



Rewarding Learning

**ADVANCED SUBSIDIARY (AS)
General Certificate of Education
2015**

GCE Applied Business

Assessment Unit AS 3

assessing

External Influences on the Business Enterprise

[A3B31]

MONDAY 18 MAY, MORNING

**MARK
SCHEME**

General Marking Instructions

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 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 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.

1 Define the term ‘taxation’, and explain **one** way in which taxation might affect a company such as Perfecseal.

- Taxation is referred to as the system of tax rates/allowances imposed by national governments on industry and citizens as a way of raising public funds to fund government activities.

Affects Perfecseal as follows:

- Company has to pay corporation tax on profits, thus reducing the amount of profits generally
- Company acts as a tax collector for government (e.g. income tax, VAT, tariffs, customs duties) which costs the company time and money, thus reducing profits
- Perfecseal could be attracted to relocate to foreign countries where taxation is lower than in the UK.

Marking: [2] for definition; [1] for application; [1] for explanation [4]

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2 Analyse **three** ways in which a competitive market might influence an organisation such as Perfecseal.

- Large number of buyers/sellers: The LHS sector of the NI economy is comprised of a number of business organisations (e.g. Almac, Randox, Norbrook, Warner Chilcott and James Leckey Design) coupled with a larger LHS sector in England – increases competition between suppliers which influences Perfecseal, in that it must compete to survive.
- Differentiated products: increased levels of competition influences firms such as Perfecseal by forcing them to carve out ‘niche’ or specialist products/services (e.g. drug/clinical trials, drug development services, drug packaging) and become more competitive.
- Barriers to Entry: a competitive market implies that few barriers to entry exist; however, given the specialist nature of the products, the high-risk nature of the industry’s products/services relative to human health, then it is possible that some barriers to entry might exist; e.g. the capital investment required and resourcing issues such as specialist staff and equipment.
- Buyers/sellers have imperfect knowledge: market conditions change which influence businesses such as Perfecseal in that they must become more competitive – e.g. some of the companies in the LHS sector operate from foreign locations, e.g. Malaysia, USA and China – and some trade is done on-line.
- Abnormal Profits: it is difficult for businesses such as Perfecseal to make abnormal profits due to the influence of additional competitors as they enter the market over time.
- Price makers.

	AO1 Knowledge and Understanding	AO2 Application	AO3 Analysis
Level 3	3 marks Candidate demonstrates a competent understanding of the ways in which a competitive market might influence an organisation such as Perfecseal. Candidate makes satisfactory use of specialist vocabulary when it is appropriate.	3 marks Candidate demonstrates competent attempt to apply knowledge.	3 marks Candidate demonstrates a competent attempt to analyse the ways in which a competitive market might influence an organisation such as Perfecseal.
Level 2	2 marks Candidate demonstrates a satisfactory understanding of the ways in which a competitive market might influence an organisation such as Perfecseal. Candidate makes satisfactory use of specialist vocabulary when it is appropriate.	2 marks Candidate demonstrates a satisfactory attempt to apply knowledge.	2 marks Candidate demonstrates a satisfactory attempt to analyse the ways in which a competitive market might influence an organisation such as Perfecseal.
Level 1	1 mark Candidate demonstrates a limited understanding of the ways in which a competitive market might influence an organisation such as Perfecseal. Candidate makes some use of specialist vocabulary when it is appropriate.	1 mark Candidate demonstrates a limited attempt to apply knowledge.	1 mark Candidate demonstrates a limited attempt to analyse the ways in which a competitive market might influence an organisation such as Perfecseal.
Level 0	0 marks Candidate demonstrates no understanding of the ways in which a competitive market might influence an organisation such as Perfecseal. Candidate makes no use of specialist vocabulary when it is appropriate.	0 marks Candidate does not attempt to apply knowledge.	0 marks Candidate demonstrates no attempt to analyse the ways in which a competitive market might influence an organisation such as Perfecseal.

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3 Analyse **four** ways in which government intervention in the medical packaging industry might affect Perfecseal.

- Fair Trade: this enables Perfecseal to participate fairly in global trade, e.g. ensure that no specific business faces excessive quotas/tariffs etc. from foreign governments. Enables businesses to participate in EU trade easily.
- Legislation: Must conform to all consumer and trade legislation, health/safety; Tax laws.
- Control competition: this forces Perfecseal to ensure that their products/services are available across all parts of the LHS sector of the economy and to all customers that wish to avail of them. It also ensures that a single supplier does not intentionally dominate the market.
- Protect stakeholders: this forces Perfecseal to ensure that their products/services are 'fit for purpose', i.e. meet minimum quality and/or safety standards since they directly affect human health.
- Economic objectives: These force Perfecseal to ensure payment of taxes (Corporation tax, income tax, VAT), encourage supply of medical supplies to NHS at discounted rates (e.g. subject to bulk buying), encourage such firms to employ more staff (through provision of financial incentives by INI regional policy).
- Environmental protection: this forces Perfecseal to ensure that their products/services and/or business activities comply with regulations aimed at protecting the environment, e.g. recycling of waste, reduction of packaging waste and materials as stated by Bemis Inc. and subsidiaries as a business objective.
- Social/Ethical issues: this forces Perfecseal to ensure that their products/services and/or business activities promote high standards of social/ethical behaviour, e.g. clinical trials conducted ethically not using animals, managing risk to ensure that no human suffers adverse side-effects of clinical drugs as part of drug trials or actual medication.

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	AO1 Knowledge and Understanding	AO2 Application	AO3 Analysis
Level 3	4 marks Candidate demonstrates a competent understanding of the ways in which government intervention in the industry may affect Perfecseal. Candidate makes satisfactory use of specialist vocabulary when it is appropriate.	4 marks Candidate demonstrates a competent attempt to apply knowledge.	4 marks Candidate demonstrates a competent attempt to analyse the ways in which government intervention in the industry may affect Perfecseal.
Level 2	2–3 marks Candidate demonstrates a satisfactory understanding of the ways in which government intervention in the industry may affect Perfecseal. Candidate makes satisfactory use of specialist vocabulary when it is appropriate.	2–3 marks Candidate demonstrates a satisfactory attempt to apply knowledge.	2–3 marks Candidate demonstrates a satisfactory attempt to analyse the ways in which government intervention in the industry may affect Perfecseal.
Level 1	1 mark Candidate demonstrates a limited understanding of the ways in which government intervention in the industry may affect Perfecseal. Candidate makes some use of specialist vocabulary when it is appropriate.	1 mark Candidate demonstrates a limited attempt to apply knowledge.	1 mark Candidate demonstrates a limited attempt to analyse the ways in which government intervention in the industry may affect Perfecseal.
Level 0	0 marks Candidate demonstrates no understanding of the ways in which government intervention in the industry may affect Perfecseal. Candidate makes no use of specialist vocabulary when it is appropriate.	0 marks Candidate does not attempt to apply knowledge.	0 marks Candidate demonstrates no attempt to analyse the ways in which government intervention in the industry may affect Perfecseal.

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4 Analyse how Perfecseal’s commitment to invest in innovative technology might affect **five** stakeholder groups.

- Employees: Secures employment. Perfecseal employs a minimum of 290 staff; key employer in the region and they will need specialised staff. Staff skills will be updated. Staff redundancies a possibility.
- Suppliers: Perfecseal provides enhanced business opportunities for key suppliers of component parts and packaging systems. New technology will be needed.
- Customers: Perfecseal provides high quality products to the trade more quickly.
- Creditors: Perfecseal must ensure payments for the materials supplied.
- Local community: Multiplier effect evidenced in local communities as a result of Perfecseal investment. There are also sponsorship possibilities.
- Pressure groups: Trades unions might insist on higher wages/share of profits. Environmentalists lobby for recyclable materials etc.
- Government: Perfecseal may get funding for training/exporting and to subsidise the purchase of the new technology.
- Lenders: Banks may loan finance for the purchase of the new technology for which they will receive interest.
- Owners/Shareholders

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	AO1 Knowledge and Understanding	AO2 Application	AO3 Analysis
Level 3	4–5 marks Candidate demonstrates a competent understanding of the ways in which Perfecseal’s investment might affect stakeholder groups. Candidate makes good use of specialist vocabulary when it is appropriate.	4–5 marks Candidate demonstrates a competent attempt to apply knowledge.	4–5 marks Candidate demonstrates a competent attempt to analyse the ways in which Perfecseal’s investment might affect stakeholder groups.
Level 2	2–3 marks Candidate demonstrates a satisfactory understanding of the ways in which Perfecseal’s investment might affect stakeholder groups. Candidate makes satisfactory use of specialist vocabulary when it is appropriate.	2–3 marks Candidate demonstrates a satisfactory attempt to apply knowledge.	2–3 marks Candidate demonstrates a satisfactory attempt to analyse the ways in which Perfecseal’s investment might affect stakeholder groups.
Level 1	1 mark Candidate demonstrates limited understanding of the ways in which Perfecseal’s investment might affect stakeholder groups. Candidate makes some use of specialist vocabulary when it is appropriate.	1 mark Candidate demonstrates a limited attempt to apply knowledge.	1 mark Candidate demonstrates a limited attempt to analyse the ways in which Perfecseal’s investment might affect stakeholder groups.
Level 0	0 marks Candidate demonstrates no understanding of the ways in which Perfecseal’s investment might affect stakeholder groups. Candidate makes no use of specialist vocabulary when it is appropriate.	0 marks Candidate demonstrates no attempt to apply knowledge.	0 marks Candidate demonstrates no attempt to analyse the ways in which Perfecseal’s investment might affect stakeholder groups.

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5 Evaluate **four** ways in which Perfecseal’s policy of improving quality might make the business more competitive.

- Product: Perfecseal’s products/services will meet the precise specifications of customers – it has a wide product range including medical pouches, bags, thermoformed trays and lids. Results in increased customer satisfaction. This is beneficial.
- Competitive advantage: Perfecseal will have a competitive advantage in areas such as rapid development and validation of products, globally integrated support services, leading-edge packaging design and testing (use of latest equipment and technology). This benefits both Perfecseal and customers.
- Industry leaders: Perfecseal will be able to maintain its position as a leader in the LHS sector. It is a world leading manufacturer of medical and pharmaceutical packaging, including combined packaging of drugs/packages (fewer returns and quality awards, e.g. ISO 9001). This benefits Perfecseal’s customers.
- Delivery: Perfecseal’s concentration on quality will lead to an improvement in competitiveness and ensure high standards of delivery to customers as part of a reliable supply chain. This has been recognised by a variety of quality awards which in turn provide reassurance to customers, and enhances Perfecseal’s corporate image.
- Cost: Perfecseal can reduce cost in the long term by investing in high quality production processes (and R and D). This can be achieved by using less packaging overall; developing effective new sustainable materials; minimising manufacturing waste. This benefits Perfecseal and customers and builds up brand loyalty.
- Perfecseal might incur excessive costs in the short term by investing in quality processes/systems, e.g. training and technology, which reduce profit. This is a drawback to Perfecseal in the short term.

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	AO1 Knowledge and Understanding	AO2 Application	AO3 Analysis	AO4 Evaluation
Level 3	4 marks Candidate demonstrates a competent understanding of the ways in which Perfecseal’s policy of improving quality might make it more competitive. Candidate makes good use of specialist vocabulary when it is appropriate.	4 marks Candidate demonstrates a competent attempt to apply knowledge.	4 marks Candidate demonstrates a competent attempt to analyse the ways in which Perfecseal’s policy of improving quality might make it more competitive.	4–8 marks Candidate demonstrates a competent evaluation of the ways in which Perfecseal’s policy of improving quality might make it more competitive. Candidate demonstrates good spelling, punctuation and grammar. The meaning of the text is clear. The candidate has consistently used a form and style of writing appropriate to the purpose of the question. Answer is organised in a clear and coherent manner.
Level 2	2–3 marks Candidate demonstrates a satisfactory understanding of the ways in which Perfecseal’s policy of improving quality might make it more competitive. Candidate makes satisfactory use of specialist vocabulary when it is appropriate.	2–3 marks Candidate demonstrates a satisfactory attempt to apply knowledge.	2–3 marks Candidate demonstrates a satisfactory attempt to analyse the ways in which Perfecseal’s policy of improving quality might make it more competitive.	2–3 marks Candidate demonstrates a satisfactory evaluation of the ways in which Perfecseal’s policy of improving quality might make it more competitive. Candidate demonstrates satisfactory spelling, punctuation and grammar. The meaning of the text is clear most of the time. The candidate demonstrates a satisfactory level of writing, form and style appropriate to the purpose of the question. Answer is organised in a satisfactory manner.

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<p>Level 1</p>	<p>1 mark Candidate demonstrates limited understanding of the ways in which Perfecseal’s policy of improving quality might make it more competitive. Candidate makes some use of specialist vocabulary when it is appropriate.</p>	<p>1 mark Candidate demonstrates a limited attempt to apply knowledge.</p>	<p>1 mark Candidate demonstrates a limited attempt to analyse the ways in which Perfecseal’s policy of improving quality might make it more competitive.</p>	<p>1 mark Candidate demonstrates limited evaluation of the ways in which Perfecseal’s policy of improving quality might make it more competitive. Candidate makes limited use of spelling, punctuation and grammar. The meaning of the text is not always clear. The candidate demonstrates a limited form and style appropriate to the purpose of the question. The organisation of the answer is limited.</p>
<p>Level 0</p>	<p>0 marks Candidate demonstrates no understanding of the ways in which Perfecseal’s policy of improving quality might make it more competitive. Candidate makes no use of specialist vocabulary when it is appropriate.</p>	<p>0 marks Candidate demonstrates no attempt to apply knowledge</p>	<p>0 marks Candidate demonstrates no attempt to analyse the ways in which Perfecseal’s policy of improving quality might make it more competitive.</p>	<p>0 marks Candidate demonstrates no attempt to evaluate the ways in which Perfecseal’s policy of improving quality might make it more competitive.</p>

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<p>AVAILABLE MARKS</p>
This area is intentionally left blank for marking

6 Discuss **four** reasons why international trade is important to Perfecseal.

- Saturated domestic market: Limited domestic market and range of customers could limit sales/market share and profits for the company; LHS sector made up of range of well established companies which could compete for same customers/business/products. International trade would reduce the reliance on domestic market by Perfecseal. This is advantageous.
- Increase market share: Perfecseal could take advantage of a global market, thus increase sales revenues and market share and ensure survival of the business. It is part of the Bemis Inc. Group and can access its global market networks of suppliers/customers. This would be of benefit to Perfecseal.
- Growth/Diversification: This would enable Perfecseal to gain new customers and/or develop new products with existing customer networks. Growth may be achieved by relocating to countries with favourable tax regimes. This would be of benefit to Perfecseal.
- Economies of scale: international trade would enable Perfecseal to take advantage of economies of scale in terms of using existing technologies/products and processes and extending application to an increased customer base. This reduces cost per unit and should increase profit margins, which would benefit Perfecseal.
- Transfer of new ideas/technology/access to scarce resources: international trade might allow Perfecseal to access scarce resources from suppliers which might be limited in quantities locally; alternatively, it might allow transfers of new/existing technologies/ideas between company bases (e.g. USA/NI and Asia) and between customers to meet customer needs. This would benefit Perfecseal.
- Increased competition: Perfecseal will be subject to increased competition from participating in international trade due to the increased number of competitors providing similar products/services globally; this could lead to a decrease in demand for the company's products/services, which in turn could reduce sales revenues. Being part of the Bemis Inc Group might alleviate this by utilising company networks, supply chains etc., and benefit Perfecseal.
- Pressure from shareholders: Pressure from shareholders to increase dividends by expanding international trade. This may be a problem for Perfecseal.

Final judgement: international trade is important to Perfecseal.

	AO1 Knowledge and Understanding	AO2 Application	AO3 Analysis	AO4 Evaluation
Level 3	3–4 marks Candidate demonstrates a competent understanding of the reasons why international trade is important to Perfecseal. Candidate makes good use of specialist vocabulary when it is appropriate.	3–4 marks Candidate demonstrates a competent attempt to apply knowledge	3–4 marks Candidate demonstrates a competent attempt to analyse the reasons why international trade is important to Perfecseal.	5–8 marks Candidate demonstrates a competent evaluation of the reasons why international trade is important to Perfecseal and comes to a final judgement. Candidate demonstrates good spelling, punctuation and grammar. The meaning of the text is clear. The candidate has consistently used a form and style of writing appropriate to the purpose of the question. Answer is organised in a clear and coherent manner.
Level 2	2 marks Candidate demonstrates a satisfactory understanding of the reasons why international trade is important to Perfecseal. Candidate makes satisfactory use of specialist vocabulary when it is appropriate.	2 marks Candidate demonstrates a satisfactory attempt to apply knowledge.	2 marks Candidate demonstrates a satisfactory attempt to analyse the reasons why international trade is important to Perfecseal.	3–4 marks Candidate demonstrates a satisfactory evaluation of the reasons why international trade is important to Perfecseal and comes to a final judgement. Candidate demonstrates satisfactory spelling, punctuation and grammar. The meaning of the text is clear most of the time. The candidate demonstrates a satisfactory level of writing, form and style appropriate to the purpose of the question. Answer is organised in a satisfactory manner.

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Level 1	1 mark Candidate demonstrates limited understanding of the reasons why international trade is important to Perfecseal. Candidate makes some use of specialist vocabulary when it is appropriate.	1 mark Candidate demonstrates a limited attempt to apply knowledge.	1 mark Candidate demonstrates a limited attempt to analyse the reasons why international trade is important to Perfecseal.	1–2 marks Candidate demonstrates limited evaluation of the reasons why international trade is important to Perfecseal. Candidate makes limited use of spelling, punctuation and grammar. The meaning of the text is not always clear. The candidate demonstrates a limited form and style appropriate to the purpose of the question. The organisation of the answer is limited.
Level 0	0 marks Candidate demonstrates no understanding of the reasons why international trade is important to Perfecseal. Candidate makes no use of specialist vocabulary when it is appropriate.	0 marks Candidate demonstrates no attempt to apply knowledge	0 marks Candidate demonstrates no understanding of the reasons why international trade is important to Perfecseal. Candidate makes no use of specialist vocabulary when it is appropriate.	0 marks Candidate demonstrates no attempt to evaluate the reasons why international trade is important to Perfecseal.

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Total

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