



---

A-level  
**BUSINESS**

**7132/2**

PAPER 2 BUSINESS 2

---

Mark scheme

June 2019

---

Version 1.0 Final

\*196A7132/2/MS\*

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

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

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

## Level of response marking instructions

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

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

### Step 1 Determine a level

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

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

### Step 2 Determine a mark

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

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

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

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

## Marking guidance

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

## Annotations Key

Annotation	Definition
T	Free text box – use this for making comments at end of sections/answers
KU	Knowledge
AN	Analytical but lacks context
arg	Argument (context)
Rng	Range – range of arguments e.g. two arguments presented
Bal	Balanced response e.g. both sides acknowledged
DEV	Developed argument (context)
J	Judgement with support
LF	Loses Focus – not fully focussed on the demands of the question
?	Unclear
Rep	Repetition
Highlight	Highlight text
L1	Level 1 – level of response indicator
L2	Level 2 – level of response indicator
L3	Level 3 – level of response indicator
L4	Level 4 – level of response indicator
L5	Level 5 – level of response indicator
NAQ	Not answered question
OFR	Own figure rule
SEEN	Indicates that the point has been noted, but no credit has been given
Tick	Correct point – used <b>only</b> for calculations
BOD	Benefit of Doubt
Cross	Incorrect

<b>0</b>	<b>1</b>	<b>1</b>	<p>The data in <b>Appendix E</b> shows that the fall in advertising spending by Kellogg's from 2013 to 2017 has caused lower sales.</p> <p>Explain why this statement might <b>not</b> be correct.</p> <p style="text-align: right;"><b>[2 marks]</b></p>
----------	----------	----------	---

Marks for this question: AO1 = 1 and AO2 = 1

Level	The student will typically demonstrate:	Marks
<b>2</b>	<p><b>A good response overall that focuses on many of the demands of the question.</b></p> <ul style="list-style-type: none"> <li>Explains that other factors may have caused the fall in sales such as actions by competitors or that the fall in advertising spending may be due to the fall in sales.</li> </ul>	<b>2</b>
<b>1</b>	<p><b>A reasonable response overall that focuses on some of the demands of the question.</b></p> <ul style="list-style-type: none"> <li>Identifies that advertising is only one factor that affects sales and identifies another.</li> </ul>	<b>1</b>

<b>0</b>	<b>1</b>	<b>2</b>	<p><b>Appendix B</b> shows the actual and forecasted data for the value and the volume of sales of RTE breakfast cereals between 2018 and 2023.</p> <p>Explain how it is possible for the value of sales to increase when the volume of sales is falling.</p> <p style="text-align: right;"><b>[2 marks]</b></p>
----------	----------	----------	--

Marks for this question: AO1 = 1 and AO2 = 1

Level	The student will typically demonstrate:	Marks
<b>2</b>	<p><b>A good response overall that focuses on many of the demands of the question.</b></p> <ul style="list-style-type: none"> <li>Explains that the difference is due to the price increasing; less is sold but revenue is higher due to higher prices.</li> </ul>	<b>2</b>
<b>1</b>	<p><b>A reasonable response overall that focuses on some of the demands of the question.</b></p> <ul style="list-style-type: none"> <li>Some understanding that the difference is due to price changes but no clear explanation.</li> </ul>	<b>1</b>

0	1	.	3	Use <b>Appendix A</b> to calculate the combined market share of the largest four manufacturers of RTE cereals.	<b>[3 marks]</b>
---	---	---	---	--	------------------

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

**Possible responses:**

Sales of largest four manufacturers = £839m; Combined market share =  $(839/1288) * 100 = 65.14\%$

Accept 65% or 65.1%

If each firm calculated separately and added together credit if correct.

Correct answer 3 marks

- Calculates sales of largest four manufacturers = £839m 1 mark
- States market share equation or identifies numbers to use are combined sales/total market sales \*100 i.e.  $839/1288 * 100$  1 mark
- No percentage sign. 2 marks maximum

<b>0</b>	<b>1</b>	<b>4</b>	Analyse how the combined market share of the largest four manufacturers in the UK RTE breakfast cereal market might affect the threat of entry by other businesses into this market.	<b>[9 marks]</b>
----------	----------	----------	--	------------------

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

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

**The demands of the question are:**

- to analyse how the combined market share effects the entry threat.

**Content/answers may include:**

- may be low entry threat as potential entrants will fear the response of these big established businesses. May fear aggressive marketing response and/or price war
- established businesses may have brand loyalty making it difficult for potential entrants to win market share and therefore deter them from entering reducing entry threat
- established businesses may be experiencing economies of scale making it difficult for entrants to compete on price because their unit costs are higher; this reduces entry threat.
- remaining market share (35%) is not dominated by big 4 and could be an opportunity for entrants.
- accept OFR from Q1.3

Accept other relevant answers.

**Further guidance**

Level	Responses typically demonstrate
<b>3</b>	Clear analysis linking high market share to entry threat.
<b>2</b>	Some link(s) made between high market share and entry threat.
<b>1</b>	Fragmented comments about market share and/or entry threat but no links made.

<b>0</b>	<b>1</b>	<b>5</b>	<p>Kellogg's is developing a new RTE breakfast cereal for the UK and has examined the market research data in <b>Appendices A to E</b>.</p> <p>Do you think that the use of this market research will guarantee that this new product achieves high sales? Justify your answer.</p> <p style="text-align: right;"><b>[16 marks]</b></p>
----------	----------	----------	---

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

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

**The demands of the question are:**

- to consider a range of issues
- to clearly analyse whether the use of this market research would guarantee the high sales
- to have balance in arguments
- to judge whether the use of this market research would guarantee the high sales for a new product

**Indicative content/Answers may include:**

This market research can provide some insights which can affect the marketing mix and help sales.

- Can see from Appendix B that the price is increasing in the market so this influences the pricing decision, e.g. may gain sales with relatively low price if prices generally rising. Or this may indicate a move towards more premium products which might affect the positioning of the product. However Appendix B does show that sales are forecasted to fall in the market as a whole which may make it difficult for any new product to succeed.
- Can see from Appendix D what consumers think of breakfasts, e.g. majority do not prefer more exciting cereal at weekends, think they are a guilt free treat, a good way to get an energy boost; this can affect how the products are promoted and the messages used.
- Kellogg's has the largest market share with several brands; may suggest it has the experience to launch a product successfully. The business will have power which may help ensure it is distributed effectively.
- Appendix E suggests advertising may not be significant to sales; if this is true in the UK this might affect how the business is promoted.

However, achieving high sales will depend on:

- how well the data is interpreted and what decisions are made
- how well any decisions are implemented
- other factors such as competitors' actions.

This market research:

- is limited
- may question sample size and selection
- may not be relevant to the future; some may be specific to when it was collected.

So judgement may well be that market research can help sales if used appropriately but not guarantee it or may be that this research is too narrow to guarantee it.

Accept other relevant answers.

0	2	1	<p>WR has made a strategic decision to move into electric bicycle rentals.</p> <p>Analyse the possible impact of this on the market capitalisation of the company.</p>	<b>[9 marks]</b>
---	---	---	--	------------------

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

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

**The demands of the question are:**

- to analyse the impact of the new strategy decision on the market capitalisation of WR

**Indicative content/answers may include:**

- market capitalisation is the combined value of the company's issued shares
- the strategic decision may damage the company's share price and its market capitalisation. The share price may fall reducing market capitalisation because investment in the electric bicycle sector will cost several million pounds but may not generate sufficient sales to earn high returns in the short run. The profit margin is lower and so unless sales increase sufficiently the overall profit will not increase. Shareholders may be short-term and not be willing to wait for long-term rewards
- alternatively, the share price may rise, increasing market capitalisation; this may be because shareholders may see this new strategy as a desirable move given the potential limits to growth in taxi market. This may show the management is forward-thinking and this might inspire confidence and increase demand for shares increasing share price.

---

Accept other relevant answers.

**Further guidance:**

<b>Level</b>	<b>Responses typically demonstrate</b>
<b>3</b>	Clear link between the strategic decision and WeRide's market capitalisation.
<b>2</b>	Some link between the strategic decision and WeRide's market capitalisation.
<b>1</b>	Some relevant points identified.

0	2	2	<p>WR employs its taxi drivers on flexible employment contracts.</p> <p>Analyse <b>one</b> advantage and <b>one</b> disadvantage of this for the business.</p>	<b>[9 marks]</b>
---	---	---	--	------------------

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

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

**The demands of the question are:**

- analyse one advantage and one disadvantage of flexible employment contracts for WR

**Indicative content/answers may include:**

Advantage for the business:

- may provide a degree of flexibility that employees want in terms of hours and times of work. This may motivate, e.g. allow them to meet other needs such as self-actualisation in their non-work life. May lead to more employee engagement. Employees may stay with the business for longer reducing labour turnover and increasing labour retention. This may mean the business has lower recruitment and training costs.
- may mean the business has less fixed costs compared to full-time staff; labour costs will change according to demand which can improve overall profitability.

Disadvantage for the business:

- may lead to insecurity for employees, e.g. they are not sure when they will work; they may not have permanent contracts. Earnings may not be predictable. The flexible contracts may demotivate, eg with employees not meeting their security needs (Maslow). This may increase labour turnover and the business may struggle to attract good staff. It may reduce labour productivity increasing unit costs and reducing profit margins.

Accept other relevant answers.

### Further guidance

Level	Responses typically
3	Clearly analyse the relationship between the flexible employment contract and one advantage and one disadvantage for the business.
2	Analyse the relationship between the flexible employment contract and either one advantage or one disadvantage for the business. Or Some link between flexible employment contract and one advantage and one disadvantage but not clearly made
1	Make fragmented points, which might be advantages or disadvantages, or comments about flexible employment contracts, but no links apparent.

<b>0</b>	<b>2</b>	<b>3</b>	Stricter laws have affected WR's taxi business.  To what extent do you think that legal changes create more threats than opportunities for businesses?	<b>[16 marks]</b>
----------	----------	----------	--	-------------------

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

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

**The demands of the question are:**

- to consider a range of issues
- to clearly analyse whether legal changes create opportunities or threats
- to have balance in arguments
- to decide the extent to which legal changes create **more** opportunities than threats for businesses

**Indicative content/answers may include:**

Legal changes may create threats:

- may increase costs, e.g. through additional commitments to staff or need to make products safer
- may reduce/prevent revenue, e.g. by preventing a business from competing in a particular market or in a particular way.

However legal changes may create opportunities, e.g. by providing legal protection against foreign competition, trade agreements or through competition policy preventing other businesses being anti-competitive.

Changes in the law are likely to be a threat for some but an opportunity for others.

The overall effect will depend on:

- the specific legislation being considered
- the way a business responds; this may depend on its management
- the ability of a business to respond, e.g. its competences and flexibility.

Accept other relevant answers.

**Further guidance**

The question is about businesses in general not just WR. A response focused just on WR would not fully meet the demands of the question. However, there is no need to specifically mention other businesses; it is valid to compare situations when legal change could create opportunities/threats for businesses without naming a specific business. No specific laws need to be mentioned but could be evidenced using specific contexts for example the sugar tax or environmental legislation such as emission laws (accept other relevant examples).

<b>0</b>	<b>3</b>	<b>1</b>	<p>Galin:</p> <ul style="list-style-type: none"> <li>invests in research and development</li> <li>owns a number of patents.</li> </ul> <p>Analyse how these two factors help Galin to achieve high profit margins on its new products.</p> <p style="text-align: right;"><b>[9 marks]</b></p>
----------	----------	----------	---

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

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

**The demands of the question:**

- analyse how these two factors enable the company to achieve high profit margins on its new products

**Indicative content/answers may include:**

Galin is investing 3% of sales in research and development (around \$1.8 billion) - this may lead to:

- better designed or more innovative products that are more functional or suit customer needs better than rivals (who only invest 1% of sales) which may enable higher prices and higher profit margins
- increased efficiency through process innovation reducing unit costs (e.g. through less waste of resources or time) and again boosting profit margins.

Galin has 55 000 patents; this protects its technology and therefore prevent/delay/hinder imitation; this should enable the business to charge more because it has a competitive advantage and this should lead to higher profit margins.

Accept other relevant answers.

**Further guidance**

<b>Level</b>	<b>Responses typically</b>
<b>3</b>	Clearly analyse how <b>both</b> research and development <b>and</b> patents might help the business achieve high profit margins.
<b>2</b>	Analyse how research and development <b>or</b> patents might help the business achieve high profit margins. Or Have some links between research and development <b>and</b> patents and how this might help the business achieve high profit/ profit margins.
<b>1</b>	Identifies how research and development and patents might affect the profits of a business.

0	3	2	Analyse why Galin has chosen a regional organisational structure rather than a functional one.	<b>[9 marks]</b>
---	---	---	--	------------------

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

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

The demands of the question:

- to analyse why the company would choose a regional organisational structure rather than a functional one

**Indicative content/Answers may include:**

- Galin operates in six different regions. It will need to understand the different conditions of these regions, e.g. the market conditions and different requirements of customers. It may want to adapt accordingly and by organising regionally activities within an area will be focused on these specific needs and better co-ordinated, e.g. marketing and HR will be both adapted to local conditions and therefore should be more successful
- a functional structure would be organised around areas such as marketing, operations, and human resources without a regional focus. This may lead to 'silo' thinking where departments do not share ideas and where each department does not adapt sufficiently to the demands of different regions, eg HR decisions may need to adapt to different employment legislation and labour markets, operations may need to produce different products for different regions. Galin wants collaboration between people in different jobs to encourage innovation but this might not occur in a functional structure.

Accept other relevant answers.

**Further guidance**

<b>Level</b>	<b>Responses typically</b>
<b>3</b>	Clearly analyse the reason(s) for choosing a regional organisational structure for Galin relative to functional structure. Or Clearly analyse benefit(s) of a regional organizational structure to Galin.
<b>2</b>	Analyse a reason for a regional organisational structure for Galin. Or Has some link(s) between a regional organisational structure and benefit(s)/ reason(s)
<b>1</b>	Demonstrate understanding of functional and/or regional organisational structures.

<b>0</b>	<b>3</b>	<b>3</b>	Galini wants to increase labour productivity.
			To what extent do you think that attempts by businesses to increase labour productivity will be welcomed by employees?
			<b>[16 marks]</b>

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

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

**The demands of the question are:**

- to consider a range of issues
- to clearly analyse whether attempts to increase labour productivity will be welcomed
- to have balance in arguments
- to judge the extent employees will welcome attempts by businesses to increase labour productivity.

**Indicative content/answers may include:**

Labour productivity is measured by the output per employee.

Increases in labour productivity may be welcomed by employees because:

- more output may lead to more sales and more profits and this may lead to higher earnings
- there may be greater job security as employees are productive.
- new systems and processes are introduced that motivate employees, supported by relevant examples.

Increases in labour productivity may not be welcomed by employees because:

- it may mean job losses if the same output overall is produced with less people
- it may involve more hours or work or just more work to do.
- new systems and processes are introduced that demotivate employees, supported by relevant examples.

Depends on:

- how any higher profits are shared out, e.g. does it lead to more employee earnings or is it invested in further product development
- how productivity is achieved, e.g. is it through 'more' work or through the use of better equipment?
- whether greater productivity affects quality
- how the need for greater productivity is explained and how the way it is going to be done is explained
- whether employees are involved in the process of how the increase in productivity is achieved
- how much the targeted increase in labour productivity is.

Accept other relevant answers.

**Further guidance**

There is no requirement to name businesses specifically.