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# A-LEVEL BUSINESS

Paper 3 Specimen Assessment Material

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**Mark scheme**

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

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

Further copies of this mark scheme are available from [aqa.org.uk](http://aqa.org.uk)

## Level of response marking instructions

Level of response mark schemes are broken down into levels, each of which has a descriptor. The descriptor for the level shows a description of the response at the middle of the level. There are marks in each level based on the division of the total number of marks for the question.

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

### Step 1 Determine a level

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

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

### Step 2 Determine a mark

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

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

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

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

Examiners are required to assign each of the candidates' responses to the most appropriate level according to **its overall quality**, then allocate a single mark within the level. When deciding upon a mark in a level examiners should bear in mind the relative weightings of the assessment objectives (included for each question and summarised on page 21) and be careful not to over/under credit a particular skill. For example, in questions 3, 4, 5 and 6 more weight should be given to AO4 than to AO3, AO1 and AO2. This will be exemplified and reinforced as part of examiner training and standardisation.

**Candidates are expected to:**

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

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

**Total for this question paper: 100 marks**

|          |   |                   |
|----------|---|-------------------|
| <b>1</b> | <i>Analyse how marketing research might have helped Sainsbury's to increase its market share between 2004 and 2013.</i> | <b>[12 marks]</b> |
|----------|---|-------------------|

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

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

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

- demonstration of knowledge and understanding of relevant issues such as marketing research and market share (AO1).
- application to the context of Sainsbury's (AO2).
- analysis of the possible impact of marketing research in relation to the market share of the business (AO3).

**Answers may include:**

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
- the pricing, eg relative to rivals' pricing
- its approach to branding, eg its own-brand items
- store locations and the physical environment in-store
- the marketing process, eg self-service
- 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 Sainsbury's and therefore higher market share.

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

**2** *Analyse how effective supply chain management increases Sainsbury's competitiveness.*

**[12 marks]**

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

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

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

- demonstration of knowledge and understanding of relevant issues such as supply chain management and competitiveness (AO1).
- application to the context of Sainsbury's(AO2).
- analysis of the possible impact of effective supply chain management on Sainsbury's competitiveness (AO3).

**Answers may include:**

Supply chain management involves a business managing its relations with its suppliers.

This will have an impact on costs, quality, speed of response, and flexibility.

In the case of Sainsbury's, 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)
- 'sourcing with integrity', 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.

Sainsbury's is operating in an increasingly competitive environment and there is greater pressure for businesses to deliver high-quality items, quickly, at low price and from ethical sources. Effective supply chain management is helping Sainsbury's remain competitive through its impact on inventory, costs and quality.

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



**3** *From 2011 to 2013, Sainsbury’s gearing rose from 35.9% to 40.1% and its current ratio increased from 0.55 to 0.61. Evaluate the possible implications of these changes for Sainsbury’s during a period of ‘difficult market conditions’ (line 74) and low interest rates.*

**[16 marks]**

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

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

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

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

- demonstrate knowledge and understanding of relevant issues such as the gearing, the current ratio and low interest rates (AO1).
- be applied to the context of the difficult market conditions and low interest rates facing Sainsbury's (AO2).
- analyse the possible impact of change in these ratios on the organisation (AO3).
- 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 low interest rates and make a judgement on the implications (AO4).

**Answers may include:**

- Gearing measures the long-term borrowing as a percentage of capital employed. Gearing may 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 repayments. However, gearing is rising and so risk is increasing, albeit slightly. Interest rates are low and so it may be a time to borrow and invest in more projects with a higher return than the cost of borrowing. Is Sainsbury's missing out on opportunities because it is not accessing borrowed finance? Should it in fact have higher gearing?
- The current ratio measures current assets relative to current liabilities. The current ratio of Sainsbury's 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 cash daily they can usually operate on low current ratios. (Furthermore, present circumstances mean that they should be able to cover any short-term cash shortages through borrowing at low interest rates.)

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

**4** *Between 2004 and 2013 Justin King made a number of changes at Sainsbury's. 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 and AO4 = 7**

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

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

- Examples of how the assessment objectives might be met in this question include: demonstrate knowledge and understanding of relevant issues such as employee engagement and financial success (AO1).
- be applied to the context of the changes made by King at Sainsbury's (AO2).
- analyse the possible impact of the changes and involvement of employee engagement in relation to the financial success of the organisation (AO3).
- 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 (AO4).

**Answers may include:**

Engagement measures the extent to which employees are committed to the business.

Greater employee engagement may mean:

- 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
- employees are more willing to engage with customers, improving customer service and helping sales; this may help retain customers against competition such as Aldi
- employees will stay longer, reducing recruitment and training costs
- employees may become more open to some of the changes being made by King 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 King 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.

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

|          |   |                   |
|----------|---|-------------------|
| <b>5</b> | <i>Sainsbury's has set objectives for Corporate Social Responsibility (CSR) in five categories. To what extent do you think it is essential for Sainsbury's to set objectives for CSR? Justify your view.</i> | <b>[20 marks]</b> |
|----------|---|-------------------|

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

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

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

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

- demonstrate knowledge and understanding of relevant issues such as Corporate Responsibility and objectives (AO1).
- be applied to the context of a Sainsbury's and its CSR objectives (AO2).
- analyse the possible impact on Sainsbury's of setting or not setting these objectives (AO3).
- evaluate qualitative and quantitative information to make an informed judgement on how essential it is for Sainsbury's 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” (AO4).

**Answers may include:**

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

**The CSR objectives in the case are:**

- best for food and health. This will appeal to customers and support Sainsbury’s claim of high quality.
- sourcing with integrity. This shows ethical behaviour and will help to guarantee that products are as described. This may also reduce risks of negative publicity, such as the horsemeat problem.
- respect for our environment. This will appeal to many customers and potentially other stakeholders such as suppliers and the local community.
- making a difference to our community. This can increase the firm’s popularity, boosting sales and making it easier to recruit workers.
- a great place to work. This will assist recruitment and lower labour turnover. Sainsbury’s market research also showed that this was the objective that its customer base 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 Sainsbury’s 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 Sainsbury’s needs to match them
- stakeholders are applying pressure for action to be taken.

However, managers at Sainsbury’s 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.

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

**6** *Under Justin King, Sainsbury's 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 and AO4 = 9**

| Level    | The candidate will typically demonstrate:   | Marks              |
|----------|---|--------------------|
| <b>5</b> | <p><b>An excellent response overall that is fully focused on the key demands of the question</b></p> <p>Provides an answer to the question set that:</p> <p>demonstrates a depth and range of knowledge and understanding that is precise and well selected in relation to issues in the question.</p> <p>demonstrates analysis throughout which is well developed, is applied effectively to the context and considers a balanced range of the issues in the question.</p> <p>makes judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as whole throughout.</p> | <b>21–24 marks</b> |
| <b>4</b> | <p><b>A good response overall that focuses on many of the demands of the question</b></p> <p>Provides an answer to the question set that:</p> <p>demonstrates a depth and range of knowledge and understanding of issues in the question.</p> <p>demonstrates analysis which is well developed, applied effectively to the context and considers a range of issues in the question.</p> <p>makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole.</p>  | <b>16–20 marks</b> |
| <b>3</b> | <p><b>A reasonable response overall that focuses on some of the demands of the question</b></p> <p>Provides an answer to the question set that:</p> <p>demonstrates a limited knowledge and understanding of a range of issues in the question or</p>   | <b>10–15 marks</b> |

|          |   |                  |
|----------|---|------------------|
|          | <p>a good knowledge and understanding of relatively few issues in the question.</p> <p>demonstrates analysis which is developed, applied to the context and considers some of the issues in the question.</p> <p>makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole.</p>   |                  |
| <b>2</b> | <p><b>A limited response overall with little focus on the demands of the question</b></p> <p>Provides an answer to the question set that:</p> <p>demonstrates a limited range and depth of knowledge and understanding of issues in the question.</p> <p>demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question.</p> <p>makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole.</p> | <b>5–9 marks</b> |
| <b>1</b> | <p><b>A weak response overall lacking focus on the demands of the question</b></p> <p>Provides an answer to the question set that:</p> <p>demonstrates isolated or imprecise knowledge and understanding.</p> <p>demonstrates undeveloped analysis with descriptive application to the context and lacking focus on the question.</p> <p>makes judgements or proposes solutions based on assertions.</p>  | <b>1–4 marks</b> |

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

- demonstrate knowledge and understanding of relevant issues such as the strategy and the external environment (AO1).
- be applied to the context of strategy in relation to the external environment (AO2).
- analyse the possible impact of the external environment in strategy (AO3).
- 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 (AO4).

**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.

King, 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.

What 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.

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

**Assessment Objectives**

|                    | <b>AO1</b> | <b>AO2</b> | <b>AO3</b> | <b>AO4</b> | <b>TOTAL</b> |
|--------------------|------------|------------|------------|------------|--------------|
| 1                  | 3          | 3          | 6          |            | 12           |
| 2                  | 3          | 3          | 6          |            | 12           |
| 3                  | 2          | 3          | 4          | 7          | 16           |
| 4                  | 2          | 3          | 4          | 7          | 16           |
| 5                  | 4          | 3          | 5          | 8          | 20           |
| 6                  | 5          | 4          | 6          | 9          | 24           |
| <b>Paper total</b> | <b>19</b>  | <b>19</b>  | <b>31</b>  | <b>31</b>  | <b>100</b>   |

