consideration non financial factors such as the helpful staff employed in the shop.

Level 1 ([1]–[6])
Some knowledge and understanding of the benefits and limitations of using financial ratios is demonstrated. Up to three arguments are fully examined, or the candidate mentions more without adequate explanation. There is little application to the context of The Byke Shop. There is little attempt to analyse or evaluate arguments considered. Quality of written communication is limited.

Level 2 ([7]–[12])
Adequate knowledge and understanding of the benefits and limitations of using financial ratios is demonstrated. Up to four arguments are fully examined, or the candidate mentions more with a lesser degree of explanation. There is some attempt to apply these to the context of The Byke Shop. There is some attempt made to analyse and evaluate arguments considered. Quality of written communication is satisfactory.

Level 3 ([13]–[18])
Good knowledge and understanding of the benefits and limitations of using financial ratios is demonstrated. At least five arguments are fully examined, or the candidate mentions more with a lesser degree of explanation. The arguments are well applied to the context of The Byke Shop. They are thoroughly analysed and there is a comprehensive evaluation leading to a final judgement. This judgement should be consistent with the weight of evidence considered. Quality of written communication is of a high standard.

For a level three answer, candidates must consider both the arguments for and against. [18]

AVAILABLE MARKS: 30

3 (a) The buffer stock is the minimum level of stock that Snappit Ltd wishes to hold. It should be high enough to cover any unexpected increases in demand or problems with deliveries.

The lead time is the length of time that it takes a supplier to deliver to Snappit Ltd once an order has been placed. Snappit Ltd should try to keep the lead time as short as possible.

Level 1 ([1]–[2])
Some knowledge and understanding of the concepts of buffer stocks and lead time is demonstrated. There is little or no attempt at explanation or application to the context of Snappit Ltd. Quality of written communication is less than satisfactory.

Level 2 ([3])
Adequate knowledge and understanding of the concepts of buffer stocks and lead time is demonstrated. There is a reasonable attempt at explanation and application to the context of Snappit Ltd. Quality of written communication is satisfactory.

Level 3 ([4])
A thorough knowledge and understanding of the concepts of buffer stocks and lead time is demonstrated. There is good explanation and application to the context of Snappit Ltd. Quality of written communication is of a high standard. [4]

(b) **(i)** Maximum stock level is 600 cameras. (1 mark)

(ii) The lead time is two weeks. (1 mark)

(iii) The re-order level is 300 cameras. (1 mark)

(iv) The buffer stock is 300 cameras. (1 mark)

In week 5, weekly demand for cameras doubled from 150 to 300. This was probably due to the start of the Christmas sales.
Snappit Ltd ordered 300 more cameras as usual at the end of week 5.
During the 6th week, demand remained high at 300, causing the stock level to fall to 0 by the end of the week.
300 cameras were delivered at the end of the 6th week while 600 cameras were ordered.
During the 7th week, demand remained at 300, causing stock to fall to 0 again by the end of the week, at which point 600 cameras were delivered.

Level 1 ([1]–[2])
Some knowledge and understanding of the stock control graph is demonstrated. There is little or no attempt to discuss their significance or apply to the context of Snappit Ltd.

Level 2 ([3]–[5])
Adequate knowledge and understanding of the stock control graph is demonstrated. There is a reasonable attempt to discuss their significance and apply to the context of Snappit Ltd.

Level 3 ([6]–[8])
A thorough knowledge and understanding of the stock control graph is demonstrated. The significance of their values is properly discussed and application to the context of Snappit Ltd is good. [8]

(c) Arguments in favour of Snappit Ltd holding a large stock of cameras include:

- The business sends out a message to customers that it is a top store.
- Snappit Ltd can offer a bigger range of cameras so there is more chance that any given customer can be satisfied.
- It can cater for a wider range of market segments.
- Snappit Ltd is unlikely to lose any customers through not being to able to supply them with what they want.
- It can buy in bulk and gain purchasing economies.
- Delivery costs can be kept to a minimum.

AVAILABLE MARKS

Arguments against Snappit Ltd holding a large stock of cameras include:

- Space is limited in the shop to hold stocks. It may become untidy.
- Customers are unlikely to be impressed if the shop appears cluttered.
- It may become more difficult to find the correct camera for a customer.
- It is costly to tie capital up in stock, which may not be sold.
- Insurance costs are likely to rise for Snappit Ltd.
- There is an increased risk of cameras getting broken or stolen.
- The cameras may become dated quickly, given the pace of change of digital photography, and remain unsold.
- Holding costs of large stock.

Level 1 ([1]–[6])
Some knowledge and understanding of the arguments for and against Snappit Ltd holding a large stock of cameras is demonstrated. Up to three arguments are fully examined, or the candidate mentions more without adequate explanation. There is little application to the context of Snappit Ltd. There is little attempt to analyse or evaluate arguments considered. Quality of written communication is limited.

Level 2 ([7]–[12])
Adequate knowledge and understanding of the arguments for and against Snappit Ltd holding a large stock of cameras is demonstrated. Up to four arguments are fully examined, or the candidate mentions more with a lesser degree of explanation. There is some attempt to apply these to the context of Snappit Ltd. There is some attempt made to analyse and evaluate arguments considered. Quality of written communication is satisfactory.

Level 3 ([13]–[18])
Good knowledge and understanding of the arguments for and against Snappit Ltd holding a large stock of cameras is demonstrated. At least five arguments are fully examined, or the candidate mentions more with a lesser degree of explanation. The arguments are well applied to the context of Snappit Ltd. They are thoroughly analysed and there is a comprehensive evaluation leading to a final judgement. This judgement should be consistent with the weight of evidence considered. Quality of written communication is of a high standard.

For a level three answer, candidates must consider both the arguments for and against. [18] 30

AVAILABLE MARKS

4 **(a)** Predicting sales in 2011 would enable Dusteze plc to engage in Human Resource Planning. The business could determine its workforce needs over the next few years and recruit more staff or train existing workers.

The sales budget is an essential component of business planning. Many of the other departmental budgets cannot be accurately completed without sales forecasts.

Dusteze plc can begin a process of target setting within the business in order to ensure that it reaches the required levels of sales by 2011. This may motivate workers to perform better.

Level 1 ([1]–[2])
Some knowledge and understanding of the importance of sales forecasting to Dusteze plc is demonstrated. There is little or no attempt at explanation or application to the context of Dusteze plc. Quality of written communication is less than satisfactory.

Level 2 ([3])
Adequate knowledge and understanding of the importance of sales forecasting to Dusteze plc is demonstrated. There is a reasonable attempt at explanation and application to the context of Dusteze plc. Quality of written communication is satisfactory.

Level 3 ([4])
A thorough knowledge and understanding of the importance of sales forecasting to Dusteze plc is demonstrated. There is good explanation and application to the context of Dusteze plc. Quality of written communication is of a high standard. [4]

(b) There are many internal factors which may cause the sales revenue to fall as Brian has forecast. These might include:

- Problems with the quality of products produced. If Dusteze plc cannot meet quality standards then sales will fall.
- The sales team may be de-motivated due to a number of reasons. For example, poor pay, pressure to meet targets or long hours worked.
- The machinery in the factory may be becoming unreliable. Breakdowns may be disrupting production, leading to fewer sales.
- The Sales team in Dusteze plc may need more training or promotional materials to distribute.
- There may be cash flow difficulties in the business, meaning that less can be spent on advertising the products.
- The marketing department may have made a decision to withdraw a product line, perhaps because it has reached the end of its product life cycle.
- The selling price of a vacuum cleaner may be about to be reduced, which may reduce revenue if its demand is price inelastic.
- There may be problems with absenteeism within Dusteze plc which will cause productivity and output to fall in the future.

Level 1 ([1]–[2])
Some knowledge and understanding of the internal factors which may cause the sales revenue to fall is demonstrated. There is little or no attempt at analysis or application to the context of Dusteze plc. Quality of written communication is limited.

Level 2 ([3]–[5])
Adequate knowledge and understanding of the internal factors which may cause the sales revenue to fall is demonstrated. There is a reasonable attempt at analysis and application to the context of Dusteze plc. Quality of written communication is satisfactory.

Level 3 ([6]–[8])
A thorough knowledge and understanding of the internal factors which may cause the sales revenue to fall is demonstrated. Analysis and application to the context of Dusteze plc is good. Quality of written communication is of a high standard. [8]

AVAILABLE MARKS

(c) Arguments to support the view that time series analysis is a useful forecasting tool in a business such as Dusteze plc include:

- In many instances, sales growth is steady and therefore predictable.
- The use of moving averages to produce a trend line will smooth out the impact of random variations and enable an accurate forecast to be attempted.
- Account can be taken of cyclical and seasonal variations.
- Computer software is available which will make forecasting quite easy in practice.
- It is better than using hunches to forecast sales.
- It is better to have such forecasts rather than not have them. Managers can choose how reliable they are and whether to use them.

Limitations of time series analysis as a forecasting tool in a business such as Dusteze plc include:

- Past performance and trends cannot always be used to make predictions about the future.
- In a fast changing environment, such as the technological one in which Dusteze plc operates, there may be sudden, unexpected developments.
- More recent data is likely to give a more accurate indication about what will happen in the future. In Dusteze plc sales seem to have stagnated over the last two years.
- Forecasting becomes more difficult and meaningless as we go further into the future.
- If there is not enough data available it is difficult to derive a meaningful trend line.
- Qualitative information may be equally important in making sales predictions.
- Managers may give too much weight to such forecasts at the expense of other information, leading to poor decision making in Dusteze plc.

	AVAILABLE MARKS
Level 1 ([1]–[6]) Some knowledge and understanding of the benefits and limitations of time series analysis as a forecasting tool in a business such as Dusteze plc is demonstrated. Up to three arguments are fully examined, or the candidate mentions more without adequate explanation. There is little application to the context of Dusteze plc. There is little attempt to analyse or evaluate arguments considered. Quality of written communication is limited. **Level 2 ([7]–[12])** Adequate knowledge and understanding of the benefits and limitations of time series analysis as a forecasting tool in a business such as Dusteze plc is demonstrated. Up to four arguments are fully examined, or the candidate mentions more with a lesser degree of explanation. There is some attempt to apply these to the context of Dusteze plc. There is some attempt made to analyse and evaluate arguments considered. Quality of written communication is satisfactory. **Level 3 ([13]–[18])** Good knowledge and understanding of the benefits and limitations of time series analysis as a forecasting tool in a business such as Dusteze plc is demonstrated. At least five arguments are fully examined, or the candidate mentions more with a lesser degree of explanation. The arguments are well applied to the context of Dusteze plc. They are thoroughly analysed and there is a comprehensive evaluation leading to a final judgement. This judgement should be consistent with the weight of evidence considered. Quality of written communication is of a high standard. For a level three answer, candidates must consider both the arguments for and against. [18]	30
Total	**60**

Rewarding Learning

ADVANCED
General Certificate of Education
2009

Business Studies

Assessment Unit A2 2

assessing

Modules 1 to 5
Objectives and The Business Environment,
People in Organisations, Accounting and Finance,
Marketing and Operations Management

[A2T21]

TUESDAY 26 MAY, AFTERNOON

MARK SCHEME

General Marking Instructions

Mark schemes are intended to ensure that the A2 examination is marked consistently and fairly. The mark scheme provides markers with an indication of the nature and range of candidate responses likely to be worthy of credit. It also sets out the criteria which they should apply in allocating marks to candidates' responses. The mark scheme should be read in conjunction with these general marking instructions which apply to all papers.

Quality of Candidates' Responses

In marking the examination papers, examiners will be looking for a quality of response reflecting the level of maturity which may reasonably be expected of an 18-year-old which is the age at which the majority of candidates sit their A2 examinations.

Unanticipated Responses

The mark schemes which accompany the specimen examination papers are not intended to be totally prescriptive. For many questions, there may be a number of equally legitimate responses and different methods by which the candidates may achieve good marks. No mark scheme can cover all the answers which candidates may produce. In the event of unanticipated answers, examiners are expected to use their professional judgement to assess the validity of answers and to refer for guidance to the general descriptions of levels of response given in the general marking criteria that follow. If an answer is particularly problematic, then examiners should seek the guidance of the Supervising Examiner for the paper concerned.

Positive Marking

Examiners are encouraged to be positive in their marking, giving appropriate credit for valid responses rather than penalising candidates for errors or omissions. Examiners should make use of the whole of the available mark range for any particular question and be prepared to award full marks for a response which is as good as might reasonably be expected for a 18-year-old A2 candidate. Conversely, marks should only be awarded for valid responses and not given for an attempt which is completely incorrect
or inappropriate.

Types of Mark Schemes

Mark schemes for questions which require candidates to respond in extended written form are marked on the basis of levels of response which take account of the quality of written communication. These questions are indicated on the cover of the examination paper. Other questions which require only short answers are marked on a point for point basis with marks awarded for each valid piece of information provided.

Marking Calculations

In marking answers involving calculations, examiners should apply the "own figure rule" so that candidates are not penalised more than once for a computational error.

Quality of Written Communication

Quality of written communication is taken into account in assessing candidates' responses to all questions that require them to respond in extended written form. These questions are marked on the basis of levels of response. The description for each level of response includes reference to the quality of written communication. Where the quality of candidates' business knowledge, understanding and skills is not matched by the quality of written communication, marks awarded will not exceed the maximum for Level 2.

Levels of Response

General descriptions of levels of response in terms of each assessment objective and the quality of written communication are given in the following table. These descriptions are intended to assist examiners in judging candidates' performance when they produce answers unanticipated by the detailed mark scheme for each question and to provide guidelines for examiners in assessing the appropriate level of response in respect of the quality of written communication.

The detailed mark schemes for each question relate these levels of response to the content of the relevant question. In deciding on the appropriate level of response for a candidate's answer, examiners should look for the "best fit". The level awarded will depend in practice upon the extent to which the candidate has met the relevant assessment objectives overall. Shortcomings in some areas may be balanced by better performance in others. In deciding which mark within a particular level to award any response, examiners are expected to use their professional judgement. The following guidance is provided to assist examiners:

Threshold performance: Response which just merits inclusion in the level and should be awarded a mark at or near the bottom of the range.

Intermediate performance: Response which clearly merits inclusion in the level and should be awarded a mark at or near the middle of the range.

High performance: Response which fully satisfies the level description and should be awarded a mark at or near the top of the range.

General Marking Criteria

Level of Performance / Assessment Objective	AO1 Knowledge and Understanding	AO2 Application	AO3 Analysis	AO4 Evaluation and judgement
Level 1	Demonstrates knowledge and understanding of some relevant business theory and concepts.	Shows some ability to apply knowledge and understanding and makes some use of numerical and non-numerical techniques.	Shows some ability to analyse familiar and unfamiliar situations, problems and issues.	Evaluation of evidence and arguments is limited.
	Quality of Written Communication: Makes only a limited attempt to select and use an appropriate form and style of writing. Organisation of material may lack clarity and coherence with little use of specialist vocabulary. Presentation, spelling, punctuation and grammar may be such that intended meaning is not clear.			
Level 2	Demonstrates knowledge and critical understanding of a range of relevant business theory and concepts.	Applies knowledge and understanding and uses numerical and non-numerical techniques.	Analyses familiar and unfamiliar situations, problems and issues.	Evaluates evidence and arguments to present reasoned conclusions.
	Quality of Written Communication: Makes a reasonable attempt to select and use an appropriate form and style of writing. Relevant material is organised with some clarity and coherence and there is some use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are sufficiently competent to make meaning evident.			
Level 3	Demonstrates in-depth knowledge and critical understanding of a wide range of relevant business theory and concepts.	Applies knowledge and understanding and uses appropriate numerical and non-numerical techniques with accuracy.	Effectively analyses familiar and unfamiliar situations, problems and issues.	Effectively evaluates evidence and arguments, making reasoned judgements to present appropriate and supported conclusions.
	Quality of Written Communication: Successfully selects and uses an appropriate form and style of writing. Relevant material is organised with a high degree of clarity and coherence and there is widespread use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are of a sufficiently high standard to make meaning absolutely clear.			

1 Evaluate whether Wrigley's and Cadbury's domination of the British chewing gum market is in the interest of consumers.

AVAILABLE MARKS

The advantages to consumers of Wrigley's and Cadbury's domination of the British chewing gum market might include:

- The companies can gain economies of scale, thus keeping prices down.
- Competition for market dominance might also keep prices down.
- There will be a good range of products on offer to consumers as each company seeks out new market segments.
- The quality of products will be higher as each company tries to build up its corporate image.
- There will be a strong emphasis on research and development as each company strives to invent new products to stay ahead.
- There will be more rapid progress into areas like biodegradable gum and non-stick gum in response to customer wants.
- Customers will benefit from ongoing promotions as each company strives to stay ahead.
- Enables both companies to behave in a socially responsible manner.

The disadvantages to consumers of Wrigley's and Cadbury's domination of the British chewing gum market might include:

- The companies may collude in order to keep prices up.
- Even if collusion does not happen they may settle into a state of non-competitive coexistence.
- Each company may become less innovative as they seek to minimize risk.
- The companies may begin to use cheaper raw materials in order to cut costs and keep prices down. Product quality may suffer.
- There may be a very similar range of products produced as each company copies the other.
- New products may be rushed onto the market without proper testing, in order to gain competitive advantage.

Level 1 ([1]–[6])
Some knowledge and understanding of the advantages to consumers of Wrigley's and Cadbury's domination of the British chewing gum market is demonstrated. One or two arguments are fully examined, or the candidate mentions more without adequate explanation. There is little application to the context of the Case Study. There is little attempt to analyse or evaluate the arguments considered. Quality of written communication is limited.

Level 2 ([7]–[13])
Adequate knowledge and understanding of the advantages of Wrigley's and Cadbury's domination of the British chewing gum market is demonstrated. Three or four arguments are fully examined, or the candidate mentions more with a lesser degree of explanation. There is some attempt to apply these to the context of the Case Study. There is some attempt made to analyse and evaluate the arguments considered. Quality of written communication is satisfactory.

	AVAILABLE MARKS
Level 3 ([14]–[20]) Good knowledge and understanding of the advantages to consumers of Wrigley's and Cadbury's domination of the British chewing gum market is demonstrated. At least five arguments are fully examined, or the candidate mentions more with a lesser degree of explanation. The arguments are well applied to the context of the Case Study. They are thoroughly analysed and there is a comprehensive evaluation leading to a final judgement. This judgement should be consistent with the weight of evidence considered. Quality of written communication is of a high standard. For a level three answer, candidates must consider both the advantages and disadvantages to consumers of Wrigley's and Cadbury's domination of the British chewing gum market. [20]	20

2 Evaluate Cadbury's decision to enter the UK chewing gum market.

AVAILABLE MARKS

Arguments in favour of Cadbury entering the UK chewing gum market might include:

- £300 million market waiting to be exploited.
- Growth potential is massive. The market is up 20% on the previous year.
- High chance of success. Cadbury want to bring 'pleasure and indulgence' to a functional market.
- Cadbury are a global company with the resources to gain market share quickly.
- Cadbury already have a recognized brand name which makes promotion easier.
- Supply lines are secure as Cadbury have bought up gum manufacturers.
- Cadbury have expertise in the confectionery market and can use their 'Smart Variety' strategy.
- Can gain from economics of scale.
- Wrigley has not been doing so well lately.
- Successful first year with 12.5% market share for Trident.
- Spreads risk.

Arguments against Cadbury entering the UK chewing gum market might include:

- Shareholders may be unhappy with such a strategy.
- Wrigley's has such a large market share that it will be difficult to achieve market penetration. UK market share 95%
- Wrigley also has global resources to fall back upon.
- Cadbury does not have the same level of expertise in this specific market.
- Diversification seen as a sign of weakness to competitors in the chocolate market.
- Will take up valuable resources that Cadbury might need in the confectionery market.
- Very costly to enter market/promote new products.
- Cadbury's might expect retaliation from Wrigley in the confectionery market, e.g. its attempt to take over chocolate company Hershey.
- Future threats in the chewing gum market, e.g. taxation, clean up charges.
- The need to invest heavily to produce bio-degradable gum/non stick gum in order to meet consumer expectations.
- The 'Smart Variety' strategy may not be relevant in this market.
  Credit will be given for arguments taken from a perspective other than Cadbury's. For example, the social consequences.

Level 1 ([1]–[10])
Some knowledge and understanding of the arguments for and against Wrigley entering the British chewing gum market is demonstrated. One or two arguments are fully examined, or the candidate mentions more

without adequate explanation. There is little application to the context of the Case Study. There is little attempt to analyse or evaluate the arguments considered. Quality of written communication is limited.

AVAILABLE MARKS

Level 2 ([11]–[20])
Adequate knowledge and understanding of the arguments for and against Wrigley entering the British chewing gum market is demonstrated. Three or four arguments are fully examined, or the candidate mentions more with a lesser degree of explanation. There is some attempt to apply these to the context of the Case Study. There is some attempt made to analyse and evaluate the arguments considered. Quality of written communication is satisfactory.

Level 3 ([21]–[30])
Good knowledge and understanding of the arguments for and against Wrigley entering the British chewing gum market is demonstrated. At least five arguments are fully examined, or the candidate mentions more with a lesser degree of explanation. The arguments are well applied to the context of the Case Study. They are thoroughly analysed and there is a comprehensive evaluation leading to a final judgement. This judgement should be consistent with the weight of evidence considered. Quality of written communication is of a high standard.

For a level three answer, candidates must consider both the arguments for and against Wrigley entering the British chewing gum market. [30] 30

AVAILABLE MARKS

3 Wrigley manufactures over 32 chewing gum products. Evaluate whether Wrigley should maintain such a wide product range.

Arguments in favour of Wrigley maintaining such a wide product range might include:

- Strategy has been successful in the past/good for shareholders.
- Wrigley are serving a global market and need to satisfy many different types of customers.
- A wide range enables Wrigley to maximize sales in any given country.
- Different prices can be charged to different customers so maximizing revenue.
- Wrigley can build a corporate image of being an innovative company with so many new brands.
- Wrigley can balance risk since it is unlikely that all products will do badly at the same time. More likely to try new products.
- The cash flows of products can be managed using the Boston Matrix.
- New products can be brought in to replace ones reaching the end of their product life cycle.
- Economics of scale

Arguments against Wrigley maintaining such a wide product range might include:

- Very difficult for Wrigley to manage so many different brands across so many countries.
- Very costly for Wrigley to promote so many brands.
- Wrigley needs to continually spend large sums on researching new products.
- Easier for competitors such as Cadbury to enter market by targeting vulnerable segments.
- Problems in the international marketing of these brands, e.g. language on packaging or ingredients used.
- Production difficulties
- Distribution/marketing difficulties

Level 1 ([1]–[10])
Some knowledge and understanding of the arguments for and against Wrigley maintaining such a wide product range is demonstrated. One or two arguments are fully examined, or the candidate mentions more without adequate explanation. There is little application to the context of the Case Study. There is little attempt to analyse or evaluate the arguments considered. Quality of written communication is limited.

Level 2 ([11]–[20])
Adequate knowledge and understanding of the arguments for and against Wrigley maintaining such a wide product range is demonstrated. Three or four arguments are fully examined, or the candidate mentions more with a lesser degree of explanation. There is some attempt to apply these to the context of the Case Study. There is some attempt made to analyse and evaluate the arguments considered. Quality of written communication is satisfactory.

Level 3 ([21]–[30])
Good knowledge and understanding of the arguments for and against Wrigley maintaining such a wide product range is demonstrated. At least five arguments are fully examined, or the candidate mentions more with a lesser degree of explanation. The arguments are well applied to the context of the Case Study. They are thoroughly analysed and there is a comprehensive evaluation leading to a final judgement. This judgement should be consistent with the weight of evidence considered. Quality of written communication is of a high standard.

For a level three answer, candidates must consider both the arguments for and against Wrigley maintaining such a wide product range. [30]

	AVAILABLE MARKS
	30
Total	**80**

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2009

Business Studies

Assessment Unit A2 3e

assessing

Modules 1 to 5
Objectives and the Business Environment,
People in Organisations, Accounting and Finance,
Marketing and Operations Management

[A251]

THURSDAY 28 MAY, MORNING

MARK SCHEME

General Marking Instructions

Introduction

This mark scheme is intended to ensure that the A2 examination is marked consistently and fairly. The mark scheme provides markers with an indication of the nature and range of candidate responses likely to be worthy of credit. It also sets out the criteria which they should apply in allocating marks to candidates' responses. The mark scheme should be read in conjunction with these general marking instructions which apply to all papers.

In marking the examination papers, examiners should be looking for a quality of response reflecting the level of maturity which may reasonably be expected of an 18-year-old which is the age at which the majority of candidates sit their GCE A2 examinations.

Positive Marking

Examiners are encouraged to be positive in their marking, giving appropriate credit for what candidates know, understand and can do rather than penalising candidates for errors or omissions. Examiners should make use of the whole of the available mark range for any particular question and be prepared to award full marks for a response which is as good as might reasonably be expected of an 18-year-old A2 candidate. Conversely, marks should only be awarded for valid responses and not given for an attempt which is completely incorrect or inappropriate.

Unanticipated Responses

The mark scheme is not intended to be totally prescriptive. For many questions, there may be a number of equally legitimate responses and different methods by which candidates may achieve good marks. No mark scheme can cover all the answers which candidates may produce. In the event of unanticipated answers, examiners are expected to use their professional judgement to assess the validity of answers. If an answer is particularly problematic, then examiners should seek the guidance of the Supervising Examiner.

Quality of Written Communication

Quality of written communication refers to candidates' ability to:

- select and use a form and style of writing appropriate to purpose and to complex subject matter;
- organise relevant material clearly and coherently using specialist vocabulary where appropriate;
- ensure writing is legible, with accurate use of spelling, punctuation and grammar in order to make meaning clear.

The assessment of questions which require candidates to respond in continuous prose takes account of the quality of candidates' written communication. These questions are indicated on the cover of the examination paper in the Information for Candidates.

Up to 5% of the total marks for the paper are available for the quality of written communication. After marking the paper, examiners are required to make a holistic judgement of candidates' quality of written communication across the paper as a whole. The following guidelines should be applied in making this judgement.

For ([1])
The candidate makes only a limited attempt to select and use an appropriate form and style of writing. The organisation of material may lack clarity and coherence with little use of specialist vocabulary. Presentation, spelling, punctuation and grammar may be such that intended meaning is not clear.

For ([2])
The candidate makes a reasonable attempt to select and use an appropriate form and style of writing. Relevant material is organised with some clarity and coherence and there is some use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are sufficiently competent to make intended meaning evident.

For ([3])
The candidate successfully selects and uses an appropriate form and style of writing. Relevant material is organised with a high degree of clarity and coherence and there is widespread use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are of a sufficiently high standard to make intended meaning absolutely clear.

AO1 – Demonstrate knowledge and understanding

AVAILABLE MARKS

12–10	Comprehensive knowledge and understanding of theories, procedures and concepts relevant to the report is displayed, including use of correct format
9–7	Good knowledge and understanding of theories, procedures and concepts relevant to the report is displayed, including use of correct format
6–4	Some knowledge and understanding of theories, procedures and concepts relevant to the report is displayed, including use of correct format
3–0	Little knowledge and understanding of theories, procedures and concepts relevant to the report is displayed, including use of correct format

Candidates cannot achieve the top band if the report is not in the correct format

Correct format should be:

Title – 'The impact of the growth of air transport on the Northern Ireland economy'.

Aim – The aim of the report is to examine the external environment surrounding the air transport industry identifying the main issues that may arise as a result of the proposed expansion of Northern Ireland's airports and evaluate the impact these issues might have on the Northern Ireland economy, drawing appropriate conclusions as to whether or not the expansion is in their best interests.

Introduction – should set the scene by briefly discussing what external analysis involves and how it would help to assess the impact upon the Northern Ireland economy.

Analysis and discussion of findings – should carry out an environmental analysis and analyse the impact this will have on the Northern Ireland economy.

Conclusions/Evaluation – The impact on the external environment will be assessed and conclusions will be formed as to whether or not the expansion of the airline industry is in the best interests of the Northern Ireland economy.

Knowledge and understanding demonstrated in this report might include: stakeholders, economic growth, environmental issues and social responsibility, importance of legal issues.

AO2 – Apply knowledge and critical understanding

12–10	Comprehensive evidence that knowledge and critical understanding has been applied and all or most of the information relevant to the report has been selected
9–7	Good evidence that knowledge and critical understanding has been applied and all or most of the information relevant to the report has been selected
6–4	Some evidence that knowledge and critical understanding has been applied and all or most of the information relevant to the report has been selected
3–0	Little evidence that knowledge and critical understanding has been applied and all or most of the information relevant to the report has been selected

Candidates should draw on information presented in the case study. They must apply their knowledge and understanding to select that information relevant for environmental analysis. Candidates should identify relevant stakeholders who may be affected by the growth of the aviation sector. They must also apply their knowledge and understanding to form appropriate conclusions.

Information selected might include evidence relating to the peace dividend, importance for employment, importance for tourism, inward investment and exports, social benefits of expansion, safety considerations, environmental issues such as air pollution and air quality regulations.

AO3 – Analyse problems, issues and situations relating to the report

16–13	Comprehensive analysis of the problems, issues and situations relevant to the report
12–9	Good analysis of the problems, issues and situations relevant to the report
8–5	Some analysis of the problems, issues and situations relevant to the report
4–0	Little analysis of the problems, issues and situations relevant to the report

The most logical way of carrying out an external analysis is to use a tool such as PEST or PESTLE.

Political:

- A stable political situation in Northern Ireland will attract inward investment and tourism resulting in an increase in the demand for air transportation.
- An increase in cross border activities will lead to joint initiatives between Northern Ireland and the Republic of Ireland. Again this may involve an increase in the demand for air transportation.

AVAILABLE MARKS

Economic
- The proposals will create new jobs helping the overall performance of the economy.
- The importance of the aviation industry to the economy has been highlighted where it is believed that it creates 200,000 direct jobs and 600,000 indirect jobs.
- The aviation industry relies on industries such as finance, engineering, ICT, etc. for its survival.
- The above noted industries rely on the aviation industry for their survival.

Socio
- Consumers in Northern Ireland will benefit from a better infrastructure such as the proposed rail link.
- New destinations will be provided at cost effective prices.
- Increased air traffic facilitates more contact with friends and family.
- Property values around airports may go down.
- Improved facilities at airports will be created.

Technical
- Providers may be forced to look for less noisy alternatives.

Environmental
- Environmental controls will be put in place such as the reduction in noise pollution.
- There may be increased consideration placed on air pollution levels.

Legal
- Air quality standards will need to be adhered to.
- Existing local legislation regarding number of seats sold per year, flight times, etc. will still need to be complied with.

AO4 – Evaluate, distinguish between fact and opinion and assess information from a variety of sources

20–16	Comprehensive evaluation of all the evidence to arrive at reasoned and valid conclusions
15–11	Good evaluation of all the evidence to arrive at reasoned and valid conclusions
10–6	Some evaluation of all the evidence to arrive at reasoned and valid conclusions
5–0	Little evaluation of all the evidence to arrive at reasoned and valid conclusions

Candidates should draw conclusions, based on analysis of their findings, and its impact on the Northern Ireland economy. Candidates need to assess the impact of the issues raised from the analysis and evaluate how these effect the Northern Ireland economy. Valid conclusions should be formed as to whether or not the expansion of the aviation industry is beneficial to the Northern Ireland economy.

AVAILABLE MARKS

They must use different sources from the case study and be able to show that they know the difference between fact and people's opinions. In the evaluation they must show both positive and negative sides of options considered to get into the top band and they must make a final judgement regarding which option management should follow. Recommendations made should be realistic. [60]

	AVAILABLE MARKS
[60]	60
Quality of written communication	3
Total	**63**