
AS
BUSINESS
7131/2

Paper 2 Business 2

Mark scheme

June 2022

Version: 1.0 Final



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.

Copyright information

AQA retains the copyright on all its publications. However, registered schools/colleges for AQA are permitted to copy material from this booklet for their own internal use, with the following important exception: AQA cannot give permission to schools/colleges to photocopy any material that is acknowledged to a third party even for internal use within the centre.

Copyright © 2022 AQA and its licensors. All rights reserved.

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.

K U	Knowledge and understanding
EXP	Explained but not in context (for Paper 1)
AN	Analytical but lacks context
D	Developed argument (with context)
J	Judgement with support
F	Focus on the demands of the question
Bal	Balanced response, eg both sides acknowledged
Rng	Range of arguments, eg two arguments presented
L1	L1
L2	L2
L3	L3
L4	L4
L5	L5
BOD	Benefit of the doubt
NAQ	Not answering the question
OFR	Own Figure Rule
SEEN	Seen
☒	TICK
☒	CROSS
☐	Txt Box
?	Uncertain
Highlighter	Highlighter
[REP]	Repetition
Off Page Comment	Off Page Comment
On Page Comment	On Page Comment

0	1	Using the data in Figure 1 , calculate VeganLife Ltd's gross profit for 2020.
---	---	--

[3 marks]

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

- 3 marks for correct answer £4.25 million
- 2 marks for correct number, but with no £ sign
- 2 marks correctly selects and uses figures but an arithmetical error
- 1 mark if correctly calculates market value to be £7.5 million only
- 1 mark if correct formula, but no other valid calculations

Market share £7.5 million
 $£7.5 - £3.25 = £4.25$ million

Formula; Gross Profit = revenue – costs of sales

Other methods to get to the correct answer are acceptable.

0	2	VeganLife Ltd is considering launching a new range of products for men.
---	---	---

Using the information provided in **Figure 2**, calculate the break-even output for the proposed new shower gel.

[3 marks]

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

- 3 marks for correct answer 2500 units/shower gels
- 3 marks for correct answer 2500 on its own
- 2 marks for correct number, but with incorrect units eg £ sign
- 2 marks correctly selects and uses figures but an arithmetical error (OFR)
- 1 mark if Variable/direct costs has been calculated to £0.75 per unit
- 1 mark if calculated contribution per unit to be £6.00
- 1 mark if correct formula, but no other valid calculations
- 1 mark for selecting correct numerator £15,000
- 1 mark for selecting correct denominator £6.00

Correct answer: 2500 units

Formula; Fixed costs/Contribution per unit (selling price-variable/direct costs)

$$\frac{£15\,000}{£6.00} = 2500 \text{ units}$$

Other methods to get to the correct answer are acceptable.

0	3	Explain one drawback to VeganLife Ltd of operating in a growing niche market.	[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.	4
2	Provide a reasonable explanation using knowledge and understanding and with some application to the context.	2–3
1	Demonstrate some knowledge and understanding but the explanation is limited and lacking application to the context.	1

The demands of the question focus on:

- an explanation of a drawback for VL from its decision to be in a growing niche market.

Indicative content may include:

The niche market VL is in is growing quickly with more competitors for it to compete with. Some issues it may face are:

- the need to increase advertising to get its brand known
- the potential loss of customers to competitors
- the possible effect on its pricing – does it need to reduce prices to stay competitive and how does this effect its profit?
- does it need to find more USPs to stay competitive?
- can it afford to invest in new ideas, new advertising for example.

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

0	4	Analyse the impact on VeganLife Ltd of basing its decision to enter the men's toiletries market on primary market research.	[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 focus on:

- analyse the impacts to VL of using primary market research when making the decision to enter the men's toiletry market
- to make a decision in this context

Indicative content may include:

- Primary research is information that is collected first hand.
- It usually takes time to collate and analyse first-hand information and therefore there is a time/cost implication if VL use this method in the future.
- Does Emma have the skill set to carry this research out effectively?
- The information she has collected is from 2017 and 2018 – is this no longer relevant?
- The sample size is only 20 customers – is this too small to base decisions on?
- The figure of £50,000 for a new advertising campaign is based on Emma's own research – can this be trusted? Is it biased?
- Does VL need to pay a market research company/someone else to do the research? – VL's cash position is currently worrying and VL may not have the cash to finance further primary research.

- Using data that has been collected for a specific purpose is usually more useful and can help inform the businesses specific needs.
- VL have direct access to its customers so can use these for market research.
- VL operate in a niche market so are there lots of people VL can use for market research? If more people become vegan – more data becomes available.
- Candidates may discuss types of primary market research for example; questionnaires, interviews, focus groups, online surveys.
- Secondary research may not be specific enough for VL so VL may require primary research.
- (No requirement for comparison to secondary research.)

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

0	5	Analyse how VeganLife Ltd could make use of Hackman and Oldham's model of job design to improve the motivation of its workforce.	[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 focus on:

- analysing the different characteristics of the Hackman and Oldham model to motivate workers at VL
- Only one characteristic is required for analysis in the discussion – Skill variety, Task variety, Task significance, Autonomy, Feedback.

Indicative content may include:

- Specific reference to the different workers at VL and how its workers may respond to a certain characteristic/s.
- Staff have made comments that they are bored and find the work repetitive, skill variety could help with this.
- Skill variety – this is likely to vary the different skills that the workers learn and use, making their work more meaningful therefore improving motivation. Giving workers different tasks leads to less boredom and therefore more motivation. The new quality assurance system will offer the chance to learn new skills for example.
- Task Significance – Ensuring staff know why they are doing a task and that it is important/ necessary to the business. Identifying that effective checking of the products may help reduce the quality issues.

Implementing the new quality assurance system could allow for more task identity. The office staff at VL feel undervalued for example.

- Autonomy – being trusted to work independently and without much/any supervision can improve motivation for some workers. Having responsibility for your work can improve motivation.
- Feedback – valid and constructive feedback can give workers something to focus on and can validate that they are doing a good job. The office staff have said they do not get feedback. Do any of the staff get feedback from their managers? How effective is this?
- All of the characteristics from the model can potentially improve motivation, performance, output, satisfaction of workers, and can reduce stress and absenteeism and labour turnover.
- Using the data and information from the case to highlight the need for motivation to improve.
- For example; VL experiences high labour turnover compared to similar businesses.

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

0	6	Emma believes that, in the long term, the profit of VeganLife Ltd is more important than its cash flow position. To what extent is Emma right?	[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 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 and is applied effectively to the context. - 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 and is applied to the context - 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 and with mainly descriptive application to the context - 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 focus on:

- an analysis of the importance of cash and profit to VL in the long term
- a focus on a judgement related to which of the two is MORE important to VL

Indicative content may include:

- As a rapidly growing company that is struggling to keep up with demand, cash is vital to pay suppliers to meet the demand in the short term particularly.
- VL has a history of cash flow problems with some business customers not paying VL on time which affects VL's ability to buy more raw materials to meet demand.
- VL is currently £550,000 overdrawn and face increasing interest rates on this.
- VL is not always offered the option to pay on credit for its supplies, this affects VL's cash flow situation. This could have short term and long term implications re relationships with suppliers.
- One customer has closed down owing VL £350,000, if this happens again can VL survive?
- Making the point that cash is vital to VL's long-term survival in an increasingly competitive market, VL will need to invest in advertising for example if it decides to enter the new market, Emma has considered this in her research and believes the cost to be £50,000 for a new campaign – is this too much of a risk at the moment? How will this impact VL's cash flow position? How will the shareholders react? What is the long term impact of this possible decision?
- Shareholders have always received a dividend and are expecting one this year, VL will need to be profitable to ensure it can pay dividends both in the short term and the long term.
- VL face growing competition from large companies who are likely to have higher profits that can be used for investment and larger cash reserves, these companies may have less cash flow issues than VL. VL will always face competition of this nature; this is a short and long term implication.
- Profit is needed to make investments for the future, any relevant investment ideas to be credited.
- The fact that the market for both toiletries and vegan products is changing and new products are being launched weekly – VL need profit reserves to be able to keep up with competitors.
- The importance of profits to attract future shareholders, particularly important for future investment, may relate this point to the need for £100,000 for the QA system and/or the need for the £50,000 for the online marketing campaign.
- The fact that both are important to VL for different reasons.

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

0	7	VeganLife Ltd wants to introduce a new quality assurance system. Evaluate the impact that a quality assurance system could have on the competitiveness of VeganLife Ltd.
[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 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 and applied effectively to the context - makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole throughout.	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 and applied to the context - 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 and with mainly descriptive application to the context - 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 focus on:

- a discussion of what quality assurance (QA) is
- an understanding of what QA is
- an analysis of the arguments for and against VL introducing a QA system
- a judgement on the impact that the introduction of a QA system will have on VL's competitiveness

Indicative content may include:

- This would be a change to how quality is checked and controlled at VL. VL currently have one staff member in charge of quality control, this new system may increase efficiency and therefore competitiveness.
- Focus on QA and how it is a culture for all workers to be involved, this would be a change for the workers at VL and how they are used to working. If this is a positive impact then the workers may become more quality focused and this is likely to improve quality, leading to further competitiveness.
- If quality improves VL may sell more goods, demand may increase so more products will be coming in and then being sent out of the warehouse, increasing productivity.
- Currently VL are losing contracts and orders due to quality issues, losing VL revenue and future revenue; threatening VL's competitiveness.
- VL aim to improve motivation with its workers and this could be a good way to do this as it is giving them more skills, they have to be trained and could make them more responsible for their work. Improving the skills of the workforce at VL will improve competitiveness.
- VL staff may view this as more work for them to do and it could have de-motivating factors for some staff which could affect quality and increase VL's unit costs.
- VL staff may embrace the training they have to do or may be frustrated at having to do it, this in turn can affect quality and unit costs and therefore impact VL's competitiveness.
- QA is ensuring that customer needs and wants re quality are met, this could increase demand for VL's products, make VL more competitive.
- Other competitors use a QA system, these competitors may have lower unit costs than VL because of this.
- Competitors using a QA system may have higher quality products than VL because of this.
- VL is reacting to changes in the market, more competitive with fierce competition from big cosmetic companies, QA is way to try and rival these, consistently high quality products will keep VL's loyal customer and attract new ones.
- VL staff may view this as a positive way to ensure everyone is checking quality of the goods.
- Depends on the individual staff, groups of workers as to how they will react to the new system.
- Workforce reaction will depend on how the system works and how it is introduced.
- Cost of the system; workers/shareholders may feel frustrated that money is not being used to reward them, dividends for shareholders, increased pay for workers or be invested elsewhere.
- Initial cost of £100,000 will impact on the unit costs for a period.
- Opportunity cost implications.

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

0	8	To what extent are demographic factors, rather than environmental factors such as recycling, likely to have a bigger impact on the future profits of all businesses?	[20 marks]
---	---	---	------------

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 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, 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 focus on:

- the importance of changing demographics and their influence on businesses
- the importance of environmental factors and their influence on businesses
- a focus on one having a bigger impact than the other
- in businesses/industry generally not just VL.

Indicative content may include:

- Demonstrates knowledge and understanding of relevant issues of changing demographics. This could include a focus on growing population, higher proportion of older people, issues of gender – marketing issues for example of focusing on male/female products, changing demographics of different countries – potential target markets.
- Size of households; these can vary from country to country, many businesses sell globally so this can have an impact on how they market and sell their goods/services.
- May also include issues such as social trends, fast pace of changes due to influence of technology over demographics. For example, may focus on influences of social media, internet, and celebrity focus.
- Demonstrates knowledge and understanding of relevant environmental issues for example; effect on local, national, global communities, sustainability, green taxes, carbon footprints, Fairtrade suppliers.
- Any other relevant environmental issue/impact.
- Sustainability could be discussed in terms of potentially cutting costs in the longer term, may mean a business has a USP, is able to be more competitive.
- Focusing on environmental issues may help a business to build their brand, help their reputation and increase customer loyalty.
- Issue of pollution may be considered and the impact this has on businesses, third parties and customers. VL tries to keep pollution as low as possible.
- VL tries to be ethical and environmentally responsible. It aims to keep waste to a minimum for example. This is true for many other businesses and can help to boost a business's reputation and reduce costs.
- The issue of the 2 factors for different businesses not just VL.
- Coverage of both issues must be shown, one is likely to be covered in more detail and depth than the other to allow a judgement to be made.

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

Assessment objectives grid

AO	Q.01	Q.02	Q.03	Q.04	Q.05	Q.06	Q.07	Q.08	Total
1.1	1	1	2	1	1				5
1.2					2	2		4	9
1.3				2		2	4		8
2.1	2		2		1			3	8
2.2					2				2
2.3		2		3		2	2		9
3				3	3	4	4	5	19
4.1						2	3		5
4.2									0
4.3						4	3	8	15
4.4									0
Total	3	3	4	9	9	16	16	20	80

Quantitative skills may be assessed across the assessment objectives.

Quantitative skills	Q.01	Q.03	Q.04
calculate, use and understand ratios, averages and fractions			
calculate, use and understand percentages and percentage changes	2		
construct and interpret a range of standard graphical forms			
interpret index numbers			
calculate cost, revenue, profit and break-even			
interpret values of price and income elasticity of demand		3	
use and interpret quantitative and non-quantitative information in order to make decisions	1		
interpret, apply and analyse information in written, graphical and numerical forms.			2
Total quantitative skills marks	8		