

Revision Questions for 3.5 – The wide world affecting business – Mark scheme

Q1.

	Answer	Mark
(a) AO1= 2	Export subsidies occur when the government gives a domestic manufacturer a payment to allow them to lower the price of the good or service when sold abroad. 2 marks for an accurate definition (one that includes the notion of a payment and some notion of increasing selling overseas/exporting). If an accurate definition is not given award 1 mark for an answer that suggests that candidate has some understanding of the term. E.g. this makes exports more competitive. An imperfect definition can be raised to 2 marks through the use of an example or some kind of accurate elaboration.	(2)
(b) AO1= 1 AO2= 1 AO3= 2	For 4 marks, the description will make up to four relevant points associated with the effects of import protection on Thai based computer manufacturers. Four marks could also be achieved through focusing on two effects plus some development. One mark can be given for a definition of 'import protection'. The answer must be rooted in the context of computers to secure all four marks. Possible effects include: <ul style="list-style-type: none"> ☐ Less competition. ☐ Ability to increase prices. ☐ Efficiency can fall. ☐ Other governments may react making it more difficult for Thai based computer manufacturers to sell in export markets. E.g. Import protection involves placing taxes or other restrictions on computers that are made abroad but sold in Thailand (1 mark). This will make foreign made computers such as <i>Apple Macs</i> more expensive (1 mark). As a result more Thai customers will buy from Thai computer manufacturers (1 mark). This could mean that Thai firms become lazy though due to lack of competition (1 mark). This answer would gain four marks since the candidate has developed one effect in context (through mentioning ' <i>Apple Macs</i> ') and mentioned another. There is also a definition of 'import protection'.	(4)

	Indicative content	
*(c) QWC Strands (i), (ii) and (iii) AO2=4 AO3=4	The aim here is for candidates to consider whether changing the price of <i>Dell's</i> computers will increase <i>Dell's</i> ability to improve its profits. The question asks the candidate to 'assess', so the candidate must develop some evidence of balance within their answer. This could take the form of considering whether profits may increase or actually fall as a result of the price increase. Assessment could also be developed by suggesting that <i>Dell</i> operates in a competitive market so any price increase will reduce their competitiveness, but the extent to which this occurs is dependent on whether competitors have also increased their prices. An alternative route to attaining assessment marks could come through the consideration of by how much demand will fall if prices are increased and whether the strength of <i>Dell's</i> brand allows it to increase prices successfully and raise rather than reduce its ability to improve its profits. Possible reasons why increasing prices leads to improved profits: <ul style="list-style-type: none"> ☐ Will increase the profit per computer. ☐ <i>Dell</i> has a strong brand name so can add value. ☐ Are competitors also increasing their prices? ☐ Contribution per unit will increase. Counterbalancing factors: <ul style="list-style-type: none"> ☐ Depends on how consumers react to the price increase. ☐ Demand could fall by a significant amount. ☐ Loss of market share to rivals such as <i>Hewlett Packard</i>. ☐ All computer manufacturers may be forced to do this, so no effect on <i>Dell's</i> ability to improve its profits. ☐ Depends on how much the price has increased by. ☐ Price may not be an important element in a consumer's decision to buy a <i>Dell</i> computer. 	
Level	Mark	Descriptor
No mark	0	Non-rewardable material. No mark is to be awarded if the candidate just re-states the question, e.g. Changing price affects <i>Dell's</i> ability to improve its profits.
Level 1	1–2	Candidate will consider one factor related to increasing price with no development - bottom of level. Candidate will consider one factor related to increasing price with simple development – top of level. Candidate will consider two factors relating to increasing price with no development

		– top of level. The quality of written communication will be poor with frequent spelling, punctuation, style and grammar errors.
Level 2	3–5	Candidate will consider one factor relating to increasing price with more detailed development – bottom of level. Candidate will further develop their responses with a reason/cause/consequence – middle of level. Candidate will have some evidence of balance – top of level. At the top of the level there will be some evidence of balance to the point/judgement in the form of advantage/disadvantage, cost/benefit, pro/con or some counterbalancing factor. At the top of the level, candidates may attach some value/importance to one of the factors. There will be a good level of quality of written communication with few mistakes in spelling, punctuation and grammar. The quality of the language used will be appropriate for the subject matter.
Level 3	6–8	Candidate will consider factor(s) relating to increasing price with development which includes two reasons/causes/consequences, balance with simple judgement(s) all of which is in the context of the business – bottom of level. Candidate will consider factor(s) relating to increasing price with development which includes two reasons/causes/consequences, clear balance with developed judgement(s) all of which is in the context of the business – middle of level. Candidate will consider factor(s) relating to increasing price with development which includes two reasons/causes/consequences, clear balance with strong judgement(s) all of which is in the context of the business and using the 'it depends' rule or something similar – top of the level. The quality of written communication will be of a high standard with few, if any, errors in spelling, punctuation and grammar. The style of writing and the structure of the response will be appropriate and of a high standard and there will be clear evidence that the candidate has structured their answer clearly and coherently, using appropriate terminology.

Q2.

	Answer	Mark
(a) AO1= 1	D	(1)
(b) AO1= 1 AO2= 1	1 mark for the identification of an impact on <i>The Lego Group</i> from stricter EU toy safety regulations and 1 mark for some kind of appropriate development of the impact in context. Possible impacts include: <ul style="list-style-type: none"> ☐ Higher costs. ☐ Building bricks will need to be re-designed. ☐ Need to change the materials used/more safety warnings on each set. E.g. This will mean that <i>The Lego Group</i> will have to make some of their pieces larger (1 mark) so that small children do not choke on them (1 mark). This answer would gain two marks <i>since</i> an impact has been identified and there is some development in context.	(2)
(c) AO2= 2 AO3= 1	For 3 marks, there will be one benefit identified and two clearly identifiable linked strands of explanation between the statements. These may contain connective words such as, 'this leads to...' 'because...' etc. The explanation must be in the <i>Lego</i> /toy brick context if it is to secure all three marks. Possible benefits include: <ul style="list-style-type: none"> ☐ Improved branding. ☐ More repeat purchases. ☐ Increased customer loyalty. ☐ Ability to charge higher prices. E.g. Having high quality bricks and sets will differentiate <i>Lego</i> (1 mark) from those of <i>MEGA Bloks</i> (1 mark). As a result more children will want to purchase <i>Lego</i> sets at Christmas. This will increase the revenue of <i>The Lego Group</i> (1 mark). This answer would gain three marks since there are at least two linked strands that build the explanation, following the identification of a benefit. The answer is also rooted in the context of <i>Lego</i> since reference is made to bricks and a rival competitor.	(3)

	Indicative Content
(d)AO2= 2 AO3=4	The aim here is for candidates to make a judgement as to whether linking more <i>Lego</i> sets to new movies or advertising is more effective in remaining competitive. There is no right or wrong answer and the candidate can argue that either method is better, depending on the circumstances. Candidates might

<p>consider the following possible ideas as part of their answer:</p> <p>Link more sets to newly released movies:</p> <ul style="list-style-type: none"> ☒ Keeps <i>Lego</i> sets up to date. ☒ Lots of free advertising if the movie is popular. ☒ May enable <i>Lego</i> to break into new markets. ☒ <i>Lego</i> might get exclusive rights to make toys for that movie. ☒ Will <i>COBI</i> & <i>MEGA Bloks</i> be able to copy? ☒ How much will it cost to link the sets to a movie? <p>Increasing advertising:</p> <ul style="list-style-type: none"> ☒ Helps differentiate all <i>Lego</i> sets not just ones linked to a particular movie. ☒ Will enhance the <i>Lego</i> brand across all of its products. ☒ Will <i>COBI</i> & <i>MEGA Bloks</i> simply increase their advertising? ☒ Time consuming. ☒ Expensive. <p>To be evaluative and support the judgement made, the candidate might suggest (for example) that the level of competitiveness achieved is dependent on the popularity of the movie. Some flops might have short life cycles, reducing the level of competitiveness. An alternate route to evaluation might come through the candidate examining the drawbacks of their chosen option. E.g. advertising is expensive/linking to a new movie may involve some kind of licensing fee.</p>		
Level	Mark	Descriptor
No mark	0	Non-rewardable material.
Level 1	1–2	A judgement or point is given as to which method is more likely to allow <i>The Lego Group</i> to remain competitive. If there is just a simple judgement or where the support shows misunderstanding 1 mark should be awarded. If this judgement/point has some simple support, the response should be placed at the top of this level.
Level 2	3–4	A judgement/point is given on one or both issues with some development/support, which includes at least one reason/cause/consequence etc. At the top of this level this analysis will be relevant and linked to the judgement/point made.
Level 3	5–6	A judgement/point is given on one or both issues with some development/support, which includes at least two reasons/causes/consequences etc. and includes some balance . At the top of this level there will be a conclusion drawn from the analysis and the answer will be in <i>The Lego Group</i> context.

Q3.

	Answer	Mark
AO1=1	C	(1)

Q4.

	Answer	Mark
AO1=2	<p>2 marks for any two ways in which a business could become more ethical.</p> <p>Possible ways include:</p> <ul style="list-style-type: none"> ☒ Paying workers higher wages. ☒ Improved working conditions. ☒ Reducing pollution. ☒ Buying Fairtrade supplies/agreeing to pay more to suppliers. ☒ Donations to the community. ☒ Reducing packaging. <p>Accept any reasonable responses. Candidates can score two marks if they state two different ways.</p>	(2)

Q5.

	Answer	Mark
AO1= 1	1 mark for the identification of a benefit from improving a business' ethical behaviour and 1 mark for some kind of appropriate development of the benefit. Possible answers include:	(2)
AO3= 1	<input type="checkbox"/> Stronger brand. <input type="checkbox"/> Increased sales. <input type="checkbox"/> Increased profits. <input type="checkbox"/> Ability to charge higher prices. <input type="checkbox"/> Out-compete rivals. E.g. The business' brand will be improved (1 mark) because the business no longer exploits its workers (1 mark). This answer would gain 2 marks since a benefit has been identified and there is some development of the benefit.	

Q6.

	Answer	Mark
AO1= 1	For 3 marks, there will be one drawback identified and two clearly identifiable linked strands of explanation between the statements. These may contain connective words such as, 'this leads to...' 'because...' etc.	(3)
AO3= 2	Possible drawbacks include: <input type="checkbox"/> Damage to brand/reputation. <input type="checkbox"/> Forced to change decision making. <input type="checkbox"/> Increased costs. <input type="checkbox"/> Tighter government regulation. <input type="checkbox"/> Loss of market share to competitors. E.g. Pressure groups could make everyone know that the business pollutes (1 mark). This bad publicity could result in consumers not buying the business' products (1 mark), resulting in falling revenues (1 mark). This answer would gain three marks since there are at least two relevant, linked points made, following the identification of a valid drawback.	

Q7.

	Answer	Mark
(a) AO1= 1	C	(1)
(b) AO2= 2	1 mark for each external source of finance identified. Possible external sources of finance include: <input type="checkbox"/> Share capital. <input type="checkbox"/> Loans <input type="checkbox"/> Bonds <input type="checkbox"/> Leasing <input type="checkbox"/> Grants <input type="checkbox"/> Overdrafts <input type="checkbox"/> Trade credit If candidates state 'stock market floatation' accept this as an answer even though <i>Ryanair</i> is already a publicly traded company.	(2)
(c) AO2= 2 AO3= 1	For 3 marks, one impact will be identified and there will be at least two clearly identifiable linked strands of explanation. These may contain connective words such as, 'this leads to...' 'because...' etc. The explanation must be in the context of an airline/ <i>Ryanair</i> if it is to secure all three marks. Possible impacts include increased: <input type="checkbox"/> Noise pollution. <input type="checkbox"/> Air pollution. <input type="checkbox"/> Impact on climate change. <input type="checkbox"/> Depletion of natural resources e.g. oil. E.g. Airplanes are very noisy (1 mark). This makes houses near airports less attractive (1 mark) which	(3)

	means that owners will sell them for less (1 mark). This answer would gain three marks since there are at least two linked strands that build the explanation following the identification of an impact. The answer is also rooted in the context of an airline since the answer refers to 'houses near airports' and 'planes being noisy'. Without this use of context the answer can score a maximum of 2 marks.	
(d) AO1= 1 AO2= 1 AO3= 2	<p>For 4 marks, the description will make up to four relevant points associated with the effects of pressure group activity on <i>Ryanair</i>. Four marks could also be achieved through focusing on two effects plus some development. One mark can be given for a definition of 'pressure groups'. The answer must be rooted in the context of <i>Ryanair</i> to secure all four marks.</p> <p>Possible effects include:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Less people want to fly. <input type="checkbox"/> People are more aware of the environmental damage. <input type="checkbox"/> Government might restrict airport expansion. <input type="checkbox"/> People switch to other modes of transport. <input type="checkbox"/> <i>Ryanair's</i> brand is damaged. <p>E.g. A pressure group is an organisation which tries to change the decisions made by a business (1 mark). 'plane stupid' is trying to get <i>Ryanair</i> to reduce the number of flights it makes (1 mark). If <i>Ryanair</i> do this there will be less pollution from aviation fuel. The government may also pass laws to restrict airline growth (1 mark). This answer would gain four marks since the candidate has defined 'pressure groups', and contextualised the answer by referring to the words 'flights', 'aviation fuel' and 'airline'. There are also two separate points one of which has been developed.</p>	(4)

Q8.

	Answer	Mark
AO1= 1	C	(1)

Q9.

	Answer	Mark
AO2= 2 AO3= 1	<p>For 3 marks, one effect will be given and there will be at least two clearly identifiable linked strands of explanation. These may contain connective words such as, 'this leads to...' 'because...' etc. The explanation must be in the <i>Sainsbury's</i>/supermarket context if it is to secure all three marks.</p> <p>Possible effects include:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Better motivation amongst female staff. <input type="checkbox"/> Increased costs. <input type="checkbox"/> Loss of profit. <input type="checkbox"/> Need to employ temporary workers. <input type="checkbox"/> More female workers will want to work for <i>Sainsbury's</i>. <p>E.g. By giving female workers maternity leave, <i>Sainsbury's</i> will have to employ temporary workers (1 mark). These workers may not be as good as the permanent workers (1 mark). This will increase <i>Sainsbury's</i> costs as they employ lots of female workers (1 mark). This answer would gain three marks since there are at least two linked strands that build the explanation following the identification of an effect. The answer is also rooted in the context of working in a supermarket. Without this use of context the answer can score a maximum of 2 marks.</p>	(3)

Q10.

	Answer	Mark
AO1= 2	The lowest payment per hour, day or week that can be legally given to a worker for their work. 2 marks for an accurate definition. 1 mark is to be awarded if the candidate makes a reference to lowest amount a person can be paid over a period of time. An imperfect definition can be raised to 2 marks through some kind of elaboration or example.	(2)

Q11.

		Indicative content
QWC Strands (i), (ii) and (iii)AO2 =4 AO3=6		<p>The aim here is for candidates to make a judgement as to whether it was right to increase the national minimum wage. To demonstrate the evaluative skill, candidates could consider whether increasing the minimum wage will increase unemployment in the very industries where it is supposed to help workers, since it could cause employers to employ fewer people or may encourage relocation overseas. Other candidates might demonstrate evaluation by considering the scale of the increase which is very low, compared to that of the previous year. There is no right or wrong answer, but candidates should aim to make a judgement which is supported. Candidates may consider the following ideas as part of their answer:</p> <p>In favour of the increase:</p> <ul style="list-style-type: none"> ☐ Reduces exploitation of workers in low skill industries. ☐ Not ethical to allow wages to fall below a certain minimum level. ☐ Minimum wage has only increased by 7p which is 1.2%, so business costs are barely being affected. ☐ Will make work more attractive to the unemployed. ☐ Could increase the amount of spending in the local area. ☐ All firms in the industry required to pay, so it is a level playing field for all UK firms. <p>Not in favour of the increase:</p> <ul style="list-style-type: none"> ☐ May increase unemployment. ☐ Employers will expect existing workers to do more work, rather than hiring new workers. ☐ Increases costs. ☐ Increases the chances of a business relocating overseas. ☐ In a recession prices fall (or do not rise as quickly), so wages do not need to increase.
Level	Mark	Descriptor
No mark	0	Non-rewardable material.
Level 1	1-4	One relevant point is identified with some development – there can be a maximum of 4 marks if the links to the point are relevant – one mark per link (up to a maximum of 3). An alternative route to the marks could involve a judgement being given; at the lower end of the level no support will be provided. At the top of the level some support will be given. A list of bullet points will gain a maximum of three marks, assuming they are all relevant. The quality of written communication will be poor with frequent spelling, punctuation, style and grammar errors.
Level 2	5-7	Candidates consider the reasons for increasing the minimum wage and offer two or more reasons/causes/consequences etc. in support. At the middle of the level a judgement/conclusion will be made but with no support and merely re-states the question. At the top of the level candidates may offer at least one other factor to balance out the answer. At the top of the level a judgement/conclusion will be made with some support given although not drawn from the analysis and there may be reference to the context. There will be a good level of quality of written communication with few mistakes in spelling, punctuation and grammar. The quality of the language used will be appropriate for the subject matter.
Level 3	8-10	Candidates consider the reasons for increasing the minimum wage and offer two or more reasons/causes/consequences etc. in support. At the lower end of the level some value may be attached to these reasons whilst at the top of the level there will be clear recognition of the value of the points made to the business, identifying an advantage and disadvantage, cost/benefit, pro/con etc. or using the 'it depends' rule. At this level candidates are likely offer at least one other factor to balance out the answer. At the middle of the level a judgement/conclusion will be made with some support drawn from the analysis. At the top of the level a judgement/conclusion will be given clearly drawn from the analysis representing a coherent argument and will refer to the context. The quality of written communication will be of a high standard with few, if any, errors in spelling, punctuation and grammar. The style of writing and the structure of the response will be appropriate and of a high standard and there will be clear evidence that the candidate has structured their answer clearly and coherently, using appropriate terminology.