

CONFERENCE VERSION – 19/06/2023

**CONFIDENTIAL**



# GCE A LEVEL MARKING SCHEME

**SUMMER 2023**

**A LEVEL  
BUSINESS – UNIT 4  
1510U40-1**

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## **GENERAL MARKING GUIDANCE**

### **Positive Marking**

It should be remembered that learners are writing under examination conditions and credit should be given for what the learner writes, rather than adopting the approach of penalising him/her for any omissions. It should be possible for a very good response to achieve full marks and a very poor one to achieve zero marks. Marks should not be deducted for a less than perfect answer if it satisfies the criteria of the mark scheme, nor should marks be added as a consolation where they are not merited.

For each question there is a list of indicative content which suggest the range of business concepts, theory, issues and arguments which might be included in learners' answers. This is not intended to be exhaustive and learners do not have to include all the indicative content to reach the highest level of the mark scheme.

The level based mark schemes sub-divide the total mark to allocate to individual assessment objectives. These are shown in bands in the mark scheme. For each assessment objective a descriptor will indicate the different skills and qualities at the appropriate level. Learner's responses to questions are assessed against the relevant individual assessment objectives and they may achieve different bands within a single question. A mark will be awarded for each assessment objective targeted in the question and then totalled to give an overall mark for the question.

**WJEC GCE A LEVEL BUSINESS - UNIT 4**

**SUMMER 2023 MARK SCHEME**

<b>1</b>	<b>1</b>	<b>Explain the reasons why McDonald's adapts its products and operations to reflect local needs.</b>			<b>[6]</b>
<b>Band</b>	<b>AO1</b>	<b>AO2</b>	<b>AO3</b>		
	<b>2 marks</b>	<b>2 marks</b>	<b>2 marks</b>		
<b>2</b>	<b>2 marks</b> Good knowledge and understanding of glocalisation.  The learner demonstrates a clear and accurate understanding of glocalisation.  The learner may make use of examples.	<b>2 marks</b> Good application of glocalisation to McDonalds.  The learner makes effective use of the case study.	<b>2 marks</b> Good analysis of the need to adapt to local needs.  Analysis of the reasons for glocalisation.  Points are developed.		
	<b>1</b>	<b>1 mark</b> Limited knowledge and/or understanding of glocalisation.	<b>1 mark</b> Limited application of glocalisation to McDonalds.  The learner makes some use of the case study in the response.	<b>1 mark</b> Limited analysis of the need to adapt to local needs.  Superficial analysis of the reasons for glocalisation.	
<b>0</b>	<b>0 marks</b> No understanding of glocalisation.	<b>0 marks</b> No application of glocalisation to McDonalds.	<b>0 marks</b> No analysis.		

**Indicative content:**

The aim of glocalisation is to reach customers all over the globe; however, this should be achieved by taking into account local tastes, customs and traditions. Glocalisation is a market-oriented approach.

Global businesses today have to be constantly aware of changing consumer tastes and failure to invest in market research in foreign markets will result in a lack of competitiveness. For example, without adapting products in the menu in India and Japan, then McDonalds would have failed in the market, which would have had significant impact on their financial performance.

McDonalds would not have had the success that it has had if it had only sold products suitable for the American market. Consumers in different countries have different tastes. For example, McDonald's menu keeps its core elements everywhere in the world but there are 'local' variations. For instance, the Indian menu includes McAlloo Tikki Burger as a substitute for the Big Mac catering for local tastes.

Also, adapting working practices is important to succeed and fit in with local cultures. In Saudi Arabia, the restaurants close 5 times a day to cater for local culture and religious prayers. If they did not do this, then the business model would not have been successful in Middle East countries.

Credit any other valid point, for example:

- Reduce risk – introducing a product or business model in a new market
- To be more competitive in international markets
- To satisfy needs and wants of local customers
- Meet the needs of employees e.g. local cultures and religions

1	2	Evaluate the use of franchising as a form of growth. [8]		
Band	A01	A03	A04	
	2 marks	2 marks	4 marks	
3			<p><b>4 marks</b></p> <p>Excellent evaluation of franchising as a form of growth.</p> <p>Balanced with fully supported judgements made.</p> <p>Key issues have been discussed.</p> <p>May give an overall conclusion.</p>	
2	<p><b>2 marks</b></p> <p>Good knowledge and understanding of franchising as a form of growth.</p>	<p><b>2 marks</b></p> <p>Good analysis of the benefit(s) and drawback(s) of franchising as a form of growth.</p> <p>Points are developed.</p>	<p><b>2-3 marks</b></p> <p>Good evaluation of franchising as a form of growth.</p> <p>Supported judgements are made.</p> <p>Some relevant issues are evaluated.</p>	
1	<p><b>1 mark</b></p> <p>Limited knowledge and/or understanding of franchising.</p>	<p><b>1 mark</b></p> <p>Limited analysis of the benefit(s) and/or drawback(s) of franchising as a form of growth.</p> <p>Developments may be brief.</p>	<p><b>1 mark</b></p> <p>Limited evaluation of franchising as a form of growth.</p> <p>Judgements are superficial and unsupported.</p> <p>Evaluation will be uneven and focus on one side of the argument.</p>	
0	<p><b>0 marks</b></p> <p>No understanding.</p>	<p><b>0 marks</b></p> <p>No analysis.</p>	<p><b>0 marks</b></p> <p>No evaluation.</p>	

**Indicative content:**

Franchising arises when a franchisor grants a licence to another business (franchisee) to allow it to trade using the brand / business format.

**Benefits to the Franchisor**

The main advantages to the franchisor of growing a business using franchising include:

- Enables much quicker geographical growth for a relatively low investment
- Still have the option to open locations that are operated by the Franchisor
- Capital investment by franchisees is an important source of growth finance – As franchisees pay for the franchise and will continue to pay for rent this leaves the franchisor in a situation of having a steady income without having to carry the work out themselves. If the business grew organically by opening its own stores this would carry a heavier investment risk.
- As franchising allows entrepreneurs to join the business and often gives guidance on working practices it is more likely that there will be limited disruption when entrepreneurs join as they will be adapting existing working practices.

**Drawbacks to the Franchisor**

The main disadvantages of franchising include:

- The franchisor must provide support to the franchisee. This includes marketing and staff training.
- Franchisees may place a risk upon the franchisor. Franchisees may not follow correct procedure. This may result in quality being poor or unacceptable. As the franchisee presents themselves as the franchisor this may result in bad press for the franchisor resulting in a loss of trade and damage to brand image.
- Although franchisees generate revenue for the franchisor, if the franchisor grew by organic growth it would mean a higher profit for the franchisor. The franchise arrangement means that the franchisor does not receive the full revenue from sales. The effect of this is reduced profits for the franchisor.

Credit any other valid point.

<b>1</b>	<b>3</b>	<b>Explain how different areas of UK legislation impact on the operations of McDonald's.</b>			<b>[8]</b>
<b>Band</b>		<b>AO1</b>	<b>AO2</b>	<b>AO3</b>	
		<b>4 marks</b>	<b>2 marks</b>	<b>2 marks</b>	
<b>3</b>	<b>4 marks</b> Excellent knowledge and understanding of a wide range of different legislation that could impact on a business.				
<b>2</b>	<b>2–3 marks</b> Good knowledge and understanding of a range of different legislation that could impact on a business.	<b>2 marks</b> Good application of the impact of UK legislation on McDonalds.  The learner makes effective use of the case study.	<b>2 marks</b> Good analysis of the impact of UK legislation on McDonald's.  Points are developed.		
<b>1</b>	<b>1 mark</b> Limited knowledge and /or understanding of different legislation that could impact on a business.	<b>1 mark</b> Limited application of the impact of UK legislation on McDonald's.  The learner makes some use of the case study in the response.	<b>1 mark</b> Limited analysis of the impact of UK legislation on a McDonald's.  Points lack development.		
<b>0</b>	<b>0 marks</b> No understanding of UK legislation.	<b>0 marks</b> No application.	<b>0 marks</b> No analysis.		

**Indicative content:**

- **Employment Law**  
Compliance with employment legislation can be very costly and human resource departments are constantly having to deal with increasing amounts of legislation in relation to recruitment, employee well-being and training. Working in food sector health and safety could be very important. Staff need to be well trained when handling equipment and hot food. Policies and procedures need to be effective to prevent accident or injury otherwise McDonald's could be fined and compensation payments may need to be made.
- **Consumer Protection**  
Making the necessary improvements or adjustments to products in order to comply with consumer legislation can increase costs considerably. Quality control systems are expensive to implement but will benefit a business in the long run. McDonald's have customer complaints departments to deal with increasingly aware customers.
- **Minimum Wage**  
Minimum Wage legislation has an impact upon McDonald's. With over 210 000 workers and many coming from the UK, this would increase costs. Although it must be remembered that the business pay over that level already. Nevertheless, this is still increasing business costs and could reduce profits. In addition, with higher costs McDonald's may be forced to raise prices which could negatively affect their competitiveness on a challenging fast food market. Alternatively, it can motivate workers who in turn perform better and help to provide high standards of goods and services which will attract customers and help gain customer loyalty.

Credit valid points and argument relating to; Taxation, Intellectual property law, Data protection, company law and food labelling law (minimise the impact on promotion) etc.



<b>1</b>	<b>4</b>	<b>Evaluate the impact of McDonald's corporate social responsibility (CSR) strategy on the business, the environment and communities in which it operates.</b> <span style="float: right;"><b>[14]</b></span>		
<b>Band</b>	<b>AO2</b>	<b>AO3</b>	<b>AO4</b>	
	<b>4 marks</b>	<b>4 marks</b>	<b>6 marks</b>	
<b>3</b>	<p><b>4 marks</b></p> <p>Excellent application to McDonalds and the impact their operations have on the business, environment <b>and</b> the communities in which they operate.</p> <p>Application to both the positive and negative impact of McDonald's operations.</p>	<p><b>4 marks</b></p> <p>Excellent analysis of the impact McDonalds operations will have on the business, environment and the communities in which they operate.</p> <p>Points are well developed with a chain of reasoning.</p>	<p><b>5-6 marks</b></p> <p>Excellent evaluation of the impact McDonalds operations will have on the business, environment and the communities in which they operate.</p> <p>The evaluation is balanced with well-supported judgements.</p> <p>Key issues have been discussed.</p> <p>May give an overall conclusion.</p>	
	<b>2</b>	<p><b>2-3 marks</b></p> <p>Good application to McDonalds and the impact their operations may have on the business and/or the environment and/or the communities in which they operate.</p> <p>The learner makes good use of the data in the case study.</p>	<p><b>2-3 marks</b></p> <p>Good analysis of the impact McDonalds operations will have on the business and/or the environment and/or the communities in which they operate.</p> <p>Points are developed.</p>	<p><b>3-4 marks</b></p> <p>Good evaluation of the impact McDonalds operations will have on the business and/or the environment and/or the communities in which they operate.</p> <p>The evaluation may be unbalanced.</p> <p>Supported judgements are made.</p> <p>Some relevant issues are evaluated.</p>
<b>1</b>	<p><b>1 mark</b></p> <p>Limited application to McDonalds and the impact their operations have on the business and/or the environment and/or the communities in which they operate.</p> <p>The learner makes some use of the case study.</p>	<p><b>1 mark</b></p> <p>Limited analysis of the impact McDonalds operations will have on the business and/or the environment and/or the communities in which they operate.</p> <p>Developments may be brief.</p>	<p><b>1-2 marks</b></p> <p>Limited evaluation of the impact McDonalds operations will have on the business and/or the environment and/or the communities in which they operate.</p> <p>Judgements are superficial and unsupported.</p> <p>Evaluation will be uneven, and focus on one side of the argument.</p>	
<b>0</b>	<p><b>0 marks</b></p> <p>No application.</p>	<p><b>0 marks</b></p> <p>No analysis.</p>	<p><b>0 marks</b></p> <p>No evaluation.</p>	

**Indicative content:**

Corporate social responsibility (CSR) assumes businesses are responsible for monitoring, and take responsibility for, the impact they have on both social welfare and the environment.

**Positive Impact:**

- McDonalds show a commitment to reducing its carbon footprint and recycling its waste. This means not only that it is meeting its legal obligations but shows that it cares for the environment. Reducing waste can reduce costs for the business and help to improve profitability in the long term. For example, reusing cooking oil to fuel their lorries will reduce fuel costs in the future.
- McDonalds do provide employment opportunities for local communities, with 210 000 employees worldwide. This not only benefits the local communities but also benefits the UK government, with lower unemployment.
- McDonalds is committed to treating its employees fairly by paying them above Minimum Wage, this will help to retain employees and improve their motivation. Retaining and motivating employees will improve their performance helping to satisfy customers. It can also reduce recruitment and training costs in the long term by having lower labour turnover.
- McDonald's may also bring customers into an area which will provide custom for other local businesses. The increased footfall will provide sales opportunities for local businesses.
- McDonald's try to source locally which will benefit local farmers. For example, buying 100% British Beef provide a great opportunity for British farmers to supply McDonalds increasing their sales.
- McDonald's support local charities and provide sponsorship. For example, the Keeping Britain Clean campaign, this is helping to reduce the impact of litter on the environment.
- McDonald's provide tax revenue for the UK government which can be used to improve the provision of good and services to local communities.

**Negative Impact:**

- McDonalds have faced much criticism about the lack of recycling and use of recyclable packaging. This majorly effects the environment in a negative way with landfill sites being full and litter causing huge problems. Pressure on landfill space is at an all-time high and the identification of suitable alternative means of disposal presents some difficult problems for society. The litter also causes issues in local communities, with customers not disposing of all the packaging correctly.
- McDonald's operations are also negatively affected by the businesses operations in relation to traffic congestion and overcrowding. Traffic congestion and transportation of goods in large Lorries causes CO2 emissions, polluting the environment. People are often delayed in travelling.
- The food provides unhealthy options for customers and is causing obesity problems. This may be impacting on health services in local communities and putting local clinics under stress. It may also be costing the NHS money in relation to caring for those with health problems caused by unhealthy eating.
- Small takeaways are under threat from McDonald's. They may not be able to compete on price. If a McDonald's opens in an area there is likely to be the closure of small independent businesses.

Credit any other valid point.

1	5	Consider how changes in interest rates, taxation and inflation will affect McDonald's and its stakeholders? [14]			
Band	AO1	AO2	AO3	AO4	
	2 marks	2 marks	4 marks	6 marks	
3			<p><b>4 marks</b></p> <p>Excellent analysis of the impact of changes in interest rates, taxation and inflation on McDonald's and its stakeholders.</p> <p>The analysis will be balanced with developed lines of reasoning.</p>	<p><b>5-6 marks</b></p> <p>Excellent evaluation of the impact of changes in interest rates, taxation and inflation on McDonald's and its stakeholders.</p> <p>The impact on a range of stakeholders is assessed.</p> <p>Well-supported judgements are made.</p> <p>May give an overall conclusion.</p>	
2	<p><b>2 marks</b></p> <p>Good knowledge and understanding of the impact of changes in interest rates and/or taxation and/or inflation on McDonald's and/or its stakeholder(s).</p> <p>The learner clearly understands the concept of stakeholders.</p>	<p><b>2 marks</b></p> <p>Good application of the impact of changes in interest rates and/or taxation and/or inflation on McDonald's and its stakeholder(s)</p> <p>The learner makes good use of the data in the case study</p>	<p><b>2-3 marks</b></p> <p>Good analysis of the impact of changes in interest rates and/or taxation and /or inflation on McDonald's and/or its stakeholder(s).</p> <p>The analysis may be unbalanced but points are developed.</p>	<p><b>3-4 marks</b></p> <p>Good evaluation of the impact of changes in interest rates and/or taxation and/or inflation on McDonald's and/or its stakeholder(s).</p> <p>The argument may be unbalanced.</p> <p>Supported judgements are made.</p>	
1	<p><b>1 mark</b></p> <p>Limited knowledge and/or understanding of the impact of interest rates and/or taxation and/or inflation on McDonald's and / or stakeholder(s)</p>	<p><b>1 mark</b></p> <p>Limited application of the impact of interest rates and/or taxation and/or inflation on McDonald's and / or stakeholder(s).</p> <p>The learner makes some use of the case study.</p>	<p><b>1 mark</b></p> <p>Limited analysis of the impact of interest rates and/or taxation and/or inflation on McDonald's and / or stakeholder(s).</p> <p>Developments may be brief.</p>	<p><b>1-2 marks</b></p> <p>Limited evaluation of the impact of interest rates and/or taxation and/or inflation on McDonald's and / or stakeholder(s).</p> <p>Judgements are superficial and unsupported.</p> <p>Evaluation will be uneven and focus on just McDonald's or one stakeholder.</p>	
0	<p><b>0 marks</b></p> <p>No knowledge or understanding.</p>	<p><b>0 marks</b></p> <p>No application.</p>	<p><b>0 marks</b></p> <p>No analysis.</p>	<p><b>0 marks</b></p> <p>No evaluation.</p>	

## Indicative content:

- **Interest Rates**

Interest rates are an additional cost of borrowing or money accrued from savings. It is clear from the data that interest rates are historically low. This **could be of benefit** to McDonald's in two ways. **Firstly**, the general public may have increased spending power with lower interest payments on loans and mortgages. This may mean that more customers can afford to eat out regularly, increasing sales for McDonald's. **However**, it could also mean that customers substitute fast food for more expensive restaurants. **Secondly**, McDonald's may benefit from lower costs as a result of lower repayments on any money long term borrowing or the company may choose to take advantage of the low rates to fund more growth. **However**, the rates have fluctuated and there if McDonald's have become dependent on borrowed money then if the rates were to rise, costs would be increased and profits may have to fall.

- **Taxation**

Taxes can be broadly split into two types. Direct taxation (taxation on income) and indirect taxation (taxes on spending). McDonalds will be affected by both. In particular they will be affected by:

- **Corporation tax** which is a tax on company profits. At the previous rate of 19% McDonald's will be negatively affected with lower levels of retained profit. With McDonald's earning £483million in profits this should generate £91 777 000 for the UK government which can provide a vital source of income for the UK government that can be used to fund the public sector, spent on infrastructure or used to support the economy. **However**, the case study suggests that McDonalds are paying far less than this, with £65 000 000. Whilst this is still a significant sum, the government are missing out on vital income. This is positive for McDonald's because they are receiving more retained profit which could be reinvested or they could provide large dividends to shareholders which will encourage greater investment.
- **VAT** which is a tax on most goods and services. The case study shows that this can fluctuate but it had been stable on 20% for almost a decade. This is good because businesses such as McDonald's can plan better but it will still increase the costs of providing the food on the menu. Not only this, but it also affects customers because it is charged to them also. If this were to rise, then it is likely that prices would rise or profits would fall. **However**, this is good for the government because McDonalds is popular then this will generate large sums of money for them to use.
- **Fuel Duty** which is a tax on petrol and diesel. According to the case study this is likely to increase which may negatively affect McDonald's because they have to transport large quantities of supplies across more than 30 000 restaurants. This will no doubt increase business costs which could impact on profitability. **However**, through their CSR policy the company have cut the amount of fuel used by half so this will not have such a significant impact. It may **also** be that the additional costs are passed on to the consumer in terms of higher prices but this could be detrimental to sales.
- **Sugar Tax** introduced in 2018 could have been detrimental to company profits but McDonald's chose to pass the cost on to customers. **Therefore**, customers felt the brunt of this tax with 8pence and 12pence increases to the costs of drinks and/or meals. **However**, this could leave a bad taste with consumers so they may choose alternatives to McDonalds. **Alternatively**, McDonalds have widened their product portfolio to include healthier drinks such as Sprite Zero which may provide more choice for customers.

- **Inflation**

Inflation is a general rise in price. As the data shows, the UK government have a target of 2% because this would be stable and easier to manage the economy. Unfortunately, as the data suggests, this is not always possible and the rate fluctuates.

In 2007, there was a period of deflation which can cause many problems for businesses.

During these periods customers often refrain from buying in the hope that prices fall even further. This could impact on McDonald's because it may mean that there is less footfall and less customers visiting restaurants. However, this may have resulted in lower costs for raw materials which could be passed on to customers in lower prices or simply could lead to increased profit margins for the company which can then be passed on to shareholders in the form of increased dividends.

If inflation is high it can also be a problem with increased costs of raw materials which may lead to increased prices for customers. For example in 2011 and 2017 inflation was relatively high, this can result in a fall in customers plus increased costs from higher wage demands. However, at times like this it could be detrimental for employees; if wages rise it may mean that businesses like McDonalds reduce the size of its workforce.

Credit any other valid point.

<b>2</b>	<b>1</b>	<b>Describe the difference between strategic decisions and operational decisions made by a national retail business.</b>	<b>[10]</b>
<b>Band</b>	<b>AO1</b>		<b>AO2</b>
	<b>6 marks</b>		<b>4 marks</b>
<b>3</b>	<b>5-6 marks</b>		
	Excellent knowledge and understanding of both strategic and operational decision making.		
	A range of points are described in detail.		
	<b>3-4 marks</b>		<b>3-4 marks</b>
	Good knowledge and/or understanding of both strategic and/or operational decision making.		Good application of strategic and operational decisions made by a national retail business.
<b>2</b>	A few points are described in detail or a range of points are described briefly.		The candidate clearly identifies examples of types of decisions made by national retail businesses and uses the relevant content and data to develop and support their argument.
	<b>1-2 marks</b>		<b>1-2 marks</b>
<b>1</b>	Limited knowledge and/or understanding of strategic and/or operational decision making.		Limited application of strategic and/or operational decisions made by a national retail business.
	Points may be listed or one point described briefly.		The candidate response is mainly theoretical with the inclusion of some reference to examples or an example of decisions made by national retail businesses.
<b>0</b>	<b>0 marks</b>		<b>0 marks</b>
	No knowledge or understanding of strategic or operational decision making.		No application of strategic or operational decisions made by a national retail business.

### Indicative content:

Decisions are made in business organisations all of the time. Some decisions will be straightforward and pose no major issues to decision makers. However, many decisions will not be so clear-cut and the alternatives that exist will result in a business having to decide on which course of action to take.

Decision-making can solve problems for a business. Some decisions will be difficult to make and they may have negative outcomes for certain stakeholders of the business. All decisions will involve risk, there is no certainty that the decision taken by a business will lead to the best outcome.

- **Strategic decisions** are long term and will affect the direction the business takes. These decisions will affect the entire business and will be made by the owners or senior management. In a national retail business these decisions are likely to be made by the directors or head office and may involve decisions about product range, marketing strategies or potential new locations. Strategic decisions are often complex and may result in major organisational change internal to the business or in the markets, or new markets they operate in. Strategic decisions may also involve a large financial commitment in order to carry out the decision.
- **Operational decisions** are the day-to-day decisions made in a business. These are lower-level decisions that tend to be short term and have little risk. In a national retail business these decisions may include work rotas, recruitment of staff, job roles etc. A business will make hundreds of operational decisions in a typical day by a range of employees, as they do not need the careful thought and planning of strategic and tactical decisions. Many decisions at this level are routine and can be taken quickly.

Credit any other valid point.

<b>2</b>	<b>2</b>	<b>Evaluate the view that using quantitative decision-making models will guarantee the success of a business”.</b> <span style="float: right;"><b>[20]</b></span>		
<b>Band</b>	<b>AO1</b>	<b>AO3</b>	<b>AO4</b>	
	<b>4 marks</b>	<b>8 marks</b>	<b>8 marks</b>	
<b>3</b>		<p><b>6-8 marks</b></p> <p>Excellent analysis of the usefulness of quantitative decision-making models in helping businesses succeed.</p> <p>The key issues for both sides of the debate are analysed in detail.</p> <p>The analysis will be well balanced, well developed and with a clear line of argument.</p>	<p><b>6-8 marks</b></p> <p>Excellent evaluation of the usefulness of quantitative decision-making models in helping businesses succeed.</p> <p>The evaluation is balanced and detailed and will focus on the key issues.</p> <p>The evaluation provides a broad range of arguments on both sides of the debate.</p> <p>Clear judgements are made with supporting statements to build an argument.</p> <p>A holistic evaluation will be offered with an overall conclusion.</p>	
<b>2</b>	<p><b>3-4 marks</b></p> <p>Good knowledge and understanding of the usefulness of quantitative decision-making models in helping businesses succeed.</p> <p>Clear knowledge and understanding of the benefits and drawbacks of a range of different methods of quantitative decision-making models.</p>	<p><b>3-5 marks</b></p> <p>Good analysis of the usefulness of quantitative decision-making models in helping businesses succeed.</p> <p>A number of key issues are analysed.</p> <p>The analysis may be uneven, with some well-developed ideas and others where the development is more limited.</p>	<p><b>3-5 marks</b></p> <p>Good evaluation of the usefulness of quantitative decision-making models in helping businesses succeed.</p> <p>The evaluation may be unbalanced and will include most of the key issues.</p> <p>Judgments are made with some attempt to support statements and build arguments.</p> <p>A brief conclusion will be offered.</p>	



<b>1</b>	<p style="text-align: center;"><b>1-2 marks</b></p> <p>Limited knowledge and/or understanding of the usefulness of quantitative decision-making models in helping businesses succeed.</p> <p>The learner identifies some of the key benefits and/or drawbacks of quantitative decision-making models.</p>	<p style="text-align: center;"><b>1-2 marks</b></p> <p>Limited analysis of the usefulness of quantitative decision-making models in helping businesses succeed.</p> <p>A limited number of issues are analysed.</p> <p>The analysis may focus on one side of the argument.</p>	<p style="text-align: center;"><b>1-2 marks</b></p> <p>Limited evaluation of the usefulness of quantitative decision-making models in helping businesses succeed.</p> <p>The evaluation will include some of the key issues but with limited development.</p> <p>Judgements are superficial and unsupported.</p> <p>Evaluation will be uneven and focus on one side of the argument.</p> <p>Evaluation tends to be asserted rather than explained.</p>
<b>0</b>	<p style="text-align: center;"><b>0 marks</b></p> <p>No understanding of the usefulness of quantitative decision-making models in helping businesses succeed.</p>	<p style="text-align: center;"><b>0 marks</b></p> <p>No analysis of the usefulness of quantitative decision-making models in helping businesses succeed.</p>	<p style="text-align: center;"><b>0 marks</b></p> <p>No evaluation of the usefulness of quantitative decision-making models in helping businesses succeed.</p>

**Indicative content:**

Quantitative decision making involves the use of facts and data in a systematic way in order to arrive at a logical and evidence-based decision. The quantitative approach is favoured by most businesses making strategic and tactical decisions as it is based on logic and evidence and should reduce the risk of failure. The process includes the consideration of alternative decisions, so all possible courses of action are included and the business will undertake a full analysis before making any decisions. There are numerous quantitative decision-making models including decision tree analysis, CPA, cost benefit analysis, break even and investment appraisals.

Benefits of quantitative decision-making models:

- Clearly lay out the problem so that all options can be considered helping management to make informed decisions – also helps to display options to a range of employees and stakeholders to help make a decision
- Allow managers to analyse fully the possible consequences and risks of a decision by illustrating potential sales, costs, profitability and elements of risk such as margin of safety or probabilities of success.
- Provide a framework to quantify the values that can sometimes be difficult to measure such as social costs and benefits in cost benefit analysis.

Drawbacks of quantitative decision-making models:

- Time consuming so there is an opportunity cost
- Data may be inaccurate or include bias
- Don't take into account external factors that can impact on decisions such as labour, economic factors, social factors etc

Therefore, qualitative decision-making may also benefit a business and help it to be successful for example using expert opinions such as industry experts who have vast experience in certain markets or during certain situations such as an economic downturn. Intuitive decision-making has proved successful for many entrepreneurs and managers who use their experiences and emotions to make a decision. There is often no data or systematic approach to back up this decision. Intuitive decisions can be made quickly and are often useful for operational decisions, however at strategic and tactical level there is a large risk on relying on intuitive decision making alone.

Or

Evaluation of different quantitative decision-making models such as break even, decision tree analysis or CPA etc.

<b>3</b>	<b>1</b>	<b>Describe how transport providers such as taxis, trains, aeroplanes and buses may have used new technology to improve their services. [10]</b>	
<b>Band</b>	<b>AO1</b>		<b>AO2</b>
	<b>6 marks</b>		<b>4 marks</b>
<b>3</b>	<b>5-6 marks</b> Excellent knowledge and understanding of how a range of new technology could be used by transport providers to improve the provision of their services.		
<b>2</b>	<b>3-4 marks</b> Good knowledge and/or understanding of how new technology can be used by transport providers to improve the provision of their services.		<b>3-4 marks</b> Good application of how new technology can be used by transport providers to improve the provision of services for customers.  The candidate clearly identifies examples of new technologies used by transport providers and uses the relevant content and data to develop and support their points.
<b>1</b>	<b>1-2 marks</b> Limited knowledge and/or understanding of how new technology can be used by transport providers to improve the provision of services for customers.		<b>1-2 marks</b> Limited application of how new technology can be used by transport providers to improve the provision of services for customers.  The candidate response is mainly theoretical with the inclusion of some reference to examples or an example of new technologies used by transport providers.
<b>0</b>	<b>0 marks</b> No understanding.		<b>0 marks</b> No application.

### Indicative content:

The transport industry has benefited greatly from new technology not only in the provision services but also in relation to the collection of consumer data. Examples include:

- M-commerce has allowed businesses to improve provision of services for customers. Customers can conveniently book travel via mobile devices. Without e-commerce and m-commerce Uber would not exist.
- Customer can book taxis, buses, rail and flights online. This is good for customers because there is more choice especially with third party providers. Therefore, customers can search for the lowest priced travel relatively easily.
- Reviews are available on the Internet which supports a customer in their choice of travel. For example, taxis with a poor customer feedback rating will be less likely to be used.
- All modes of transport such as taxis and buses now have contactless payments making it more convenient and accessible for customers.
- Transport providers such as Taxis are now providing driver's details and continuous tracking of drivers route to communicate with customers such arrival time but to also make customers feel a bit safer in the knowledge of the drivers name etc.
- The use of electric vehicles which suits the needs and wants of a diverse consumer group, for example those that are environmentally friendly.

- Databases and cookies are now used by transport companies to monitor consumer behaviour. For example, Uber store data of customer's recent destination to inform and promote customer cheaper times for travel. Mega bus will promote cheap deals as well as airline companies such as BA promoting special offers for various flight destinations.
- The use of loyalty cards is also popular with some modes of travel. For example, BA have an executive account for frequent flyers to build up AVIOS points which can then be used on planes or for tickets.

Credit any other valid point.

3	2	Evaluate the view that the most successful businesses are those that invest large amounts of capital into new technology. [20]		
Band	AO1	AO3	AO4	
	4 marks	8 marks	8 marks	
3		<p><b>6-8 marks</b></p> <p>Excellent analysis of the importance and impact of investing in new technology.</p> <p>The key issues for both sides of the debate are analysed in detail.</p> <p>The analysis will be well balanced, well developed and with a clear line of reasoning.</p>	<p><b>6-8 marks</b></p> <p>Excellent evaluation of the importance and impact of investing in new technology.</p> <p>The evaluation is balanced and detailed and will focus on the key issues.</p> <p>The evaluation provides a broad range of arguments on both sides of the debate.</p> <p>Clear judgements are made with supporting statements to build an argument.</p> <p>A holistic evaluation will be offered with an overall conclusion.</p>	
2	<p><b>3-4 marks</b></p> <p>Good knowledge and understanding of the importance and impact of investing in new technology.</p> <p>Clear understanding of the benefits and drawbacks of a range of different methods of new technology to a business.</p>	<p><b>3-5 marks</b></p> <p>Good analysis of the importance and impact of investing in new technology.</p> <p>A number of key issues are analysed.</p> <p>The analysis may be uneven, with some well-developed ideas and others where the development is more limited.</p>	<p><b>3-5 marks</b></p> <p>Good evaluation of the importance and impact of investing in new technology.</p> <p>The evaluation may be unbalanced and will include most of the key issues.</p> <p>Judgments are made with some attempt to support statements and build arguments.</p> <p>A brief conclusion will be offered.</p>	
1	<p><b>1-2 marks</b></p> <p>Limited knowledge and/or understanding of the importance and/or impact of investing in new technology.</p> <p>The learner identifies some of the key benefits and/or drawbacks of investing in new technology.</p>	<p><b>1-2 marks</b></p> <p>Limited analysis of the importance and/or impact of investing in new technology.</p> <p>A limited number of issues are analysed.</p> <p>The analysis may focus on one side of the argument.</p>	<p><b>1-2 marks</b></p> <p>Limited evaluation of the importance and impact of investing in new technology.</p> <p>The evaluation will include some of the key issues but with limited development.</p> <p>Judgements are superficial and unsupported.</p> <p>Evaluation will be uneven and focus on one side of the argument.</p> <p>Evaluation tends to be asserted rather than explained.</p>	

<b>0</b>	<b>0 marks</b> No understanding of the importance or impact of investing in new technology.	<b>0 marks</b> No analysis of the importance or impact of investing in new technology.	<b>0 marks</b> No evaluation of the importance and impact of investing in new technology.
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**Indicative content:**

**Arguments in favour:**

There are many industries in all three sectors of the economy where new technology plays an important role in business success. For example, farming, fishing, manufacturing and the provision of services can all benefit from new technology. Irrigation systems in farming, sonar technology in fishing, CAD/CAM and robotics in manufacturing, the use of e-commerce and m-commerce in retailing, the use of social media and digital marketing in promotion, are all examples of how new technology can be used to improve business operation.

Those businesses that make the best use of these technologies are likely to have a competitive advantage over their rivals as productivity will increase and they will be more profitable. Benefits include:

- Increased speed/quality in production of and/or provision of goods which results in a reduction in unit costs (economies of scale) - technology will help to minimise waste in the production and provision of goods and services which will clearly speed up the production of goods and services but also lead to a reduction in costs with less resources used including materials, labour and time. Therefore, this will help to improve profitability for businesses, which could be invested into other functional areas leading to further improvements in quality and/or efficiency.
- Improvements in the collection and interpretation of data – businesses from all industries including manufacturing and retail are utilising computerized systems to collect market research data regarding needs and wants of customers. This data is then utilized to meet the needs and wants of different target groups. Examples include loyalty cards, which collate data and create customer profiles helping with the promotion of goods and services. Again, this helps to avoid wasteful marketing which is reducing costs but improving quality of service.
- E-commerce, M-commerce and Social Media has not only widened the market for businesses with physical stores but it has also led to the very existence of businesses such as Amazon who have now gone on to dominate their markets because it also leads to reduced fixed costs in relation to rent and rates. Therefore, this reduced costs can improve profits but also be used to improve competitiveness for example, savings may be passed on to consumers with cheaper prices.

**Arguments against:**

- The costs involved – many businesses particularly small businesses or those operating in niche markets may not have the capital available to invest in new technology but still survive because they serve a local or small market that are happy with the standard of goods and services provided. Many micro or small businesses in local communities have existed for over 100 years without the introduction of expensive technology.
- Some businesses, often in particular niche markets, benefit from not using new technology, their USP is the fact that they make things using traditional technologies - for example Morgan cars, home-made produce such as cakes and jams and hand-made guitars, are all popular precisely because they are not made with new technology.
- The need to train staff - the introduction of new technology may not work unless employees are properly trained to use it and have a positive attitude to its use. They may also need to be recompensed with higher wages that, to some extent, offset the benefits of the new technology.

- The possibility that it will not work or go out of date before it has paid for itself - Also, even good technology may become rapidly out of date, as the rate of progress is so rapid. This means that some investments may never pay back.
- A great deal of money can be invested in IT hardware and software that does not work and the same is true of any new technology that is badly designed. There are plenty of examples of badly implemented IT schemes, particularly in the public sector, that have cost a great deal of money, taken a long time to introduce and have ultimately failed.
- Even companies that exist in markets where new technology is usually an advantage are not guaranteed success. Some Japanese television companies invested a great deal of money in new technology but were still unable to compete effectively with manufacturers in Korea and elsewhere because their labour costs were too high.
- There also has to be a market for the products produced. For example the UK coal mining industry had a lot of new technology invested in it only months before the decision to close the majority of mines because coal could be imported cheaper than it could be extracted in the UK.

Properly used new technology can greatly benefit a business, helping it to produce products more cheaply and responding more quickly to the requirements of its customers. Technology tends to be expensive so the returns on investment in it are not always guaranteed.

Therefore the conclusion is that in many cases the proposition is true but new technology is only one factor in business success and attention needs to be paid to the other factors as well.

Credit any other valid argument.

<b>4</b>	<b>1</b>	<b>Describe the challenges to a large UK based clothes manufacturer when developing products for international markets.</b>		<b>[10]</b>
<b>Band</b>	<b>AO1</b>		<b>AO2</b>	
	<b>6 marks</b>		<b>4 marks</b>	
<b>3</b>	<b>5-6 marks</b>			
	<p>Excellent knowledge and understanding of the challenges businesses face when developing products for international markets.</p> <p>The candidate illustrates excellent knowledge and understanding of international trade and the difficulties of international trade.</p>			
<b>2</b>	<b>3-4 marks</b>		<b>3-4 marks</b>	
	<p>Good knowledge and/or understanding of the challenges businesses face when developing products for international markets.</p> <p>The candidate illustrates good knowledge and understanding of international trade and the difficulties of international trade.</p>		<p>Good application of the challenges manufacturers face when developing products for international markets.</p> <p>The candidate clearly identifies the challenges to clothes manufacturers.</p>	
<b>1</b>	<b>1-2 marks</b>		<b>1-2 marks</b>	
	<p>Limited knowledge and/or understanding of the challenges businesses face when developing products for international markets.</p>		<p>Limited application of the challenges manufacturers face when developing products for international markets.</p> <p>The candidate response is mainly theoretical with the inclusion of some reference to the challenges a clothes manufacturer would face.</p>	
<b>0</b>	<b>0 marks</b>		<b>0 marks</b>	
	No understanding.		No application.	

**Indicative content:**

International trade consists of buying and selling of exports and imports between countries.

- Promotional strategies – need to be altered to cater for the different needs and wants of customers from different countries as well as different languages.
- Modification – products may need to be adapted to meet the needs of different customers in terms of different culture or religion. An example would be different material required to make the clothing or to accommodate different climates/weather. Another example may be some countries may not purchase or wear leather products therefore manufacturer may need to alter the fabrics used to make products.
- Pricing – distributions costs may increase price which will make it difficult for manufacturers of clothing to compete in global markets. Therefore, margins may have to be lower in order to compete with domestic clothes manufacturers.
- Languages – this could have a major impact on the labelling of clothing. Manufacturers need to ensure that accurate labels are placed on items of clothing to abide by laws but this may increase production costs.
- Laws – health and safety / consumer protection are different in many countries especially those outside of the EU. Manufacturers of clothing need to ensure that products meet the criteria set out in legislation which could again increase costs.

Credit any other valid point.



4	2	To what extent do you agree that globalisation has been of benefit to all UK businesses and their stakeholders? [20]		
Band	AO1	AO3	AO4	
	4 marks	8 marks	8 marks	
3		<p><b>6-8 marks</b></p> <p>Excellent analysis of the impact of globalisation on UK businesses and a range of stakeholders.</p> <p>The analysis will be well balanced, well developed and with a clear line of reasoning.</p>	<p><b>6-8 marks</b></p> <p>Excellent evaluation of the impact of globalisation on UK businesses and a range of stakeholders.</p> <p>The evaluation is balanced and detailed and will focus on the key issues.</p> <p>The evaluation provides a broad range of arguments on both sides of the debate.</p> <p>Clear judgements are made with supporting statements to build an argument.</p> <p>A holistic evaluation will be offered with an overall conclusion.</p>	
2	<p><b>3-4 marks</b></p> <p>Good knowledge and understanding of the impact of globalisation on UK businesses and their stakeholders.</p>	<p><b>3-5 marks</b></p> <p>Good analysis of the impact of globalisation on UK businesses and/or stakeholder(s).</p> <p>A number of key issues are analysed.</p> <p>The analysis may be uneven, with some well-developed ideas and others where the development is more limited.</p>	<p><b>3-5 marks</b></p> <p>Good evaluation of globalisation on UK businesses and/or stakeholder(s).</p> <p>The evaluation will include most of the key issues and may be unbalanced.</p> <p>Judgments are made with some attempt to support statements and build arguments.</p> <p>A brief conclusion may be offered.</p>	
1	<p><b>1-2 marks</b></p> <p>Limited knowledge and/or understanding of the impact of globalisation on UK businesses or stakeholders.</p>	<p><b>1-2 marks</b></p> <p>Limited analysis of the impact of globalisation on UK businesses or their stakeholders.</p> <p>A limited number of issues are analysed.</p> <p>The analysis may focus on one side of the argument.</p>	<p><b>1-2 marks</b></p> <p>Limited evaluation of globalisation on UK businesses or their stakeholders.</p> <p>The evaluation will include some of the key issues but with limited development.</p> <p>Judgements are superficial and unsupported.</p> <p>Evaluation will be uneven and focus on one side of the argument.</p> <p>Evaluation tends to be asserted rather than explained.</p>	
0	<p><b>0 marks</b></p> <p>No understanding of the impact globalisation on UK businesses.</p>	<p><b>0 marks</b></p> <p>No analysis of the impact of globalisation on UK businesses.</p>	<p><b>0 marks</b></p> <p>No evaluation of globalisation on UK businesses.</p>	

## Indicative content:

Globalisation is the process of increased integration and co-operation of different national economies.

### Arguments for Globalisation

- They **can reduce their costs** and increase profits by producing in low-cost countries.
- **Businesses** that sell in foreign markets have the opportunity to **generate higher earnings** because the margins in overseas markets may exceed those found at home and/or attracting a wider market. There is also the opportunity of **spreading of risks**; this is especially related to fluctuations in demand in the home market caused by the business cycle. This means that if the UK market has become saturated then sales revenue can be generated in growing markets abroad. For example, the UK vehicle market is saturated but sales in China and the US are still growing.
- **Businesses** may benefit from **economies of scale**. Producing on a larger scale helps to cut costs. This can lead to a more competitive business by utilising the spare capital to invest in strategy such as growth and or marketing existing products. Alternatively, the business could generate more profit which can be distributed amongst **owners/shareholders**, retained to provide sources of finance for future strategy or used to motivate staff. The **owners** can also benefit if they are able to have goods manufactured cheaper in another country with lower wage rates. *(Credit any valid argument on internal economies of scale)*
- The **workers** of a business may benefit if the company they work for increases its worldwide sales through increased levels pay, bonus, job security, promotion etc.
- **Consumers** in general will benefit from being able to buy a far wider range of goods than they would otherwise have available to them, often at considerably lower prices.
- **Local communities** may benefit if the local businesses benefit from global trade. **Suppliers** may similarly benefit if trade increases with increased orders.
- Exchange rates – reference to SPICED.

### Arguments against globalisation

- **Local industries and SME's** find it difficult to compete with large multinational global businesses who benefit for lower average costs. They cannot compete with their product range, price or promotional strategies.
- **Cultural difference** can have a significant impact on how goods are sold in different markets. Marketing history is littered with examples of **businesses** that have ignored cultural differences at their cost. Examples include the Ford Fiesta, which was to be launched with the name Ford Caprino (goats' poo in Italian) and Tesco has had to adapt the range of products it sells in China. This can lead to an increase in costs because promotional material, labelling and packaging may need to be adapted.
- Increased competition or the relocation of factories may result in **loss of jobs**.
- Some **consumers** may feel that **quality has been sacrificed** in moving production from the UK to overseas.
- The **government** may find that it has less control over multinational companies that pay their taxes elsewhere. The government may also be concerned about loss of jobs and even the potential loss of whole industries, such as clothing and possibly steel.
- **Local communities** may suffer if local companies close down. In addition, **local communities** may be ignored with large global companies not necessarily focusing on domestic markets but catering for a mass market.
- **Suppliers** may lose out if production moves elsewhere.
- Exchange rates – reference to SPICED.

Credit any other valid line of argument such as legal differences.