



AS BUSINESS

Paper 2 Specimen Assessment Material

Mark scheme

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 Assessment Writer.

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

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 a description of the response at the middle of the level. There are marks in each level based on the division of the total number of marks for the question.

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 in 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 will help with this. The exemplar materials used during standardisation will illustrate the performance needed to achieve a specific mark. 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.

Examiners are required to assign each of the candidates' responses to the most appropriate level according to **its overall quality**, then allocate a single mark within the level. When deciding upon a mark in a level examiners should bear in mind the relative weightings of the assessment objectives (included for each question and summarised on page 19) and be careful not to over/under credit a particular skill. For example, in questions 6, 7, and 8 more weight should be given to AO4 than to AO3, AO1 and AO2. This will be exemplified and reinforced as part of examiner training and standardisation.

Candidates are expected to:

AO1	Demonstrate knowledge of terms, concepts, theories, methods and models to show an understanding of how individuals and organisations are affected by and respond to business issues	This occurs when students demonstrate knowledge of relevant terms, concepts, theories, methods and models to show an understanding of how individuals and organisations are affected by and respond to business issues.
AO2	Apply knowledge and understanding to various business contexts to show how individuals and organisations are affected by and respond to issues	This occurs when students apply knowledge and understanding to a business context to show how individuals and organisations are affected by and respond to business issues. The context could be any scenario such as a case study or a scenario provided in an essay question; it can also include data used for calculations.
AO3	Analyse issues within business, showing an understanding of the impact on individuals and organisations of external and internal influences	This occurs when students analyse issues within business, showing an understanding of the impact on individuals and organisations of external and internal influences. Analysis involves deconstructing an issue to consider its component parts; making linkages and connections and understanding their impact; and constructing logical chains of reasoning.
AO4	Evaluate quantitative and qualitative information to make informed judgements and propose evidence-based solutions to business issues	This occurs when students evaluate quantitative and qualitative information to make informed judgements and propose evidence-based solutions to business issues. Evaluation involves a balanced judgement based on relevant arguments, which makes salient points, acknowledging qualifying factors and understanding the potential limitations of the arguments. Where relevant, a judgement may involve developing and proposing solutions.

The business issues referred to in the descriptors above are internal and external changes and include business opportunities and problems.

Total for this question paper: 80 marks

01 Use the information in **Table 1** to calculate Dough-nuts' labour turnover in the UK in 2013.

[3 marks]

Marks for this question: AO1 = 1 and AO2 = 2

Examples of how the assessment objectives might be met in this question include:

- demonstrate knowledge and understanding of relevant issues such as labour turnover (AO1).
- be applied to the context of Dough-nuts and the data provided (AO2).

Answer = 20% (3 marks)

Broken down as:

Labour turnover = (number of staff who left / average total staff) × 100 **(1 mark)**

= (5948 / 29 742) × 100 **(1 mark)**

Labour turnover = 20% **(1 mark)**

This indicative content is not exhaustive; other creditworthy material should be awarded marks as appropriate.

02 A Dough-nuts' café has a revenue of £1 600 000 a year. Using the data in **Table 2**, calculate the annual profit of this café. Show your workings.

[3 marks]

Marks for this question: AO1 = 1 and AO2 = 2

Examples of how the assessment objectives might be met in this question include:

- demonstrate knowledge and understanding of relevant issues such as profit (AO1).
- be applied to the context of Dough-nuts and the data provided (AO2).

Answer = £432 000 (3 marks)

Broken down as:

From Table 2, total costs are 73% of revenue. **(1 mark)**

Profits are therefore 27% of revenue. **(1 mark)**

27% of £1 600 000 = £432 000 **(1 mark)**

This indicative content is not exhaustive; other creditworthy material should be awarded marks as appropriate.

03 *The price elasticity of demand for doughnuts in the UK has been estimated as having a value of -1.2 . Explain what this value means.*

[4 marks]

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

Level	The candidate will typically:	Marks
3	Provide a response that is well explained using knowledge and understanding and is applied to the context.	4 marks
2	Provide a reasonable explanation using knowledge and understanding and with some application to the context.	2–3 marks
1	Demonstrate some knowledge and understanding but the explanation is limited and lacking application to the context	1 mark

Examples of how the assessment objectives might be met in this question include:

- demonstrate knowledge and understanding of relevant issues such as the price elasticity of demand (AO1).
- be applied to the context of Dough-nuts and the data provided (AO2).

The price elasticity of demand measures the sensitivity of demand to changes in price. If the value is negative this means that as prices rise the demand falls (and vice versa). The value of 1.2 means that demand is sensitive to price; it is price elastic. This means a fall in price may boost revenue.

This indicative content is not exhaustive; other creditworthy material should be awarded marks as appropriate.

04 *With reference to Maslow’s ‘hierarchy of needs’, analyse how Dough-nuts motivates its staff.*

[9 marks]

Marks for this question: AO1 = 3, AO2 = 3 and AO3 = 3

Level	The candidate will typically demonstrate:	Marks
3	<p>A good response overall that focuses on many of the demands of the question</p> <p>Provides an answer to the question set that:</p> <p>demonstrates a depth and range of knowledge and understanding of issues in the question.</p> <p>demonstrates analysis which is well developed and is applied effectively to the context.</p>	7–9 marks
2	<p>A reasonable response overall that focuses on some of the demands of the question</p> <p>Provides an answer to the question set that:</p> <p>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.</p> <p>demonstrates analysis which is developed and is applied to the context.</p>	4–6 marks
1	<p>A limited response overall with little focus on the demands of the question</p> <p>Provides an answer to the question set that:</p> <p>demonstrates a limited range and depth of knowledge and understanding of issues in the question.</p> <p>demonstrates analysis with little development and with mainly descriptive application to the context.</p>	1–3 marks

Examples of how the assessment objectives might be met in this question include:

- demonstrate knowledge and understanding of relevant issues such as the Maslow’s hierarchy of needs (AO1).

- be applied to the context of Dough-nuts (AO2).
- analyse the possible impact of the way Dough-nuts treats its employees on motivation (AO3).

Possible answers may include:

- Dough-nuts uses hourly pay rates and fringe benefits such as free meals to meet its employees' physiological needs.
- The company is effective in meeting its employees' security needs. It benefits from a stable market share in a strong market, providing secure employment opportunities even during the recent recession.
- Social needs are met in a variety of ways. Employees work as part of a group in the cafés and the company promotes a good working atmosphere. The 'friends and family' contract enables employees to fulfil outside social and family commitments without problems.
- Esteem needs can be met for new employees by performing well with mystery shoppers. The 'Employee of the month' award offers a public opportunity to fulfil these needs. High labour turnover may also lead to increased promotion prospects.

This indicative content is not exhaustive; other creditworthy material should be awarded marks as appropriate.

05	<i>Analyse the possible benefits to Dough-nuts if it achieves greater efficiency in its cafés.</i>	[9 marks]
-----------	--	------------------

Marks for this question: AO1 = 3, AO2 = 3 and AO3 = 3

Level	The candidate will typically demonstrate:	Marks
3	<p>A good response overall that focuses on many of the demands of the question</p> <p>Provides an answer to the question set that:</p> <p>demonstrates a depth and range of knowledge and understanding of issues in the question.</p> <p>demonstrates analysis which is well developed and is applied effectively to the context.</p>	7–9 marks
2	<p>A reasonable response overall that focuses on some of the demands of the question</p> <p>Provides an answer to the question set that:</p> <p>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.</p> <p>demonstrates analysis which is developed and is applied to the context.</p>	4–6 marks
1	<p>A limited response overall with little focus on the demands of the question</p> <p>Provides an answer to the question set that:</p> <p>demonstrates a limited range and depth of knowledge and understanding of issues in the question.</p> <p>demonstrates analysis with little development and with mainly descriptive application to the context.</p>	1–3 marks

Examples of how the assessment objectives might be met in this question include:

- demonstrate knowledge and understanding of relevant issues such as the efficiency (AO1).
- be applied to the context of Dough-nuts (AO2).

- analyse the possible impact of greater efficiency on Dough-nuts (AO3).

Possible answers may include:

- the impact on profit if costs are reduced
- if customers are served quicker, staff can serve more, boosting café capacity, and customers are happier, perhaps reducing the need for promotion, whilst 'slick service' is quoted as a key feature of Dough-nuts' success
- less wasted food means reduced costs, thus higher margins or the opportunity to reduce prices – important in a competitive market
- more productive staff lowers the labour cost per unit – noting that staff tend to be paid by the hour meaning that if they can serve more customers for the same hourly pay, labour cost per unit falls.

This indicative content is not exhaustive; other creditworthy material should be awarded marks as appropriate.

06 *How important do you think the brand is likely to be to the success of Dough-nuts? Justify your answer.*

[16 marks]

Marks for this question: AO1 = 4, AO2 = 2, AO3 = 4 and AO4 = 6

Level	The candidate will typically demonstrate:	Marks
4	<p>An excellent response overall that is fully focused on the key demands of the question</p> <p>Provides an answer to the question set that:</p> <p>demonstrates a depth and range of knowledge and understanding that is precise and well selected in relation to issues in the question.</p> <p>demonstrates analysis throughout which is well developed, is applied effectively to the context and considers a balanced range of the issues in the question.</p> <p>makes judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as whole throughout.</p>	13–16 marks
3	<p>A good response overall that focuses on many of the demands of the question</p> <p>Provides an answer to the question set that:</p> <p>demonstrates a depth and range of knowledge and understanding of issues in the question.</p> <p>demonstrates analysis which is well developed, applied effectively to the context and considers a range of issues in the question.</p> <p>makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole.</p>	9–12 marks
2	<p>A reasonable response overall that focuses on some of the demands of the question</p> <p>Provides an answer to the question set that:</p> <p>demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively</p>	5–8 marks

	<p>few issues in the question.</p> <p>demonstrates analysis which is developed, applied to the context and considers some of the issues in the question.</p> <p>makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole.</p>	
1	<p>A limited response overall with little focus on the demands of the question</p> <p>Provides an answer to the question set that:</p> <p>demonstrates a limited range and depth of knowledge and understanding of issues in the question.</p> <p>demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question.</p> <p>makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole.</p>	1–4 marks

Examples of how the assessment objectives might be met in this question include:

- demonstrate knowledge and understanding of relevant issues such as the branding (AO1).
- be applied to the context of Dough-nuts (AO2).
- analyse the possible impact of branding on the success of Dough-nuts (AO3).
- evaluate qualitative and quantitative information to make an informed judgement on the possible importance of branding to Dough-nuts. For example it may consider the significance of the brand relative to other factors (AO4).

Possible answers may include:

- a brand is a name, sign or symbol used to differentiate a product or business
- the brand represents what customers get, eg good value and fast service; this can create loyalty and repeat business
- the brand may have some associations, eg with fast food, which do not help the success of the business.

The brand may be important because:

- the company's brand assures customers that the cafés and products will be the same throughout the UK (and other countries), helping to maintain a loyal customer base
- it enables the business to launch new products with a link to the brand and these may be accepted by customers more easily and with less marketing spending

- the power of the brand may make communications easier and more effective, and possibly more cost effective once the brand is established
- it may help build brand loyalty.

However:

- Dough-nuts has attracted customers because of other elements of its operations. Its customer service is good, helping to reduce waiting time, which customers value. This also increases throughput in its cafés, increasing revenue.
- The company's scale is an important element of its success. It operates globally, meaning that it was less affected than some businesses by the recent recession because it has cafés in countries that continued to enjoy economic growth.
- The café and baked-goods industry is price competitive and Dough-nuts' ability to reduce prices (whilst still remaining profitable), as in the case of the £1.49 box of doughnuts, is an important contributor to its financial success.

Evaluation may involve:

- The brand is very well known and may have helped the business significantly in terms of loyalty and customer retention; the company has been trying to address the potential problems of being associated with fast food by developing new, healthier products. This is recognising that the brand is important and has to evolve.
- The brand is important, particularly for its marketing function. It also helps with its operations, but the company's success does depend on other factors too. It has to control costs strictly if it is to remain market leader in a fiercely competitive market. The company also faces challenges over the unhealthy nature of its products. Its current branding offers little assistance in dealing with these challenges. Brand may support short-term financial success, but may be arguably less central in the longer term.

This indicative content is not exhaustive; other creditworthy material should be awarded marks as appropriate.

07 *To what extent is it important for Dough-nuts to consider the views of all of its stakeholders when making decisions?*

[16 marks]

Marks for this question: AO1 = 4, AO2 = 2, AO3 = 4 and AO4 = 6

Level	The candidate will typically demonstrate:	Marks
4	<p>An excellent response overall that is fully focused on the key demands of the question</p> <p>Provides an answer to the question set that:</p> <p>demonstrates a depth and range of knowledge and understanding that is precise and well selected in relation to issues in the question.</p> <p>demonstrates analysis throughout which is well developed, is applied effectively to the context and considers a balanced range of the issues in the question.</p> <p>makes judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as whole throughout.</p>	13–16 marks
3	<p>A good response overall that focuses on many of the demands of the question</p> <p>Provides an answer to the question set that:</p> <p>demonstrates a depth and range of knowledge and understanding of issues in the question.</p> <p>demonstrates analysis which is well developed, applied effectively to the context and considers a range of issues in the question.</p> <p>makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole.</p>	9–12 marks
2	<p>A reasonable response overall that focuses on some of the demands of the question</p> <p>Provides an answer to the question set that:</p> <p>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.</p>	5–8 marks

	<p>demonstrates analysis which is developed, applied to the context and considers some of the issues in the question.</p> <p>makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole.</p>	
1	<p>A limited response overall with little focus on the demands of the question</p> <p>Provides an answer to the question set that:</p> <p>demonstrates a limited range and depth of knowledge and understanding of issues in the question.</p> <p>demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question.</p> <p>makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole.</p>	1–4 marks

Examples of how the assessment objectives might be met in this question include:

- demonstrate knowledge and understanding of relevant issues such as stakeholders (AO1).
- be applied to the context of Dough-nuts (AO2).
- analyse the possible impact of considering the views of stakeholders when making decisions on the organisation (AO3).
- evaluate qualitative and quantitative information to propose a solution to the issue of whether it is important to consider the views of all stakeholders. For example it may consider the consequences of considering stakeholders' views compared to not considering them (AO4).

Answer yes, because:

- customers could easily walk away, with so many strong competitors in the fast-food market
- the media take a keen interest in Dough-nuts and the company can help to shape its public image through decisions on issues such as the amount of fat in its products and sources of supply that are used
- staff can be crucial in delivering good food and good customer service in a café context, hence the importance of the benefits offered and the significance of the newspaper survey results.

However:

- some stakeholders have minimal power over Dough-nuts'; suppliers are likely to be heavily dependent on Dough-nuts' custom and to be relatively small in comparison, many employees are low skilled and the company accepts a relatively high rate of labour turnover because new employees can be trained quickly; this approach helps to keep labour costs relatively low (at 30%)

- satisfying certain stakeholders may raise costs, such as paying extra staff to maintain a clean local environment or using more ethical sources of supply.

Evaluation:

There is a need to consider stakeholder interest, power and influence, but some should be catered to more than others and this may vary over time. Stakeholder desires may well conflict and it may be impossible to make them all happy. For instance, in a recession it may be important to reduce prices for customers which may result in wage rises being delayed or shareholders' returns lowered. Managers need to make regular judgements about the extent to which the needs of particular groups should be satisfied. For instance, over time the company may have to meet social needs to provide lower-fat products even though this could reduce profit margins.

This indicative content is not exhaustive; other creditworthy material should be awarded marks as appropriate.

08 *Dough-nuts takes a centralised approach to decision making in a number of areas such as marketing and its purchases of supplies. To what extent is a centralised approach to decision making right for all organisations?*

[20 marks]

Marks for this question: AO1 = 4, AO2 = 3, AO3 = 5 and AO4 = 8

Level	The candidate will typically demonstrate:	Marks
5	<p>An excellent response overall that is fully focused on the key demands of the question</p> <p>Provides an answer to the question set that:</p> <p>demonstrates a depth and range of knowledge and understanding that is precise and well selected in relation to issues in the question.</p> <p>demonstrates analysis throughout which is well developed, is applied effectively to the context and considers a balanced range of the issues in the question.</p> <p>makes judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as whole throughout.</p>	17–20 marks
4	<p>A good response overall that focuses on many of the demands of the question</p> <p>Provides an answer to the question set that:</p> <p>demonstrates a depth and range of knowledge and understanding of issues in the question.</p> <p>demonstrates analysis which is well developed, applied effectively to the context and considers a range of issues in the question.</p> <p>makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole.</p>	13–16 marks
3	<p>A reasonable response overall that focuses on some of the demands of the question</p> <p>Provides an answer to the question set that:</p> <p>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.</p>	9–12 marks

	<p>demonstrates analysis which is developed, applied to the context and considers some of the issues in the question.</p> <p>makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole.</p>	
2	<p>A limited response overall with little focus on the demands of the question</p> <p>Provides an answer to the question set that:</p> <p>demonstrates a limited range and depth of knowledge and understanding of issues in the question.</p> <p>demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question.</p> <p>makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole.</p>	5–8 marks
1	<p>A weak response overall lacking focus on the demands of the question</p> <p>Provides an answer to the question set that:</p> <p>demonstrates isolated or imprecise knowledge and understanding.</p> <p>demonstrates undeveloped analysis with descriptive application to the context and lacking focus on the question.</p> <p>makes judgements or proposes solutions based on assertions.</p>	1–4 marks

Examples of how the assessment objectives might be met in this question include:

- demonstrate knowledge and understanding of relevant issues such as centralisation (AO1).
- be applied to the context of centralisation and what is “right” for organisations (AO2).
- analyse the possible impact of centralised decision making on an organisation (AO3).
- evaluate qualitative and quantitative information to make an informed judgement on whether centralisation is right for all organisations. For example it may consider the benefits and drawbacks of centralisation and make a judgement on what might make it right (AO4).

Answer yes, because:

- centralisation maintains a uniformity of product/service that can make an organisation successful – ‘Dough-nuts’ continued success is based on the consistency of its offer throughout the world’ (lines 51–2)
- head office can provide support functions (such as HR) more effectively
- centralised buying of supplies may offer benefits of bulk purchase
- may give more power over suppliers, eg over quality
- may give more power when buying advertising space, as buying for the whole organisation
- senior managers may have a better overview.

Answer no, because:

- local differences, eg in taste, which is an important issue for a large business operating in different markets, may be ignored
- giving branch managers no say over inventory ordering may ignore valuable local knowledge (eg major local events that temporarily boost or damage sales may go unnoticed) and contribute to high labour turnover rates.

Evaluation:

- It depends on how much local variation matters.
- It depends on cost savings from centralising.
- The organisation may want to centralise some functions but not all.
- It depends on from whose perspective it is perceived to be right or not, eg the local managers who may feel centralisation means they have less power and feel demotivated, or the senior managers who keep control.

This indicative content is not exhaustive; other creditworthy material should be awarded marks as appropriate.

Assessment Objectives

	AO1	AO2	AO3	AO4	TOTAL
1	1	2			3
2	1	2			3
3	2	2			4
4	3	3	3		9
5	3	3	3		9
6	4	2	4	6	16
7	4	2	4	6	16
8	4	3	5	8	20
Paper total	22	19	19	20	80

