



AS Business

7131/2 - Paper 2 - Business 2

Mark scheme

7131

June 2018

Version/Stage: 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 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

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 e.g both sides acknowledged
Rng	Range of arguments e.g 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
<input checked="" type="checkbox"/>	TICK
<input type="checkbox"/>	CROSS
<input type="checkbox"/>	Txt Box
?	Uncertain
Highlighter	Highlighter
[REP]	Repetition

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. You are marking to the standard agreed at standardisation.
- 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	Use Figure 2 to calculate how many overnight stays were required for HS to break-even in 2017.	[3 marks]
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Marks for this question: AO1 = 1, AO2 = 2

3 marks for correct answer of 66667

2 mark correctly selects and uses figures but an arithmetical error

1 mark if correctly defined but no other valid calculations

Correct answer:

$$\begin{aligned}
 & \text{Fixed Costs} \\
 & \text{Contribution per unit (1)} \\
 & = \frac{1\,300\,000}{(25.00 - 5.50)} \\
 & = \frac{1\,300\,000}{19.50} \\
 & = 66\,666.67 \\
 & = 66\,667 \text{ stays to break even (1)}
 \end{aligned}$$

0	2	Use Figure 2 to calculate the profit made by HS from hostels in 2017.	[3 marks]
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Marks for this question: AO1 = 1, AO2 = 2

3 marks for correct answer of £143000

2 marks correctly selects and uses figures, but an arithmetical error, eg revenue and costs correct but subtracted incorrectly

1 mark if profit correctly defined but no valid calculations

Correct answer:

Profit = Revenue – Total Costs

2017: Revenue = 74 000 x 25.00 = £1 850 000

Total Costs = 1 300 000 + (5.50 x 74 000) = £1 707 000

Profit = £143 000

Contribution per stay = £19.50 (£25-£5.50)

£19.50 x 74,000 = £1,443,000 (total contribution)

£1,443,000 - £1,300,000 (f.costs) = £143,000

Other methods to get to correct answer are acceptable.

0	3	Explain one factor that may have influenced the design of the promotional mix used by HS to boost demand.	[4 marks]
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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:

The factors influencing the promotional mix rather than the promotional mix itself
Influences on the promotional mix of HS to boost demand

Indicative content may include:

The finance available to HS; the type of customer/target market that HS is trying to attract – and how this may influence the promotional mix when trying to boost demand. This could be related to demand for customer overnight stays or demand for membership.

Approaches are likely to be:

- A well explained answer will apply theoretical points to the context
- A reasonable explanation is less focused on the demands of the question e.g. less thorough on explanation or less well applied

0	4	Analyse the financial benefit to HS of having a flexible workforce.	[9 marks]
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Marks for this question: AO1 = 3, AO2 = 3, AO3 = 3

Level	The candidate will typically demonstrate:	Marks
3	<p>A good response overall that focuses on many of the demands of the question</p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • 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	<p>A reasonable response overall that focuses on some of the demands of the question</p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • 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	<p>A limited response overall with little focus on the demands of the question</p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • 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:

- understanding the benefit(s) of a flexible workforce to HS
- analysing the ways in which this may generate **financial** benefit(s) for the organisation.

Indicative content may include:

- At HS the flexible work force is casual/seasonal staffing; part time staff or volunteers.
- The flexible work force allows benefits, eg this could be argued through the managing of the pattern of demand (seasonally and fluctuating daily) – matching demand with supply will make best use of resources
- The benefit should be expressed through its impact on costs or demand (to link towards the question of financial benefit)
- Long serving volunteers (are part of the flexibility) seem committed and have valuable experience at no cost – hence financial benefit.

Approaches are likely to be:

- a good argument will show how aspects of the flexible work force may be beneficial. It will follow an argument through as to how this will benefit HS financially
- a reasonable argument may develop a relevant point but with a less clear link to financial benefit(s) or to HS specifically
- each element of the workforce structure can be covered separately and credited as individual points if analysed as a financial benefit.

0	5	Analyse why some stakeholder groups opposed HS's decision to open a city-centre hostel in Edinburgh.	[9 marks]
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Marks for this question: AO1 = 3, AO2 = 3, AO3 = 3

Level	The candidate will typically demonstrate:	Marks
3	<p>A good response overall that focuses on many of the demands of the question Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • 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	<p>A reasonable response overall that focuses on some of the demands of the question Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • 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	<p>A limited response overall with little focus on the demands of the question Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • 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 reasons different stakeholder groups opposed HS's decision to open a city centre hostel in Edinburgh.

Indicative content may include:

- Specific reference to stakeholder groups, the perspective of these stakeholder groups and their opposition, eg
 - (many) members are committed to the mission of HS and city centre hostels seems to go against this
 - Trustees may be concerned about the financial risk of borrowing money and whether the organisation understands the new market well enough.
 - Volunteers may have less of a role if city centre hostel is run in a more 'business like' way
 - Many stakeholders could be concerned if resources and attention is diverted from their traditional and favoured areas.

Approaches are likely to be:

A good response will make a clear line of argument in context as to the likely reason for opposition by different stakeholder groups

A good response being focused on the question will pay some reference to more than one stakeholder group – though the second group may be analysed to a lesser extent.

A reasonable response may be less focused on the demands of the question – less clear understanding of stakeholder perspectives or less securely applied to the case material or only one stakeholder group considered.

0	6	How important do you think making profits is to HS? Justify your view.	[16 marks]
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Marks for this question: AO1 = 4, AO2 = 2, AO3 = 4, AO4 = 6

Level	The candidate will typically demonstrate:	Marks
4	<p>An excellent response overall that is fully focused on the key demands of the question Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • 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	<p>A good response overall that focuses on many of the demands of the question Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • 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	<p>A reasonable response overall that focuses on some of the demands of the question Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • 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	<p>A limited response overall with little focus on the demands of the question Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • 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 focus on:

- a discussion of the role of profit for HS (a charitable organisation)
- a focus on a judgement related to the importance of profit for HS.

Indicative content may include:

- as a charity the organisation has specific objectives that are not necessarily profit focused (compared to, eg a plc); these drive the decision making, but need financial support to be achieved
- HS needs funds to buy/maintain and improve properties; encourage the use and appreciation of the countryside and support use by people with low incomes. Striving to make profit is therefore good to help support its mission statement
- assets (built up from past profits) can support losses in a given year (eg 2015 and 2016), but this is not sustainable in the long term so profits are needed
- whilst losses are undesirable, the lack of external shareholders means that losses for a couple of years can be accepted as the organisation can more easily take a long-term view
- in other organisations profits are distributed to owners whereas this is specifically not the case in a not for profit organisation, this will mean decision makers will stay focused on the mission statement rather than making money for its own sake.

Approaches likely to be:

Supported judgement related to the role of profit - based on prior analysis and focused on the question set will be needed for a good or excellent response. An excellent response will have clear focus on the how important profit is given the charitable nature of HS which may make it different from other organisations.

0	7	Was HS right to sell the three hostels in 2016? Justify your view.	[16 marks]
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Marks for this question: AO1 = 4, AO2 = 2, AO3 = 4, AO4 = 6

Level	The candidate will typically demonstrate:	Marks
4	<p>An excellent response overall that is fully focused on the key demands of the question Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • 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	<p>A good response overall that focuses on many of the demands of the question Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • 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	<p>A reasonable response overall that focuses on some of the demands of the question Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • 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	<p>A limited response overall with little focus on the demands of the question Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • 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 focus on:

- the decision to selling three hostels
- the reasons for this decision
- the reasons why it might be argued HS should not have sold these three hostels
- an overall judgement of whether this decision was a right one.

Indicative content may include:

- the decision to reduce capacity by closing three hostels – this raised capacity utilisation from 52.8% in 2016 to 66.1% in 2017 and low capacity utilisation has been seen as a problem
- reducing capacity by 30 000 across 3 hostels has reduced fixed costs by £225 000 and across the time period profits rose by £318 000 (using answer to Q2)
- the sale of the three hostels raised £1.5m – finance that would not otherwise have been available. This was reinvested – in renovations and promotion – which may have contributed to rising capacity utilisation and revenues, though sales have continued to fall
- fixed costs have reduced
- prices were increased from £23.50 to £25.00 at the same time – and this supported by the promotional campaign and refurbished hostels will have contributed to rising revenue and profits not just the sale of the three hostels
- favourable changes to finance and occupancy are at a time of falling overall demand – this could be seen as positive and justifying the change – despite some fall in overall stays
- the aim of the organisation is to encourage the love of the countryside – the closed hostels were offering a more remote experience and this may have been useful in fulfilling the spirit of its mission statement. Has performance therefore deteriorated?
- the £1.5m windfall is a one off and as a result the improvements in performance may be short term only– what might happen in the longer term? Will the financial improvements be maintained in the longer term? Can it fund further refurbishments and promotions?
- whether this was a right decision is the key to an excellent response. This may depend on your perspective, eg right as a trustee? A member?
- it may be that it was not right in itself but it enabled HS to try to boost demand and so was justified; what would have happened if it had not sold them?

Approaches likely to be:

- supported judgement related to the merits of the decision to sell – based on prior analysis and focused on the question set will be needed for a good or excellent response
- an excellent response will be well rooted in the case and clearly consider the relative issues, eg whether the funds raised secure future success and what may have happened if they had not been sold – after all they were under used, but does that matter?

0	8	<p>HS and other charities have suggested that money is not a motivator for staff in this sector. How important do you think money is as a motivator for employees in businesses generally? Justify your view.</p> <p style="text-align: right;">[20 marks]</p>
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Marks for this question: AO1 = 4, AO2 = 3, AO3 = 5, AO4 = 8

Level	The candidate will typically demonstrate:	Marks
5	<p>An excellent response overall that is fully focused on the key demands of the question Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • 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	<p>A good response overall that focuses on many of the demands of the question Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • 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	<p>A reasonable response overall that focuses on some of the demands of the question Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • 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	<p>A limited response overall with little focus on the demands of the question Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • 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	<p>A weak response overall lacking focus on the demands of the question Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • 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 money as a motivator of employees compared to other factors
- in businesses generally rather than just HS
- in businesses generally rather than just the charity sector.

Indicative content may include:

- demonstrates knowledge and understanding of relevant issues including the motives of employees (and how this might differ)
- the role of money for employees in different situations; different businesses etc.
- coverage of relevant theorists is relevant in developing arguments – including the role of money in theories such as the basic needs in Maslow or as a hygiene factor in Herzberg. (note: there is no specific requirement to use these theories)

Approaches likely to be:

- an excellent response will have formed a balanced argument as to the (relative) role of money in motivation (if any)
- a range of points will be developed in depth to form a well-focused analysis of the question set. The argument should relate to the context of the question and consider the aspect of **all** businesses, eg looking at the motivation of employees in different circumstances
- the context of HS can be used in the response set but an excellent response must consider the relative importance of money for business generally; it must have a sense of overview.

Responses may consider other factors that motivate employees but the focus of the question is the **relative importance** of money.