AQA

AS

BUSINESS
7131/2

Paper 2   Business 2

Mark scheme

June 2020

Version: 1.0 Final Mark Scheme

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

Further copies of this mark scheme are available from aqa.org.uk.

Level of response marking instructions

Level of response mark schemes are broken down into levels, each of which has a descriptor. The descriptor for the level shows 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 good response? A reasonable one? A limited one? Refer back to the standardisation scripts and guidance to help you benchmark.
- Remember that you are marking to the standard agreed at standardisation. Be careful of the standard you are marking at drifting when you have a big centre; refer back to standardisation scripts.
- 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 a good rather than an excellent response'. Make sure the comments fit with the level awarded: for example, '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.

0	1	Using the data in **Figure 1**, calculate the average weekly capacity utilisation in 2019.

[3 marks]

Marks for this question: AO1 = 1, AO2 = 1, AO4 = 1

3 marks for correct answer of 68%.
2 marks for answer 68, but no percentage sign.
2 marks correctly selects and uses figures, but an arithmetical error.
1 mark if capacity utilisation is correctly defined but no valid calculations.

Figure 1: Average cinema attendances at Parkside Theatre 2019

	Mon	**Tue**	**Wed**	**Thu**	**Fri**	**Sat**	**Sun**	**Weekly total**
Attendance	220	175	-	223	354	629	575	2176
Maximum capacity	400	400	-	400	400	800	800	3200

Note: the cinema is closed on Wednesday and has two shows on Saturday and Sunday.

Capacity Utilisation = (actual/maximum) x 100
= (2176/3200) x 100
= 0.68 x 100
= **68%**

Other methods to get to the correct answer are acceptable.

0	2	The income elasticity of demand for Parkside Theatre cinema tickets is +1.5.
		Explain why this information is important for Parkside Theatre.
		[4 marks]

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

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

The demands of the question are
Understanding of income elasticity of demand to interpret the meaning of the value stated and explain its importance in the context of the case.

Indicative content may include:
- income elasticity is the responsiveness of demand to a change in income levels, defining this or stating formulae would show understanding
- the value of +1.5 means that cinemas will see demand rise at a faster rate than income changes using the figure correctly is some context
- in the case it is stated that incomes have risen faster than average locally and are expected to continue this trend - explaining that this would have a very positive influence on demand. Incomes locally rose by 2.3% so demand expected to rise by 1.5 times as much. This indicates product is a luxury good. Focusing on importance of some of this context is likely to be seen

0	3	Explain **one** ethical issue that the managers needed to consider when starting 'Our Place'.

[3 marks]

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

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

The demands of the question are

The ethical aspects of business decisions. The focus needs to be on **one** ethical issue specific to this case.

Indicative content may include:
- Ethics refers to 'right or wrong'
- the 'Our Place' branded meeting rooms are largely staffed by staff on flexible contracts, is this fair and how might this affect management of the business as it is different from other staff
- Parkside Theatre is an iconic historical building – development needs to be mindful of this to protect heritage, new project will remove historical features
- the owners/directors are aware of the responsibility of managing such a building, but have to balance this with need for a return on investment.

| 0 | 4 | Parkside Theatre faces fluctuating demand for its cinema. |

Analyse why this might make it difficult for Lorna to meet her cash flow objective.

[9 marks]

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

Level	The candidate 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 and is applied effectively to the context.	7–9
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 and is applied to the context.	4–6
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 with • mainly descriptive application to the context.	1–3

The demands of the question are
To analyse the difficulties that fluctuating demand creates for Lorna to meet her cashflow objective

Indicative content may include:
- daily fluctuations create quiet and busy days – impacting on most functional areas – inflows will be higher on some days, but many cash outflows will be fixed.
- average capacity utilisation is running at 68% (OFR as using answer to Q1) less than 70% target if met this may help cash flow
- the business is busier at certain times of year than others
- Lorna's objective is to have positive cashflow
- if staff are contracted/salaried, then they will be busy/not busy from day to day, but these cash outflows will remain the same regardless, but these outflows will remain the same regardless
- when seasonal demand is high – will there be times where cinema is (over) full, could this lead to potential sales not being made losing potential cash inflows?
- Will managers find it more difficult to budget as demand and cash flow is unpredictable?

0	5	The board of directors insisted on Lorna using scientific decision making techniques before investing in 'Our Place'.
		Analyse why.

[9 marks]

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

Level	The candidate 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 and is applied effectively to the context.	**7–9**
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 and is applied to the context.	**4–6**
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 with • mainly descriptive application to the context.	**1–3**

The demands of the question are
The reasons for using a scientific approach to business decision-making in this context.

Indicative content may include:
• previous projects had 'some' success – so some failed, hunch-based (intuition) therefore not always right in past
• basing decision on data may be seen to decrease risk as opposed to hunch/intuition-based
• the directors are being asked for investment/significant investment and would want some reassurance and data may help provide this. The directors are also said to want a return on investment
• this is a new venture – different market so data may help to improve understanding of this new market – do Lorna and directors have experience for a hunch/intuition-based decision in this case
• there is strong competition locally in this market – increasing the need to get the approach right.

0	6	Was Lorna right to choose 'price skimming' to set the price for the hiring of the 'Our Place' meeting room? Justify your answer.

[16 marks]

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

Level	The candidate will typically demonstrate	Marks
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 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.** 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.	**1–4**

The demands of the question are
- analyse the case for and against skimming as a pricing strategy in the context of this business
- the development of a supported judgement and decision as to whether this was the correct decision in this case.

Indicative content may include:
- skimming is to enter a market setting a high price
- the venue is new and modern so could justify the high price
- the historic building is a USP and this may be attractive enough to justify skimming
- data suggests that many businesses are dissatisfied with current providers (only 20% satisfied) so the new provision may be preferred, and could this justify skimming
- however, there is established competition – as a result skimming may be the wrong strategy
- price is stated as a major influence by the majority (55%) of businesses surveyed
- reference to other pricing strategies should be acknowledged as a counter argument.

Potential points of judgement may include:
- in this context is skimming the most appropriate choice, high price justified for quality service and unique venue?
- not correct as competition is established – would penetration pricing be better?
- if supported, then it is appropriate to acknowledge either conclusion – skimming being correct or not.

0	7	To what extent should the directors of Parkside Theatre be concerned about poor staff retention figures in the 'Our Place' section of the business? Justify your view.

[16 marks]

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

Level	The candidate will typically demonstrate	Marks
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 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.** 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.	**1–4**

The demands of the question are
- analysis of the impact of low staff retention
- to make a supported judgement on the extent to which the directors should be concerned about this in these circumstances.

Indicative content may include:
- analysis of the impact of staff retention.
- all the staff in this section of the business ('Our Place') are trained during induction, this is potentially expensive and wasted if retention is low and trained staff are leaving
- low retention will mean regular need to recruit replacement staff - this is time consuming and costly
- staff are casual and many on zero hours contracts, this is likely to contribute to higher labour turnover – so less need to worry simply something to manage
- will it depend on situation, eg are there enough available people to replace leavers? Not been a problem as Lorna focused on students
- strong competition, first impressions count – low staff retention may weaken customer service though customer service only important to 5% of respondents in survey
- the wider business has long term loyal and established staff – managers may be more used to managing staff in these circumstances.
- Supported judgement of the extent to which the business should be concerned with the staff retention.

| 0 | 8 | 'Decisions of managers have a bigger influence on the demand for the products of any business than changes in the external environment.'
Do you agree? Justify your view.
<div align="right">**[20 marks]**</div> |

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

Level	The candidate will typically demonstrate	Marks
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 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, 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, 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 • demonstrates undeveloped analysis with descriptive application to the context and lacking focus on the question • makes judgements or proposes solutions based on assertions.	1–4

The demands of the question are:

- **analyse the influence of the external environment and managers' decisions on demand**
- **make a supported judgement on** the relative importance of the external environment and managers' decisions on demand for a business.

Indicative content may include:
- how external factors affect the demand for a business
  - the role of managers in making decisions to affect demand – examples could be successful or unsuccessful ones, eg pricing decisions, which products to offer, the approach taken to HRM
- the statement does suggest an either-or, however there may be a link, eg the external environment may change, and demand may be influenced by this and the reaction of managers