

A-level BUSINESS 7132/3

Paper 3 Business 3

Mark scheme

Sample assessment material

Version: 1.0

Mark schemes are prepared by the Lead Assessment Writer and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation events which all associates participate in and is the scheme which was used by them in this examination. The standardisation process ensures that the mark scheme covers the students' responses to questions and that every associate understands and applies it in the same correct way. As preparation for standardisation each associate analyses a number of students' scripts. Alternative answers not already covered by the mark scheme are discussed and legislated for. If, after the standardisation process, associates encounter unusual answers which have not been raised they are required to refer these to the Lead Examiner.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of students' reactions to a particular paper. Assumptions about future mark schemes on the basis of one year's document should be avoided; whilst the guiding principles of assessment remain constant, details will change, depending on the content of a particular examination paper.

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Level of response marking instructions

Level of response mark schemes are broken down into levels, each of which has a descriptor. The descriptor for the level shows the average performance for the level. There are marks in each level.

Before you apply the mark scheme to a student's answer read through the answer and annotate it (as instructed) to show the qualities that are being looked for. You can then apply the mark scheme.

Step 1 Determine a level

Start at the lowest level of the mark scheme and use it as a ladder to see whether the answer meets the descriptor for that level. The descriptor for the level indicates the different qualities that might be seen in the student's answer for that level. If it meets the lowest level then go to the next one and decide if it meets this level, and so on, until you have a match between the level descriptor and the answer. With practice and familiarity you will find that for better answers you will be able to quickly skip through the lower levels of the mark scheme.

When assigning a level you should look at the overall quality of the answer and not look to pick holes in small and specific parts of the answer where the student has not performed quite as well as the rest. If the answer covers different aspects of different levels of the mark scheme you should use a best fit approach for defining the level and then use the variability of the response to help decide the mark within the level, ie if the response is predominantly level 3 with a small amount of level 4 material it would be placed in level 3 but be awarded a mark near the top of the level because of the level 4 content.

Step 2 Determine a mark

Once you have assigned a level you need to decide on the mark. The descriptors on how to allocate marks can help with this. The exemplar materials used during standardisation will help. There will be an answer in the standardising materials which will correspond with each level of the mark scheme. This answer will have been awarded a mark by the Lead Examiner. You can compare the student's answer with the example to determine if it is the same standard, better or worse than the example. You can then use this to allocate a mark for the answer based on the Lead Examiner's mark on the example.

You may well need to read back through the answer as you apply the mark scheme to clarify points and assure yourself that the level and the mark are appropriate.

Indicative content in the mark scheme is provided as a guide for examiners. It is not intended to be exhaustive and you must credit other valid points. Students do not have to cover all of the points mentioned in the Indicative content to reach the highest level of the mark scheme.

An answer which contains nothing of relevance to the question must be awarded no marks.

Marking guidance

- Be clear on the focus of the question.
- Read the response as a whole; follow the flow of the argument as a whole.
- Remember that the indicative content provides possible lines of argument but there may be others that are equally valid. Be willing to credit other lines of argument.
- Annotate the script as you read in accordance with the instructions given at standardisation.
- Consider what it all adds up to, eg is this a limited response? A reasonable one? A good one? Refer back to the standardisation scripts and guidance to help you benchmark. You are marking to the standard agreed at standardisation. Be careful of the standard you are marking at; refer back to standardisation scripts regularly.
- Summarise your findings briefly at the end of the response. This will help you decide on the overall level and is helpful for others to understand the mark given, eg for an extended response 'well-argued' but does not focus fully on the issue of 'long term' feels as if it might be good rather than excellent. Make sure the comments fit with the level awarded: 'unbalanced and not comparing with alternative solutions' does not sound as if it is 'good'.
- Next to your comment put the level awarded, eg L4.
- If in doubt about an approach contact your Team Leader, do not make up your own rules because we must have a standardised approach across all marking.
- Be positive in your marking. Look to reward what is there.

Annotation key

Annotation	Definition	
KU	Knowledge and understanding – used to credit knowledge of the specification and also	
	to acknowledge 'points' made in relation to the question, perhaps explained, but	
	once the point has some analytical dev, annotate AN or ARG	
Bal	Balanced response, eg both sides acknowledged with at least a valid ARG on either side	
AN	Analytical but lacks context, ie a theoretical line of argument	
ARG	Argument (analysis in context)	
DEV	Developed argument (well-developed analysis in context)	
Rng	Range of arguments, ie two ARG's presented	
J	Judgement with support	
LF	Losing/lost focus – not fully focused on the demands of the question	
BOD benefit of doubt – though there is some uncertainty over the student's m		
	point or aspect of the argument will be accepted as valid, thus creditworthy	
NAQ	Not answering the question - response has drifted from answering the question set.	
	When using, be sure to read the whole response carefully – students will often drift back	
	to answering the question later in their response – normal annotation should resume	
	whenever they come back to addressing the demands of the question	
OFR	own figure rule – to be annotated where a valid argument develops following a	
	miscalculation (ie a wrong answer is used correctly)	
SEEN	used to annotate blank pages to show they have been scanned for any student	
	response – please check the whole page	
Tick	ONLY used to show a correct calculation – please use KU when annotating valid	
	points	
Cross	to show an incorrect calculation or a clearly incorrect link in a chain of logic – if in doubt,	
	do not cross, use BOD	
?	Meaning unclear	
REP	Repetition	

Analyse how marketing research might have helped Sandbrocks to increase its market share between 2018 and 2022.

[12 marks]

Marks for this question: AO1 = 3, AO2 = 3, AO3 = 6

Level	The student will typically demonstrate	Marks
3	 A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: demonstrates a depth and range of knowledge and understanding of issues in the question demonstrates analysis which is well developed, applied effectively to the context and considers a range of issues in the question. 	9–12
2	 A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: 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 demonstrates analysis which is developed, applied to the context and considers some of the issues in the question. 	5–8
1	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: demonstrates a limited range and depth of knowledge and understanding of issues in the question demonstrates analysis with little development and mainly descriptive application to the context.	1–4

The demands of this question are:

- to demonstrate knowledge and understanding of relevant issues such as marketing research and market share
- apply this to the context of Sandbrocks
- to analyse the possible impact of marketing research in relation to the market share of the business.

Indicative content:

- Marketing research gathers and analyses the data relating to the market, competitors and marketing activities.
- Market share measures the sales of one business as a percentage of the market as a whole.
- Marketing research may affect:
 - the market segment where the business competes (and where it doesn't), eg decision to focus on the UK market, or to focus on convenience stores; choosing the right segment may improve sales
 - the marketing mix, ie how the strategy is implemented; it may affect decisions about the products offered, eg food and non food
 - o the pricing, eg relative to rivals' pricing
 - o its approach to branding, eg its own-brand items

- o store locations and the physical environment in-store
- o the marketing process, eg self-service
- o the nature and message of its promotions, eg via reward cards.
- All of these decisions based on research, such as information from loyalty cards, might have led to more effective marketing by Sandbrocks and therefore higher market share.

Analyse how effective supply chain management increases Sandbrocks' competitiveness.

[12 marks]

Marks for this question: AO1 = 3, AO2 = 3, AO3 = 6

Level	The student will typically demonstrate				
3	 A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: demonstrates a depth and range of knowledge and understanding of issues in the question demonstrates analysis which is well developed, applied effectively to the context and considers a range of issues in the question. 	9–12			
2	 A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: 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 demonstrates analysis which is developed, applied to the context and considers some of the issues in the question. 	5–8			
1	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: demonstrates a limited range and depth of knowledge and understanding of issues in the question demonstrates analysis with little development and mainly descriptive application to the context.	1–4			

The demands of this question are:

- to demonstrate knowledge and understanding of relevant issues such as supply chain management and competitiveness
- apply this to the context of Sandbrocks
- to analyse the possible impact of effective supply chain management on Sandbrocks competitiveness

Indicative content:

- Supply chain management involves a business managing its relationships with its suppliers
- This will have an impact on costs, quality, speed of response and flexibility
- In the case of Sandbrocks, supply chain management will have helped the business be competitive by:
 - providing good and healthy food which may differentiate it from competitors (or at least match them)
 - o 'treating suppliers well', possibly distinguishing them from competitors
 - stocking the right products in store, not running out and providing more choice and benefits for customers
 - increasing efficiency, enabling it to offer lower prices.
- Sandbrocks is operating in an increasingly competitive environment and there is greater pressure for businesses to deliver high quality items, quickly, at a low price and from ethical sources.

Effective supply chain management is helping Sandbrocks remain competitive through its impact on inventory, costs and quality.

From 2018 to 2022. Sandbrocks' gearing rose from 35.9% to 40.1% and its current ratio rose from 0.55 to 0.61.

Evaluate the possible implications of these changes for Sandbrocks during a period of 'difficult market conditions' (line 62).

[16 marks]

Marks for this question: AO1 = 2, AO2 = 3, AO3 = 4, AO4 = 7

Level	The student will typically demonstrate					
4	 An excellent response overall that is fully focused on the key demands of the question. Provides an answer to the question set that: demonstrates a depth and range of knowledge and understanding that is precise and well selected in relation to issues in the question demonstrates analysis throughout which is well developed, is applied effectively to the context and considers a balanced range of the issues in the question makes judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole throughout. 	13–16				
3	 A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: demonstrates a depth and range of knowledge and understanding of issues in the question demonstrates analysis which is well developed, applied effectively to the context and considers a range of issues in the question makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole. 	9–12				
2	 A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: 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 demonstrates analysis which is developed, applied to the context and considers some of the issues in the question makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole. 	5–8				

1	A limited response overall with little focus on the demands of the question.	1–4
	Provides an answer to the question set that:	
	 demonstrates a limited range and depth of knowledge and understanding of issues in the question 	
	 demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question 	
	 makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole. 	

- to demonstrate knowledge and understanding of relevant issues such as the gearing and the current ratio
- to apply this to the context of the difficult market conditions facing Sandbrocks
- to analyse the possible impact of changes in these ratios on the organisation
- to evaluate qualitative and quantitative information to make an informed judgement on the
 possible implication of the changes in the ratios. For example it may consider the
 significance of the changes given the market conditions and make a judgement on the
 implications

Indicative content:

- Gearing measure the long-term borrowing as a percentage of capital employed. Gearing can be
 reasonably low, being below 50%, which reduces risk: if profits are low, as they may become in
 difficult market conditions, the business is not committed to high fixed payments. However, gearing is
 rising and so risk is increasing, albeit slightly.
- The current ration measures current assets relative to current liabilities. The current ratio of Sandbrocks suggests the business has low liquidity and so may struggle to pay bills, particularly if sales start to fall.
- However, because supermarkets receive large sums of money daily, they can usually operate on low current ratios.

Between 2018 and 2022 Mohan Mital made a number of changes at Sandbrocks.

To what extent do you think greater employee engagement was vital for these changes to be financially successful?

[16 marks]

Marks for this question: AO1 = 2, AO2 = 3, AO3 = 4, AO4 = 7

Level	The student will typically demonstrate				
4	 An excellent response overall that is fully focused on the key demands of the question. Provides an answer to the question set that: demonstrates a depth and range of knowledge and understanding that is precise and well selected in relation to issues in the question demonstrates analysis throughout which is well developed, is applied effectively to the context and considers a balanced range of the issues in the question makes judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole throughout. 	13–16			
3	 A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: demonstrates a depth and range of knowledge and understanding of issues in the question demonstrates analysis which is well developed, applied effectively to the context and considers a range of issues in the question makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole. 	9–12			
2	 A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: 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 demonstrates analysis which is developed, applied to the context and considers some of the issues in the question makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole. 	5–8			

1	A limited response overall with little focus on the demands of the question.	1–4
	Provides an answer to the question set that:	
	 demonstrates a limited range and depth of knowledge and understanding of issues in the question 	
	demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question	
	 makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole. 	

- to demonstrate knowledge and understanding of relevant issues such as employee engagement and financial success
- to apply this to the context of the changes made by Mital at Sandbrocks
- to analyse the possible impact of the changes and involvement of employee engagement in relation to the financial success of the organisation
- to evaluate qualitative and quantitative information to make an informed judgement on the importance of employee engagement in making the changes financially successful. For example it may consider the significance of the employee engagement relative to other factors or what might have happened without employee engagement

Indicative content:

- Engagement measures the extent to which employees are committed to the business
- Greater employee engagement may mean:
 - o employees are more willing to have and suggest ideas; this will help with an approach of innovation and help cut costs and boost sales, making the changes more successful
 - o employees are more willing to engage with customers, improving customer service and helping sales; this may help retain customers against competition such as Aldi
 - o employees will stay longer, reducing recruitment and training costs
 - employees may become more open to some of the changes being made by Mital and more willing to try new ideas in the interests of the business, again helping financial returns.
- Greater employee engagement would certainly have been helpful for Mital when bringing about change and, indeed, may have provided the ideas and commitment needed for financial success. It might be possible to bring about such changes without engagement eg by forcing it through, but this may well involve higher costs and take longer due to resistance.
- It may be, then, that he did need greater employee engagement to make the change successful, given what he wanted to achieve, the way he wanted to achieve it and his own style. Although it would not have been impossible to force it through without focusing on engagement in this way.

0 5 Sandbrocks has set objectives for Corporate Social Responsibility (CSR) in five categories.

To what extent do you think it is essential for Sandbrocks to set these objectives for CSR? Justify your view.

[20 marks]

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

Level	The candidate will typically demonstrate				
5	 An excellent response overall that is fully focused on the key demands of the question. Provides an answer to the question set that: demonstrates a depth and range of knowledge and understanding that is precise and well selected in relation to issues in the question demonstrates analysis throughout which is well developed, is applied effectively to the context and considers a balanced range of the issues in the question makes judgments or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole throughout. 	17–20			
4	 A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: demonstrates a depth and range of knowledge and understanding of issues in the question demonstrates analysis which is well developed and is applied effectively to the context and considers a range of issues in the question makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole. 	13–16			
3	 A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: 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 demonstrates analysis which is developed, applied to the context and considers some of the issues in the question makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole. 	9–12			
2	 A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: demonstrates a limited range and depth of knowledge and understanding of issues in the question demonstrates analysis with little development and with mainly descriptive application to the context and considers a limited number of issues in the question makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole. 	5–8			

1	A weak response overall lacking focus on the demands of the question.	
	Provides an answer to the question set that:	
	demonstrates isolated or imprecise knowledge and understanding	1–4
	demonstrates undeveloped analysis with descriptive application to the context and lacking focus on the question	
	makes judgements or proposes solutions based on assertions.	

- to demonstrate knowledge and understanding of relevant issues such as Corporate Responsibility and objectives
- to apply this to the context of a Sandbrocks and its CSR objectives
- to analyse the possible impact on Sandbrocks of setting or not setting these objectives
- to evaluate qualitative and quantitative information to make an informed judgement on how
 essential it is for Sandbrocks to set these objectives. For example it may evaluate the impact of
 these objectives or consider the consequences of not having them to decide if they are "essential"

Indicative content:

• Corporate Social Responsibility (CSR) occurs when a business accepts responsibilities over and above its legal responsibilities.

The CSR objectives in this case are:

- being seen by customers as offering healthy food. This will appeal to customers and support Sandbrocks' claim of high quality
- treating suppliers well. This shows ethical behaviours and will help to guarantee that products are as described; this may also reduce risks of negative publicity, such as the horsemeat problem.
- respecting the environment. This will appeal to many customers and, potentially, other stakeholders such as suppliers and the local community.
- making a difference to the communities in which it operates. This can increase the firm's popularity, boosting sales and making it easier to recruit workers.
- providing a great place to work for our colleagues. This will assist recruitment and lower labour turnover. Sandbrocks' market research also showed that this was the objective that its customer based valued most highly.

Overall, then, these objectives may be necessary to:

- help attract and retain employees
- avoid negative press comments
- attract investors
- attract suppliers who want to work with the business
- make local communities more willing to consider going to a Sandbrocks store
- · attract customers
- maintain its position in the market relative to other retailers who may be adopting CSR policies.

It may be essential to set the objectives, because:

- others are doing this and therefore Sandbrocks needs to match them
- stakeholders are applying pressure for action to be taken.
- However, managers at Sandbrocks may have set these objectives because they think they
 are important in themselves rather than because they feel they 'have to' for others, ie they
 may recognise that they are not essential but want to set them anyway. They may be
 desirable rather than essential.
- If 'essential' is meant in terms of helping financial performance, it may depend on how important these objectives are to stakeholders.

- It is not simply a question of setting objectives; it depends on how successfully they are implemented.
- Whether the CSR objectives are essential may depend on whether the company sets appropriate objectives in these areas (eg how demanding are the targets?) and whether it sets targets in other areas.

0 6 Under Mohan Mital, Sandbrocks changed its strategy.

Do you think that to be successful the strategy of a business needs to be determined mainly by what is happening in its external environment? Justify your answer.

[24 marks]

Marks for this question: AO1 = 5, AO2 = 4, AO3 = 6, AO4 = 9

Level	The candidate will typically demonstrate			
5	 An excellent response overall that is fully focused on the key demands of the question. Provides an answer to the question set that: demonstrates a depth and range of knowledge and understanding that is precise and well selected in relation to issues in the question demonstrates analysis throughout which is well developed, is applied effectively to the context and considers a balanced range of the issues in the question makes judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole throughout. 	21–24		
4	 A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: demonstrates a depth and range of knowledge and understanding of issues in the question demonstrates analysis which is well developed, applied effectively to the context and considers a range of issues in the question makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole. 	16–20		
3	 A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: 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 demonstrates analysis which is developed, applied to the context and considers some of the issues in the question makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole. 	11–15		

2	 A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: demonstrates a limited range and depth of knowledge and understanding of issues in the question demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole. 	6–10
1	A weak response overall lacking focus on the demands of the question Provides an answer to the question set that: demonstrates isolated or imprecise knowledge and understanding demonstrates undeveloped analysis with descriptive application to the context and lacking focus on the question makes judgements or proposes solutions based on assertions.	1–5

- to demonstrate knowledge and understanding of relevant issues such as the strategy and the external environment
- to apply this to the context of strategy in relation to the external environment
- to analyse the possible impact of the external environment in strategy
- to evaluate qualitative and quantitative information to propose a solution to the question of how important the external environment is in determining the success of a strategy. For example it may consider the relative importance of external compared to internal factors

The strategy may be shaped by many influences such as:

- the external macro environment (via PEST analysis)
- the external micro environment (via Porter's five forces)
- the internal environment, such as the culture, management, functional resources and competences.
- These factors may be combined in a SWOT analysis.
- What is happening in the external environment is therefore important, as it creates Opportunities and Threats which will influence strategy.

Mital, for example, has considered:

- more online shopping and the need to respond to this
- market factors in different countries and whether to target them
- the actions of competitors and how to respond to this.
- However, strategy needs to also be linked to the internal environment, eg it will be
 affected by the finances, the expertise of staff and the vision of the managers.
 hat is happening in the external environment is therefore very important but it may not be
 right to argue it is the main influence, as a successful strategy will look inward also.

Assessment Objectives

Question	AO1	AO2	AO3	AO4	TOTAL
01	3	3	6		12
02	3	3	6		12
03	2	3	4	7	16
04	2	3	4	7	16
05	4	3	5	8	20
06	5	4	6	9	24
Paper total	19	19	31	31	100