



Rewarding Learning

ADVANCED
General Certificate of Education
2022

Business Studies

Assessment Unit A2 2

assessing

The Competitive Business Environment

[ABU21]

THURSDAY 9 JUNE, MORNING

**MARK
SCHEME**

General Marking Instructions

Introduction

The main purpose of the mark scheme is to ensure that examinations are marked accurately, consistently and fairly. The mark scheme provides examiners with an indication of the nature and range of candidates' responses likely to be worthy of credit. It also sets out the criteria which they should apply in allocating marks to candidates' responses.

Assessment objectives

Below are the assessment objectives for GCE Business Studies.

Candidates should be able 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.
- AO2** Apply knowledge and understanding to various business contexts to show how individuals and organisations are affected by and respond to issues.
- AO3** Analyse issues within business, showing an understanding of the impact of external and internal influences on individuals and organisations.
- AO4** Evaluate quantitative and qualitative information to make informed judgements and propose evidence-based solutions to business issues.

Quality of candidates' responses

In marking the examination papers, examiners should be looking for a quality of response reflecting the level of maturity which may reasonably be expected of a 17 or 18-year-old which is the age at which the majority of candidates sit their GCE examinations.

Flexibility in marking

Mark schemes are not intended to be totally prescriptive. No mark scheme can cover all the responses which candidates may produce. In the event of unanticipated answers, examiners are expected to use their professional judgement to assess the validity of answers. If an answer is particularly problematic, then examiners should seek the guidance of the Supervising Examiner.

Positive marking

Examiners are encouraged to be positive in their marking, giving appropriate credit for what candidates know, understand and can do rather than penalising candidates for errors or omissions. Examiners should make use of the whole of the available mark range for any particular question and be prepared to award full marks for a response which is as good as might reasonably be expected of a 17 or 18-year-old GCE candidate.

Awarding zero marks

Marks should only be awarded for valid responses and no marks should be awarded for an answer which is completely incorrect or inappropriate.

Marking Calculations

In marking answers involving calculations, examiners should apply the 'own figure rule' so that candidates are not penalised more than once for a computational error. To avoid a candidate being penalised, marks can be awarded where correct conclusions or inferences are made from their incorrect calculations. If a candidate gives the correct answer without showing their working out, full marks should be awarded.

Types of mark schemes

Mark schemes for tasks or questions which require candidates to respond in extended written form are marked on the basis of levels of response which take account of the quality of written communication.

Other questions which require only short answers are marked on a point for point basis with marks awarded for each valid piece of information provided.

Levels of response

In deciding which level of response to award, examiners should look for the 'best fit' bearing in mind that weakness in one area may be compensated for by strength in another. In deciding which mark within a particular level to award to any response, examiners are expected to use their professional judgement.

The following guidance is provided to assist examiners.

- **Threshold performance:** Response which just merits inclusion in the level and should be awarded a mark at or near the bottom of the range.
- **Intermediate performance:** Response which clearly merits inclusion in the level and should be awarded a mark at or near the middle of the range.
- **High performance:** Response which fully satisfies the level description and should be awarded a mark at or near the top of the range.

Quality of written communication

Quality of written communication is taken into account in assessing candidates' responses to all tasks and questions that require them to respond in extended written form. These tasks and questions are marked on the basis of levels of response. The description for each level of response includes reference to the quality of written communication.

For conciseness, quality of written communication is distinguished within either 3 or 4 levels of response.

Where there are three levels of response, quality of written communication is distinguished as follows:

Level 1: Quality of written communication is basic.

Level 2: Quality of written communication is good.

Level 3: Quality of written communication is excellent.

In interpreting these level descriptions, examiners should refer to the more detailed guidance provided below:

Level 1 (Basic): The candidate makes only a basic selection and use of an appropriate form and style of writing. The organisation of material may lack clarity and coherence. There is little use of specialist vocabulary. Presentation, spelling, punctuation and grammar may be such that intended meaning is not clear.

Level 2 (Good): The candidate makes a good selection and use of an appropriate form and style of writing. Relevant material is organised with good clarity and coherence. There is good use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are of a good standard to make meaning clear.

Level 3 (Excellent): The candidate successfully selects and uses the most appropriate form and style of writing. Relevant material is organised with a very high degree of clarity and coherence. There is widespread and accurate use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are of the highest standard to make meaning absolutely clear.

Where there are four levels of response, quality of written communication is distinguished as follows:

Level 1: Quality of written communication is basic.

Level 2: Quality of written communication is satisfactory.

Level 3: Quality of written communication is good.

Level 4: Quality of written communication is excellent.

In interpreting these level descriptions, examiners should refer to the more detailed guidance provided below:

Level 1 (Basic): The candidate makes only a basic selection and use of an appropriate form and style of writing. The organisation of material may lack clarity and coherence. There is little use of specialist vocabulary. Presentation, spelling, punctuation and grammar may be such that intended meaning is not clear.

Level 2 (Satisfactory): The candidate makes a satisfactory selection and use of an appropriate form and style of writing. Relevant material is organised with some degree of clarity and coherence. There is some use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are of a satisfactory standard to make meaning evident.

Level 3 (Good): The candidate makes a good selection and use of an appropriate form and style of writing. Relevant material is organised with good clarity and coherence. There is good use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are of a good standard to make meaning clear.

Level 4 (Excellent): The candidate successfully selects and uses the most appropriate form and style of writing. Relevant material is organised with a high degree of clarity and coherence. There is widespread and accurate use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are of the highest standard to make meaning absolutely clear.

COVID-19 Context

Given the unprecedented circumstances presented by the COVID-19 public health crisis, senior examiners, under the instruction of CCEA awarding organisation, are required to train assistant examiners to apply the mark scheme in case of disrupted learning and lost teaching time. The interpretation and intended application of the mark scheme for this examination series will be communicated through the standardising meeting by the Chief or Principal Examiner and will be monitored through the supervision period. This paragraph will apply to examination series in 2021–2022 only.

1 Explain the key business risks and uncertainties facing CDE. [6]

The Directors of CDE in their 2018 Strategic Report stated that the key business risks and uncertainties affecting the group are:

- Controlling raw material costs and maintaining sales levels.
- From the financial excerpts the raw material costs have increased by £3m in the year ended 31 December 2018, an increase of 6.59% from 2017.
- The Sales Receipts have increased by £3.938m in the year ended 31 December 2019, an increase of 5.99% from 2018.
- Tariffs will increase import costs of raw materials, does CDE absorb price increase and decrease profits further or increase sales revenue which could effect demand.

Level 3 [5]–[6]

An excellent response demonstrates:

- Comprehensive and relevant accurate knowledge and understanding of the risks and uncertainties facing CDE.
- Thorough and detailed use of relevant source material of the key business risks and uncertainties facing CDE.

Level 2 [3]–[4]

A good response demonstrates:

- Good, accurate knowledge and understanding of the key business risks and uncertainties facing CDE.
- Good use of relevant source material of the key business risks and uncertainties facing CDE.

Level 1 [1]–[2]

A basic response demonstrates:

- Basic knowledge and understanding of the key business risks and uncertainties facing CDE.
- Limited use of relevant source material of key business risks and uncertainties facing CDE.

[6]

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MARKS

6

2 Analyse **two** possible outcomes of the EU imposing trade tariffs on CDE customers.

[9]

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MARKS

Imposed tariffs would automatically increase the CDE's exported products prices to its EU customers, cannot be absorbed by CDE and passed to customer, affecting demand for its products.

- Additional regulatory and administrative burdens, adds additional time for customers.
- Prices to customers will increase in E.U.
- Customers will look to other markets for alternatives in price and quality.
- Decreased customer choice.

Marking:

Level 3 [7]–[9]

An excellent response demonstrates:

- Comprehensive and relevant, accurate analysis of the possible outcomes of EU imposing trade tariffs on CDE's business activity.
- Thorough and detailed use of relevant source material to analyse the possible outcomes of EU imposing trade tariffs on CDE's business activity.

Level 2 [4]–[6]

A good response demonstrates:

- Good, accurate analysis of the possible outcomes of EU imposing trade tariffs on CDE's business activity.
- Good use of relevant source material to analyse the possible outcomes of EU imposing trade tariffs on CDE's business activity.

Level 1 [1]–[3]

A basic response demonstrates:

- Basic analysis of the possible outcomes of EU imposing trade tariffs on CDE's business activity.
- Limited use of relevant source material to analyse the possible outcomes of EU imposing trade tariffs on CDE's business activity.

Answers not worthy of credit **[0]** marks

[9]

9

3 Evaluate the assistance available to CDE when trading globally. [15]

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- R&D project with financial assistance from Invest NI and The European Regional Development Funds Investment for Growth and Jobs Programme to develop modular mining solutions for mineral beneficiation.
- CDE £3m investment that aims to expand its export reach.
- CDE's growth strategy is driven forward by its focus on innovative product development and exports sales. For innovative R&D product development CDE constructed a factory extension with Invest NI providing a further £1.3 million towards the company's expansion plans.
- CDE were delighted to host an Invest NI delegation from Kenya, South Africa and Ghana in its new global manufacturing premises in Cookstown.
- Workshops, to develop and refresh knowledge of exporting processes.
- Update best practice in exporting.
- Advice and guidance on skills needed to sell outside N.I. and explore new markets.
- No guarantee that given assistance will result in global sales.
- Legal issues.
- No guaranteed payment by customers outside UK.
- Customs/Culture clash.
- Sanctions.
- Quotas.

Marking:

Level 3 [11]–[15]

An excellent response demonstrates:

- Comprehensive and relevant, accurate knowledge and understanding, and detailed evaluation of the assistance available to CDE when trading globally.
- Highly appropriate, clear and logical recommendations of the assistance available to CDE when trading globally based on well focused and sound analysis.
- Thorough use of relevant source material to address the issues in the question, coming to an informed decision to fully support the assistance available to CDE when trading globally.
- An excellent quality of written communication.

Level 2 [6]–[10]

A good response demonstrates:

- Sound, good, accurate knowledge and understanding, and evaluation of the assistance available to CDE when trading globally.
- Appropriate, clear and logical recommendation of the assistance available to CDE when trading globally based on well focused analysis.
- Good use of relevant source material to come to an informed decision on the assistance available to CDE when trading globally.
- A good quality of written communication.

Level 1 [1]–[5]

A basic response demonstrates:

- Basic knowledge and understanding, with unfocused evaluation of the assistance available to CDE when trading globally.
- Basic recommendation on the assistance available to CDE when trading globally with limited or no relevant analysis.

- Limited use of data from source material which does not support the final recommendation.
- A basic quality of written communication.

Answers not worthy of credit **[0]** marks

[15]

**AVAILABLE
MARKS**

15

4 Evaluate the threats to CDE of trading globally.

[20]

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MARKS

CDE is facing threats to its profits from cost of raw materials and world trade.

1. Cost of Raw Materials

- Cost of raw materials, volatile and unstable global markets raising the cost of its raw materials, an increase of £5.6 million for the year ended 31 December 2019, an increase of nearly 11.62% in one year.
- Disappearing supply chains because of rising costs worldwide.
- Rising energy costs.
- Price rises effect all businesses, inflation.
- Review energy installations to cut costs.
- Competition.
- Communication issues.

Valid alternative points will be accepted.

2. Covid-19

- World Trade in lockdown.
- Economic activity shrinking due to lockdown.
- Mass redundancies leading to less disposable income of consumers, leading to little or no demand for CDE products.
- No innovation, growth or investment because of low economic activity and profits.
- Survival of the fittest business.
- Constant market research for new revenue streams from new markets.
- Cost cutting strategies to survive.
- Temporary situation, but should resolve/recover after pandemic.

3. Brexit

- Tariffs, duties, quotas.
- Political issues.
- Regulations and Adm.
- Interest rates.
- Exchange rates.

Marking:

Level 4 [16]–[20]

An excellent response demonstrates:

- Comprehensive and relevant, accurate knowledge and understanding, and detailed evaluation of the threats to CDE when trading globally.
- Highly appropriate, clear and logical judgement of the threats to CDE when trading globally based on well focused and sound analysis.
- Thorough use of relevant source material of the threats to CDE when trading globally.
- An excellent quality of written communication.

Level 3 [11]–[15]

A good response demonstrates:

- Sound, good, accurate knowledge and understanding, and evaluation of the threats to CDE when trading globally.
- An appropriate, clear and logical judgement of the threats to CDE when trading globally based on well focused analysis.
- Good use of relevant source material to the threats to CDE when trading globally.
- A good quality of written communication.

Level 2 [6]–[10]

A satisfactory response demonstrates:

- Satisfactory knowledge and understanding, analysis and evaluation of the implications to the threats to CDE when trading globally.
- A suitable, appropriate judgement of the threats to CDE when trading globally, based on well focused analysis.
- A satisfactory quality of written communication.

Level 1 [1]–[5]

A basic response demonstrates:

- Basic knowledge and understanding, with unfocused evaluation of the threats to CDE when trading globally.
- Basic or no judgement based on limited analysis of the threats to CDE when trading globally.
- Limited use of relevant source material to the threats to CDE when trading globally.
- A basic quality of written communication.

Answers not worthy of credit **[0]** marks

[20]

20

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5 Evaluate CDE’s ethics as a source of competitive advantage. [20]

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- Their ethics are simply written as two values, Do it Right and Do it Safe.
- Each value is further analysed as to how CDE employees carry out their values. At the core of each value is that the employee and customer is at the heart of their trading and that they will do everything in their power to help all their customers to attain maximum satisfaction in dealing with CDE and purchasing their products.
- Long Term partnership, client loyalty and returning clients.
- The ethical values gives CDE a competitive edge over their competitors.
- Health and Safety for both employees and stakeholders, Covid-19, PPE equipment.
- Protecting environment.
- Only a concept, belief.
- Written for stakeholders, possibly U.S.P.
- Extremely hard to grasp by employees.
- Hard to evaluate, record ethics.

Value	Ethical Behaviour
Do it Right	<ul style="list-style-type: none"> • Putting the customer first • Demonstrating commitment to engineering excellence • Continually developing world-beating products, service & processes through innovation, initiative & intuition • Exceeding expectations
Do it Safe	<ul style="list-style-type: none"> • Keeping ourselves & others safe • Following health & safety rules • Protecting our environment

Marking:

Level 4 [16]–[20]

An excellent response demonstrates:

- Comprehensive and relevant, accurate knowledge and understanding, and detailed evaluation of CDE ethics as a source of competitive advantage.
- Highly appropriate, clear and logical judgement of CDE ethics as a source of competitive advantage based on well focused and sound analysis.
- Thorough use of relevant source material of CDE ethics as a source of competitive advantage.
- An excellent quality of written communication.

Level 3 [11]–[15]

A good response demonstrates:

- Sound, good, accurate knowledge and understanding, and evaluation of CDE ethics as a source of competitive advantage.
- An appropriate, clear and logical judgement of CDE ethics as a source of competitive advantage based on well focused analysis.
- Good use of relevant source material of CDE ethics as a source of competitive advantage.
- A good quality of written communication.

Level 2 [6]–[10]

A satisfactory response demonstrates:

- Satisfactory knowledge and understanding, and evaluation of CDE ethics as

- a source of competitive advantage.
- A suitable, appropriate judgement of CDE ethics as a source of competitive advantage based on well focused analysis.
- A satisfactory quality of written communication.

Level 1 [1]–[5]

A basic response demonstrates:

- Basic knowledge and understanding, with unfocused CDE ethics as a source of competitive advantage.
- Basic or no judgement based on limited analysis of CDE ethics as a source of competitive advantage.
- Limited use of relevant source material to CDE ethics as a source of competitive advantage.
- A basic quality of written communication.

Answers not worthy of credit **[0]** marks

[20]

20

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- 6 Evaluate the instruments used by the UK government to achieve its policy objectives of steady and sustained economic growth. [20]

The UK's policy objective for 2020 is to encourage steady and sustained growth through Monetary Policy, interest rates and Fiscal Policy, taxation and investment.

Monetary Policy

- In March 2020 the Bank of England slashed the bank rate from 0.75% to 0.25% and then to 0.1%, possible 0%.
- Low interest rates will attract business investments.
- Low interest rates will attract new house sales, mortgages.
- Theoretical.
- Events constantly change in economy.
- One changed variable affects equilibrium of economy.

Fiscal Policy

- The UK government's response to the impending downturn is its promise to increase public spending. The chancellor outlined £5.6 billion package that committed the government to infrastructure investment.
- The extra expenditure on schools and public infrastructure made clear the government were prepared to spend their monies to stimulate growth.
- Construction industry investment, stimulate house sales.
- Energy installation grants to stimulate house repairs.
- All expenditure must be paid for at some stage.
- Government loans must be repaid.
- Possible increased Income Tax.
- Possible increased VAT.
- Possible cuts in NHS, Defence, Benefits.
- Government spending.

Marking:

Level 4 [16]–[20]

An excellent response demonstrates:

- Comprehensive and relevant, accurate knowledge and understanding, and detailed evaluation of the instruments used by the UK government to achieve its policy objective of steady and sustained growth.
- Highly appropriate, clear and logical judgement of the instruments used by the UK government to achieve its policy objective of steady and sustained growth based on well focused and sound analysis.
- Thorough use of relevant source material on the instruments used by the UK government to achieve its policy objective of steady and sustained growth.
- An excellent quality of written communication.

Level 3 [11]–[15]

A good response demonstrates:

- Sound, good, accurate knowledge and understanding, and evaluation of the instruments used by the UK government to achieve its policy objective of steady and sustained growth.
- An appropriate, clear and logical judgement of the instruments used by the UK government to achieve its policy objective of steady and sustained

- growth based on well focused analysis.
- Good use of relevant source material on the instruments used by the UK government to achieve its policy objective of steady and sustained growth.
- A good quality of written communication.

Level 2 [6]–[10]

A satisfactory response demonstrates:

- Satisfactory knowledge and understanding, and evaluation of the instruments used by the UK government to achieve its policy objective of steady and sustained growth.
- A suitable, appropriate judgement of the instruments used by the UK government to achieve its policy objective of steady and sustained growth based on well focused analysis.
- A satisfactory quality of written communication.

Level 1 [1]–[5]

A basic response demonstrates:

- Basic knowledge and understanding, with unfocused evaluation of the instruments used by the UK government to achieve its policy objective of steady and sustained growth.
- Basic or no judgement based on limited analysis of the instruments used by the UK government to achieve its policy objective of steady and sustained growth.
- Limited use of relevant source material of the instruments used by the UK government to achieve its policy objective of steady and sustained growth.
- A basic quality of written communication.

Answers not worthy of credit **[0]** marks

[20]

20

Total

90

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