



A-level Business

7132/3 PAPER 3 BUSINESS 3

Mark scheme

7132

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

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 starting point will be the default mark in each range. Default to the centre of the range, or centre +0.5. Then decide whether there is any reason to move up or down within that range. The descriptors on how to allocate marks can help with this. The exemplar materials used during standardisation will help. Where possible, 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 to the standardisation scripts and guidance to help you benchmark. You are marking to the standard agreed at standardisation. As the marking period progresses, be careful of the standard you are marking at drifting; refer back to standardisation scripts regularly
- 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 good rather than excellent. Make sure the comments fit with the level awarded: '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.

| | |
|-------|--|
| KU | Knowledge and understanding – used to credit knowledge of the specification and also to acknowledge 'points' made in relation to the question, perhaps explained, but once the point has some analytical dev, annotate AN or D |
| Bal | Balanced response, e.g both sides acknowledged with at least a valid point made on either side |
| AN | Analytical but lacks context – ie a theoretical line of argument |
| D | Developed argument (analysis with context) – need not be amazing – we will decide at the end of the response on how 'well' developed the overall response was |
| Rng | Range of arguments - e.g two arguments presented |
| J | Judgement with support |
| F | Focus on the demands of the question – as stated in the mark scheme. Use this annotation each time a demand is addressed – several FOCUS annotations will thus imply fully focused on ALL demands of the question, fewer FOCUS annotations will imply focus on SOME demands of the question or MOST of the demands of the question |
| BOD | benefit of doubt – though there is some uncertainty over the student's meaning, the point or aspect of the argument will be accepted as valid, thus creditworthy |
| NAQ | Not answering the question - Response has drifted from answering the question set. When using, be sure to read the whole response carefully – students will often drift back to answering the question later in their response – normal annotation should resume whenever they come back to addressing the demands of the question |
| OFR | own figure rule – to be annotated where a valid argument develops following a miscalculation (ie a wrong answer is used correctly) |
| SEEN | used to annotate blank pages to show they have been scanned for any student response – please check the whole page |
| Tick | ONLY used to show a correct calculation – please use KU when annotating valid points |
| Cross | to show an incorrect calculation or a clearly incorrect link in a chain of logic – if in doubt, do not cross, use BOD |

To be used beside textbox summative comments at the end of the response only, L1, L2, L3, L4, L5

| | | | |
|----------|----------|---|-------------------|
| 0 | 1 | Analyse two benefits to Hopps Clothing Ltd of creating a strong brand. | [12 marks] |
|----------|----------|---|-------------------|

| Level | The student 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, applied effectively to the context and considers a range of issues in the question | 9 – 12 marks |
| 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, applied to the context and considers some of the issues in the question | 5 – 8 marks |
| 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 mainly descriptive application to the context | 1-4 marks |

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

The demands of this question are:

- To analyse two benefits of creating a strong brand
- to Hopps Clothing.

Indicative content:

- price premium – margins are clearly a significant issue
- customer loyalty – especially important in such a highly competitive/crowded market
- recognition for new product ranges – especially in an industry (fashion) where individual products' life cycles are likely to be short
- easier to gain distribution if he chooses to sell through retailers
- may attract publicity/endorsement – perhaps meaning he does not have to pay for celebrity endorsements.

Credit other valid lines of analysis.

2 benefits is a range

Answers exploring how to create a strong brand are not focusing on the question

A Level 2 response may feature theoretical development without context or with weak context

A single, well-developed contextualised argument is likely to score at the top of level 2

Two arguments, well analysed with only one clearly in context can reach lower end of Level 3

| | | | |
|----------|----------|---|-------------------|
| 0 | 2 | Analyse the value of effective inventory control to Hopps Clothing Ltd. | [12 marks] |
|----------|----------|---|-------------------|

| Level | The student 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, applied effectively to the context and considers a range of issues in the question | 9 – 12 marks |
| 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, applied to the context and considers some of the issues in the question | 5 – 8 marks |
| 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 mainly descriptive application to the context | 1-4 marks |

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

The demands of this question are:

- to analyse the value of effective inventory control
- to Hopps Clothing.

Indicative content:

Effective inventory control helps to avoid:

- too much inventory ties up cash until Jack can sell inventory – with a full cash inflow reliant on selling even less popular sizes
- too little inventory damages reputation with Jack unable to supply customers in a viable time-frame. This could be a particular problem if there is an unexpected surge in demand, perhaps following a celebrity endorsement
- poor inventory control/re-ordering may lead to popular sizes selling out, losing potential sales
- excessive inventory takes up space (Jack has no obvious premises) – he may need to incur extra costs if hiring storage space, whilst his parents are unhappy at the boxes clogging up their house.
- Inventory challenges related to Hopps' potential growth

Credit other valid lines of analysis.

With no plurality in the question only one argument needs to be developed to fully meet the demands of the question

| | | | |
|----------|----------|---|-------------------|
| 0 | 3 | Using the data in Appendix B and the case study , evaluate whether Jack is likely to meet the deadline for his new range. | [16 marks] |
|----------|----------|---|-------------------|

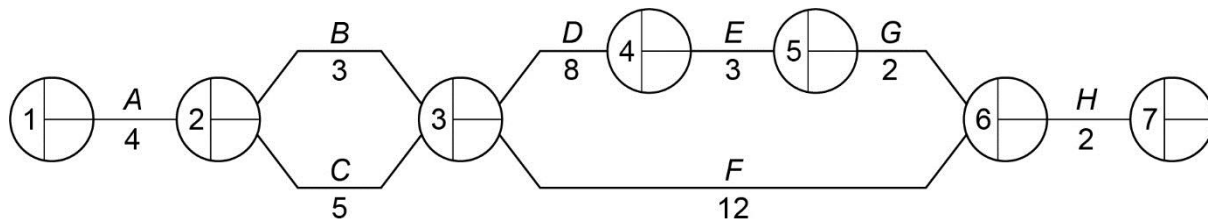
| Level | The student will typically demonstrate: | Marks |
|----------|---|--------------------|
| 4 | <p>An excellent response overall that is fully focused on the key demands of the question.</p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • demonstrates a depth and range of knowledge and understanding 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 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, 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 marks |
| 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, 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 marks |
| 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, 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 marks |

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

The demands of the question are:

- to use data in **Appendix B** to identify reasons why Jack may/may not be ready to launch
- to use data in the case study to identify reasons why Jack may/may not be ready to launch – this could include designer’s updated estimates (from the case study) to work out ‘new’ critical path
- to build a chain of logic linking data/information from the appendix and/or case study to the likelihood of meeting the deadline
- to make a justified judgement on likelihood of meeting the deadline.

Indicative content:



| Node | EST based on Jack's original estimates | LFT based on Jack's original estimates | EST WITH designer's amendments | LFT WITH designer's amendments |
|------|--|--|--------------------------------|--------------------------------|
| 1 | 0 | 0 | 0 | 0 |
| 2 | 4 | 4 | 4 | 4 |
| 3 | 9 | 9 | 9 | 9 |
| 4 | 17 | 17 | 17 | 18 |
| 5 | 20 | 20 | 20 | 21 |
| 6 | 22 | 22 | 23 | 23 |
| 7 | 24 | 24 | 25 | 25 |

Data in appendix suggests the deadline will be met because:

- original network diagram suggests Jack is likely to meet the deadline with 1 week to spare (24 weeks)
- float time is available on activities *B* and *F*, but only 2 and 1 weeks respectively
- if *B* is delayed by 2 weeks, there is no delay on the whole project
- if *F* is delayed by 2 weeks, the project will be complete in 25 weeks – still (just) hitting the deadline
- Original critical path A, C, D, E, G, H

Possible reasons the deadline may be missed:

- all estimates are Jack's – he is relatively inexperienced and may be overly optimistic
- given information from the designer in the case study, any delay on the new critical path of A, B and/or C, F, H will cause the deadline to be missed. A delay of more than 1 week on D, E and G will push the project over 25 weeks.

The extent to which the deadline is likely to be met may depend on:

- the original (24) and new (25) estimates being within the 25 week deadline – suggest likelihood is high
- the reliability of estimates Eg, Jack's and designer's
- there being no more delays
- recognition that Critical Path Analysis is an effective planning tool, but does not guarantee implementation.

Credit any other valid lines of analysis and evaluation.

If candidate shows evidence of correct calculation of NEW critical path or float times or duration, credit any argument that uses this as 'applied effectively to context'

If candidate correctly states original critical path or float times or duration, an argument that use this information is 'applied to context' as a minimum

Can use new and old diagrams

| | | | |
|----------|----------|--|-------------------|
| 0 | 4 | <p>In his first year, Jack only used e-commerce instead of distributing through a retailer. To what extent was this a good choice? You should support your answer using Appendix A and the case study.</p> | [16 marks] |
|----------|----------|--|-------------------|

| Level | The student will typically demonstrate: | Marks |
|----------|---|--------------------|
| 4 | <p>An excellent response overall that is fully focused on the key 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 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 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, 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 marks |
| 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, 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 marks |
| 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, 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 marks |

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

The demands of the question are:

- to use appendix A
- to use the case study
- to analyse the benefits of using e-commerce and not retailers
- to analyse the drawbacks of using e-commerce and not retailers
- recognition of Jack's circumstances – new start-up, already has a full-time job
- reaching a supported judgement over whether the choice was right for Jack when starting up.

Indicative content:

Yes, because using a retailer (Debenhams) means:

- lower gross margins on sales through Debenhams - 40% (£6) on T-shirts, 41.7% (£5) on caps and 30% (£3) on beanies versus online retail margins of 62.5% (£15), 65% (£13) and 56.25% (£9). NB calculations are NOT required
- loss of control over how products are sold
- exclusivity demanded by Debenhams may prove a major constraint
- may have needed far larger quantities than Jack could manage as a part-time entrepreneur
- Debenhams customers may not 'fit' Jack's target market.

No, because:

- customers would not be able to see/feel/touch the products
- Jack limited the potential size of his market according to how they buy their clothing
- Jack failed to capitalise on the actual service that retailers provide by actively selling products to customers.

The extent to which this was a good choice may depend on:

- the specifics of Debenhams offer – exclusivity and a different target market mean Hopps Clothing may have suited e-commerce more
- recognising the limiting nature of e-commerce distribution to business such as Jack's
- exploring what makes the choice 'good' – profitability or boosting awareness in the early stages of a business

Credit other valid lines of analysis and evaluation.

Valid calculations of revenue, profit, break-even or other financial issues affecting the choice should be credited as use of context where logic can be followed (candidates may not recognise final column as retail price if sold online – BOD any reasonable assumption)

Calculations using information from Appendix C are not focused on this question ('in his first year') therefore not credited as use of context

| | | | |
|----------|----------|---|-------------------|
| 0 | 5 | Considering both quantitative and qualitative factors, should Jack give up his job to become a full-time entrepreneur? Justify your answer. | [20 marks] |
|----------|----------|---|-------------------|

| Level | The candidate will typically demonstrate: | Marks |
|-------|--|-------|
| 5 | <p>An excellent response overall that is fully focused on the key 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 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. | 17–20 |
| 4 | <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 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</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, 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</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 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</p> <p>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 |
|----------|---|------------|

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

The demands of the question are:

- to analyse quantitative factors affecting Jack's choice
- to analyse qualitative factors affecting Jack's choice
- makes a clear judgement on whether Jack should give up his job to become a full-time entrepreneur

Indicative content:

Quantitative issues include:

Appendix C suggests Jack's profit would be:

| Item | Expected online sales | Expected sales through retailers |
|----------|---|--|
| T-shirts | 2000 * contribution p.u. of £15 = £30 000 | 33,000 * contribution p.u. of 6 = £198 000 |
| | | Total contribution = £228 000 |

Total FC = £200 000

Forecast profit = £228 000 - £200 000 = £28 000

£3 000 more than his bank salary IF his forecasts are correct

He has a 'guaranteed' income of £25,000 if he stays at the bank

Qualitative issues include:

- Jack clearly has the desire to quit work – would he be happier as a full-time entrepreneur?
- Jack still lives at home – so he shouldn't be left homeless if the business fails, whilst LTD liability provides some protection from increased debt likely to accompany the move
- hard to imagine how online only distribution would ever generate the volumes needed to generate net profit of £25 000
- £25 000 salary looks safe and secure, forecasts are uncertain
- as an employee Jack is likely to receive other benefits, including sick pay and probably pension contributions.

The decision may depend on:

- a trade-off of job satisfaction and potential for higher earnings versus security
- the probable accuracy/inaccuracy of Jack's forecasts, given the slim operating profit forecast, and even more so, the relative size of the extra £3 000 earned by pursuing this business full-time. Even a minor overestimate may wipe out the extra £3 000.

- He may earn more than he would at the bank, his working life is likely to be more fulfilling, but he is trading security away in return for a small increase in his income and greater job satisfaction.
- Given his track-record of willingness to take risk, his youth and his clear dissatisfaction in his current role entrepreneurship makes sense, unless a candidate considers the element of risk too great for a relatively minor financial reward.

Credit other valid lines of analysis and evaluation.

On this question, balance requires argument(s) for and against quitting his job/becoming an entrepreneur. Consideration of quantitative factors AND qualitative factors is required to show range

Use of data in appendix A can be credited as use of (quantitative) context, if recognised that this is historic data

| | | | |
|----------|----------|---|-------------------|
| 0 | 6 | <p>Jack plans to grow his business rapidly over the next few years. To what extent is it possible for businesses to overcome the problems caused by rapid growth?</p> | [24 marks] |
|----------|----------|---|-------------------|

| Level | The candidate will typically demonstrate | Marks |
|-------|--|-------|
| 5 | <p>An excellent response overall that is fully focused on the key 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 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 | 21-24 |
| 4 | <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, 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. | 16-20 |
| 3 | <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, 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. | 11-15 |
| 2 | <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, mainly descriptive | 6-10 |

| | | |
|---|---|-----|
| | <p>application to the context and considers a limited number of issues in the question.</p> <ul style="list-style-type: none"> • makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole. | |
| 1 | <p>A weak response overall lacking 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 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. | 1-5 |

Marks for this question: AO1 = 5, AO2 = 4, AO3 = 6, AO4 = 9

The demands of the question are:

- an understanding of the problems businesses face when growing
- in a context of rapid growth
- an analysis of how these might be overcome
- a supported judgement on the extent to which businesses can overcome these problems.

Indicative content:

Problems of growth could include:

- reference to Greiner's crises, ie leadership, autonomy, control, red tape, growth
- diseconomies of scale (eg communication, co-ordination and motivation problems)
- arguments based on organisational structure, recruitment and communication channels
- financial issues, such as overtrading.

Methods of overcoming problems could include:

- adjustments to organisational structure
- careful financial planning
- effective communication and leadership
- sensible job design and payment methods
- taking a proactive rather than reactive approach.

Responses may identify some industries in which growth is more challenging than others.

The extent to which it is possible is likely to depend on:

- whether problems are fatal to a business or solvable issues – probably using arguments to explain the factors on which this depends, such as:
- attitude of culture to change
- quality of leadership and management
- competitive environment
- finance available
- size of the business
- extent to which growth is anticipated and can thus be planned for
- how rapid the growth is

Credit other valid lines of analysis and evaluation.

A response solely focused on Jack’s (or any one) business will not address the plural aspect of ‘businesses’ in the question, thus limited to level 4

A response that considers growth, without tackling the ‘rapid’ nature of growth specified in the question can reach Level 4, but cannot be awarded Level 5 as one aspect of one demand of the question would not be covered