



AS
BUSINESS
7137/2

Paper 2

Mark scheme

Sample assessment materials

Version: 1.0

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.

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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, ie 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 demands of the question.
- Read the response as a whole; follow the flow of the argument as a whole.
- Be positive in your marking. Look to reward what is there.
- 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, eg 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.
- Next to your comment put the level awarded, eg 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.

The following should be used at the end of the response:

L1	Level 1
L2	Level 2
L3	Level 3
L4	Level 4
L5	Level 5

0	1	.	1
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 Define “sustainable operations”.

[2 marks]

ANALYSE: 2 marks

The demands of the question are:

- demonstrate knowledge and understanding of sustainable operations (AO1)

Answers may include:

Operations aim to avoid using up natural resources eg re-use and recycle materials. 

Max 2 marks.

0 1 . 2 Patagonia has 70 stores worldwide. Explain how decentralisation at Patagonia might benefit these stores.

[4 marks]

EXPLAIN: 4 marks

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

Level	The student will typically demonstrate	Marks
2	<p>A good response Provides an answer to the question that:</p> <ul style="list-style-type: none"> • demonstrates good knowledge and understanding • is applied well to the context 	3-4
1	<p>A limited response Provides an answer to the question that:</p> <ul style="list-style-type: none"> • demonstrates some knowledge and understanding • attempts to apply to the context 	1-2

The demands of the question are:

- demonstrate knowledge and understanding of the benefits of decentralisation (AO1)
- in the context of Patagonia (AO2).

Answers may include:

Sales might increase because stores can respond to local conditions eg in terms of what to hold in store, how to promote and prices to sell. This may mean local needs are better met in the 70 stores around the world, boosting sales.

0 1 . 3 Explain how Patagonia may benefit from its approach to quality.

[4 marks]

EXPLAIN: 4 marks

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

Level	The student will typically demonstrate	Marks
2	<p>A good response Provides an answer to the question that:</p> <ul style="list-style-type: none"> demonstrates good knowledge and understanding is applied well to the context 	3-4
1	<p>A limited response Provides an answer to the question that:</p> <ul style="list-style-type: none"> demonstrates some knowledge and understanding attempts to apply to the context 	1-2

The demands of the question are:

- demonstrate knowledge and understanding of the benefits of quality (AO1)
- in the context of Patagonia (AO2).

Answers may include:

- It ensures products fit with its overall message and values. Should therefore ensure business is not open to criticism for selling products which are damaging to the environment. This should help ensure values are maintained and promoted which should help attract customers. It should also avoid damage to the brand.
- Avoids having to recall later if it discovers then that products are not suitable quality. This saves costs.

0 1 . 4 Patagonia offers a distinctive set of rewards (see **Figure 1**).

Analyse why Patagonia offers this set of rewards for new employees.

[6 marks]

ANALYSE: 6 marks

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

Level	The student will typically demonstrate	Marks
3	<p>A good response overall that focuses on many of the demands of the question. Provides an answer to the question that demonstrates:</p> <ul style="list-style-type: none"> • good knowledge and understanding • good application to the context • good analysis 	5–6
2	<p>A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question that demonstrates:</p> <ul style="list-style-type: none"> • good knowledge and understanding • reasonable application to the context • reasonable analysis 	3–4
1	<p>A limited response overall with little focus on the demands of the question. Provides an answer to the question that demonstrates:</p> <ul style="list-style-type: none"> • some knowledge and understanding • limited application to the context • limited analysis 	1–2

The demands of the question are:

- demonstrate knowledge and understanding of rewards (AO1)
- in the context of Patagonia and Figure 1 (AO2)
- to analyse why Patagonia offers this set of rewards for new employees (AO3).

Answers may include:

All rewards systems will be trying to attract good applicants but in this case the value and lifestyle of the applicants seems important. The value of legal support if you are on an environmental demonstration will only be attractive if you are likely to need it ie you are actively involved in environmental issues. Similarly, the time off for outdoor pursuits and the outdoor clubs appeals to some, not all. So these rewards are offered to attract people who are likely to have the same values as those already in the business. This should ensure they fit in well and there is a common purpose. This should help with motivation and retention and enhance the brand image.

All relevant arguments will be credited.

0 1 . 5 Assess whether Yvon is right to transfer most of the shares of Patagonia to the Holdfast Collective.

[9 marks]

EVALUATE: 9 marks

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

Level	The student will typically demonstrate	Marks
3	<p>A good response overall that focuses on the demands of the question. Provides an answer to the question that demonstrates:</p> <ul style="list-style-type: none"> • good knowledge and understanding • good application to the context • good analysis • judgement which is supported by argument(s) based on quantitative and/or qualitative information 	7–9
2	<p>A reasonable response overall that focuses on some demands of the question. Provides an answer to the question that demonstrates:</p> <ul style="list-style-type: none"> • good knowledge and understanding • reasonable application to the context • reasonable analysis • judgement which has some support from argument(s) based on quantitative and/or qualitative information 	4–6
1	<p>A limited response overall with little focus on the demands of the question. Provides an answer to the question that demonstrates:</p> <ul style="list-style-type: none"> • knowledge and understanding which may lack depth or contain some inaccuracy • limited application to the context • limited analysis • judgement which has limited support from argument(s) based on quantitative and/or qualitative information 	1–3

The demands of the question are:

- demonstrate knowledge and understanding of shares (AO1)
- in the context of Patagonia (AO2)
- to analyse the effect of transferring shares (AO3)
- to support a judgement on whether Yvon is right to transfer most of the shares of Patagonia to the Holdfast Collective (AO4).

Arguments supporting why Yvon is right to transfer most of the shares of Patagonia to the Holdfast Collective:

- By transferring to Holdfast Collective Yvon is giving most of the profit to an organization with similar values to his own ie established to protect the environment. Whatever profit Patagonia makes, most

of it will be used now to go to Holdfast to fight climate change. This fits with the values of the company.

- The family can run Patagonia to ensure it is aligned to their objectives and to continue to grow and make a profit. They still have control which may keep family happy. The Holdfast Collective can then use this profit to protect the environment.

Arguments against Yvon’s decision to transfer most of the shares of Patagonia to the Holdfast Collective:

- This does not bring in outside investors - whereas becoming a public limited company would. This would bring in money which could be useful to help fund expansion.
- The family lose control over the profits which may not be popular with them.
- Most of the profits will be used to fight climate change but not necessarily through Patagonia which some within the business may regret.

Judgement:

Overall, for Yvon this was probably the right move; he considered making the business a plc but didn’t so must have thought the Holdfast Collective was better in terms of its values and impact on climate change.

All relevant arguments and judgements will be credited.

0 1 . 6 Yvon has two key entrepreneurial characteristics:

- the ability to innovate
- strong personal values focused on outdoor activities and protecting the environment.

Which of Yvon's characteristics was most important in making him such a successful entrepreneur?

Assess both options and make a judgement.

[15 marks]

EVALUATE: 15 marks

Marks for this question: AO1 = 3, AO2 = 3, AO3 = 4, AO4 = 5

Level	The student will typically demonstrate	Marks
5	<p>An excellent response overall that is fully focused on the demands of the question. Provides an answer to the question that demonstrates:</p> <ul style="list-style-type: none"> • good knowledge and understanding • good application to the context throughout • good analysis throughout • excellent evaluation of quantitative and/or qualitative information • a convincing judgement/recommendation which is built effectively on strong arguments and weighs up both options 	13–15
4	<p>A good response overall that focuses on the demands of the question. Provides an answer to the question that demonstrates:</p> <ul style="list-style-type: none"> • good knowledge and understanding • good application to the context • good analysis • good evaluation of quantitative and/or qualitative information • a clear judgement/recommendation which is supported by arguments and considers both options 	10–12
3	<p>A reasonable response overall that focuses on some demands of the question. Provides an answer to the question that demonstrates:</p> <ul style="list-style-type: none"> • reasonable knowledge and understanding • reasonable application to the context • reasonable analysis • reasonable evaluation of quantitative and/or qualitative information • a judgement/recommendation which is supported by some of the arguments made 	7–9
2	<p>A limited response overall with little focus on the demands of the question. Provides an answer to the question that demonstrates:</p>	4–6

	<ul style="list-style-type: none"> • limited knowledge and understanding • limited application to the context • analysis with little development • limited evaluation of quantitative and/or qualitative information to support the arguments • a judgement/recommendation which has limited support 	
1	<p>A weak response overall lacking focus on the demands of the question. Provides an answer to the question that demonstrates:</p> <ul style="list-style-type: none"> • isolated or imprecise knowledge and understanding • descriptive application to the context • weak analysis • weak evaluation of quantitative and/or qualitative information • a judgement/recommendation based on assertions 	1–3

The demands of the question are to:

- demonstrate knowledge and understanding of the characteristics of entrepreneurs (AO1)
- in the context of Yvon (AO2)
- to analyse the two options (AO3)
- to support a judgement on which of Yvon's characteristics was most important in making him such a successful entrepreneur (AO4).

Arguments relating to the ability to innovate:

Yvon innovated to start the business (even though he did not intend to be an entrepreneur). From his own experiences, he had an idea with a wider appeal and his innovative pitons got the business started. Similarly, his innovative (“new style”) climbing shirt got Patagonia started. Yvon’s ability to innovate therefore seems to keep the business moving and lie behind its success.

Arguments relating to personal value:

It would be easy to have ideas which are not successful. Yvon’s values have helped to spark the idea and led to their success. His love of the outdoors is what gives him insight into the needs of others eg climbers. His environmental concerns have led to a business which appeals to growing numbers of customers as society’s awareness and concerns grow. These values have made the business distinctive and will have contributed to its appeal.

Judgement:

Overall, it is difficult to choose one over the other. An entrepreneur who does not innovate is unlikely to have sales. An entrepreneur who does innovate but does not have insights into the market or a vision that others buy into, will struggle. The two characteristics may therefore have complemented each other.

All relevant arguments and judgements will be credited.

0	2	.	1
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 Define a "team".

[2 marks]

DEFINE: 2 marks

Marks for this question: AO1 = 2

The demands of the question are:

- demonstrate knowledge and understanding of a team (AO1)

Answers may include:

- Group of people. (1)
- With a shared aim. (1)

0 2 . 2 Explain how LEGO might benefit from effective project management when building its new factories.

[4 marks]

EXPLAIN: 4 marks

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

Level	The student will typically demonstrate	Marks
2	<p>A good response Provides an answer to the question that:</p> <ul style="list-style-type: none"> demonstrates good knowledge and understanding is applied well to the context 	3-4
1	<p>A limited response Provides an answer to the question that:</p> <ul style="list-style-type: none"> demonstrates some knowledge and understanding attempts to apply to the context 	1-2

The demands of the question are:

- demonstrate knowledge and understanding of the benefit of effective project management (AO1)
- in the context of LEGO building new factories (AO2).

Answers may include:

- Can enable factories to be up and running more quickly due to better planning, allowing the production and sale of Lego bricks to be quicker.
- Can save time/money by organising the different elements in the factory building project to allow some to be undertaken simultaneously rather than sequentially.
- Can ensure resources arrive as and when needed avoiding delays which waiting for eg contractors or building materials to arrive.

0 2 . 3 Explain how LEGO might benefit from the levels of employee motivation found by the 2022 survey.

[4 marks]

EXPLAIN: 4 marks

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

Level	The student will typically demonstrate	Marks
2	<p>A good response Provides an answer to the question that:</p> <ul style="list-style-type: none"> demonstrates good knowledge and understanding is applied well to the context 	3-4
1	<p>A limited response Provides an answer to the question that:</p> <ul style="list-style-type: none"> demonstrates some knowledge and understanding attempts to apply to the context 	1-2

The demands of the question are:

- demonstrate knowledge and understanding of the benefit of employee motivation (AO1)
- in the context of LEGO and the 2022 survey (AO2).

Answers may include:

- Survey shows motivation of LEGO employees was in the top ten of businesses surveyed.
- Employees may be more engaged and more committed because of higher levels of motivation relative to most other business surveyed.
- May be lower absenteeism and labour turnover because of high motivation.

0 2 . 4 Analyse why LEGO's unit costs of producing a brick might change with the number being produced.

Use **Table 1** to support your answer.

[6 marks]

ANALYSE: 6 marks

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

3	<p>A good response overall that focuses on many of the demands of the question. Provides an answer to the question that demonstrates:</p> <ul style="list-style-type: none"> • good knowledge and understanding • good application to the context • good analysis 	5–6
2	<p>A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question that demonstrates:</p> <ul style="list-style-type: none"> • good knowledge and understanding • reasonable application to the context • reasonable analysis 	3–4
1	<p>A limited response overall with little focus on the demands of the question. Provides an answer to the question that demonstrates:</p> <ul style="list-style-type: none"> • some knowledge and understanding • limited application to the context • limited analysis 	1–2

The demands of the question are:

- demonstrate knowledge and understanding of unit costs (AO1)
- in the context of LEGO and Table 1 (AO2)
- to analyse why LEGO's unit costs of producing a brick might change with the number being produced (AO3).

Answers may include:

- Table 1 shows that unit costs fall with more output. The unit cost for 60 billion units is 15% less than for 10 billion. This suggests economies of scale.
- Lego bricks will use mass production techniques. LEGO can benefit from technological economies of scale eg investment in technology can lead to high volumes and costs spread over 60 billion units.
- Purchasing economies. Bigger orders for the 109 suppliers gives LEGO a lot of bargaining power and may enable it to push prices (and therefore unit costs) down.

All relevant arguments will be credited.

0 2 . 5 Assess whether LEGO should introduce a new Replay scheme globally.

[9 marks]

EVALUATE: 9 marks

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

Level	The student will typically demonstrate	Marks
3	<p>A good response overall that focuses on the demands of the question. Provides an answer to the question that demonstrates:</p> <ul style="list-style-type: none"> • good knowledge and understanding • good application to the context • good analysis • judgement which is supported by argument(s) based on quantitative and/or qualitative information 	7–9
2	<p>A reasonable response overall that focuses on some demands of the question. Provides an answer to the question that demonstrates:</p> <ul style="list-style-type: none"> • good knowledge and understanding • reasonable application to the context • reasonable analysis • judgement which has some support from argument(s) based on quantitative and/or qualitative information 	4–6
1	<p>A limited response overall with little focus on the demands of the question. Provides an answer to the question that demonstrates:</p> <ul style="list-style-type: none"> • knowledge and understanding which may lack depth or contain some inaccuracy • limited application to the context • limited analysis • judgement which has limited support from argument(s) based on quantitative and/or qualitative information 	1–3

The demands of the question are:

- demonstrate knowledge and understanding of the environmental impact of operations (AO1)
- in the context of LEGO (AO2)
- to analyse the Replay scheme (AO3)
- to support a judgement whether LEGO should introduce the new Replay scheme globally (AO4).

Arguments in support of LEGO introducing a new Replay scheme globally:

- Will help achieve its environmental targets.
- 60 billion bricks a year are produced and they have a long lifespan. This means there are many billions available to be reused.
- If LEGO can price appropriately, this could be profitable.

- May be better than alternative of reducing emissions by trying again to find a better material than ABS. The company has already tried this for a number of years, and not succeeded despite heavy investment.

Arguments against LEGO introducing a new Replay scheme globally:

- Will need investment and so will want to consider returns. Collection, cleaning and sorting will all incur costs.
- Will production of new bricks decline and, if so, can the profit from reducing bricks match the profit from the sale of new?

Judgement:

Overall, clearly a risk involved but if the company is committed to reducing emissions and removing ABS plastic is not working, maybe it should introduce Replay.

All relevant arguments and judgements will be credited.

0 2 . 6 25% of LEGO’s supplier audits identified “higher risk” issues. LEGO wants to reduce the number of higher risk issues occurring in the long term. Is the best way to do this to:

- undertake more inspection audits
- or
- invest more in supplier training about LEGO’s Responsible Business Principles?

Assess both options and make a recommendation.

[15 marks]

EVALUATE: 15 marks

Marks for this question: AO1 = 3, AO2 = 3, AO3 = 4, AO4 = 5

Level	The student will typically demonstrate	Marks
5	<p>An excellent response overall that is fully focused on the demands of the question. Provides an answer to the question that demonstrates:</p> <ul style="list-style-type: none"> • good knowledge and understanding • good application to the context throughout • good analysis throughout • excellent evaluation of quantitative and/or qualitative information • a convincing judgement/recommendation which is built effectively on strong arguments and weighs up both options 	13–15
4	<p>A good response overall that focuses on the demands of the question. Provides an answer to the question that demonstrates:</p> <ul style="list-style-type: none"> • good knowledge and understanding • good application to the context • good analysis • good evaluation of quantitative and/or qualitative information • a clear judgement/recommendation which is supported by arguments and considers both options 	10–12
3	<p>A reasonable response overall that focuses on some demands of the question. Provides an answer to the question that demonstrates:</p> <ul style="list-style-type: none"> • reasonable knowledge and understanding • reasonable application to the context • reasonable analysis • reasonable evaluation of quantitative and/or qualitative information • a judgement/recommendation which is supported by some of the arguments made 	7–9
2	<p>A limited response overall with little focus on the demands of the question. Provides an answer to the question that demonstrates:</p>	4–6

	<ul style="list-style-type: none"> • limited knowledge and understanding • limited application to the context • analysis with little development • limited evaluation of quantitative and/or qualitative information to support the arguments • a judgement/recommendation which has limited support 	
1	<p>A weak response overall lacking focus on the demands of the question. Provides an answer to the question that demonstrates:</p> <ul style="list-style-type: none"> • isolated or imprecise knowledge and understanding • descriptive application to the context • weak analysis • weak evaluation of quantitative and/or qualitative information • a judgement/recommendation based on assertions 	1–3

The demands of the question are:

- demonstrate knowledge and understanding of supply chain management (AO1)
- in the context of LEGO (AO2)
- to analyse the two options (AO3)
- to recommend which option LEGO should use to reduce the number of higher risk issues occurring at suppliers in the long term (AO4).

Arguments relating to more inspections:

- The threat of more inspections may act as an incentive for suppliers to improve because of a great fear they will get caught.
- However, suppliers' attitude to the audit process may affect what happens when an issue is identified and whether it is prevented from happening again.

Arguments relating to investment in training:

- Greater training may help suppliers understand more what matters, why LEGO cares, what LEGO will do and how to meet the principles more effectively. It may, for example, help suppliers undertake the necessary health and safety checks and maintain suitable records.

Judgement:

Overall, training may improve suppliers' understanding, skills and processes. This may be needed to reduce the number of higher risk issues. However, to know whether or not it was working, audits may be needed.

All relevant arguments and judgements will be credited.