A-level
BUSINESS
7132/1

Paper 1 Business 1

Mark scheme

June 2025

Version: 1.0 Final

256A7132/1/MS

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.

No student should be disadvantaged on the basis of their gender identity and/or how they refer to the gender identity of others in their exam responses.

A consistent use of 'they/them' as a singular and pronouns beyond 'she/her' or 'he/him' will be credited in exam responses in line with existing mark scheme criteria.

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

Level of response marking instructions

Level of response mark schemes are broken down into levels, each of which has a descriptor. The descriptor for the level shows the average performance for the level. There are marks in each level.

Before you apply the mark scheme to a student's answer read through the answer and annotate it (as instructed) to show the qualities that are being looked for. You can then apply the mark scheme.

Step 1 Determine a level

Start at the lowest level of the mark scheme and use it as a ladder to see whether the answer meets the descriptor for that level. The descriptor for the level indicates the different qualities that might be seen in the student's answer for that level. If it meets the lowest level then go to the next one and decide if it meets this level, and so on, until you have a match between the level descriptor and the answer. With practice and familiarity you will find that for better answers you will be able to quickly skip through the lower levels of the mark scheme.

When assigning a level you should look at the overall quality of the answer and not look to pick holes in small and specific parts of the answer where the student has not performed quite as well as the rest. If the answer covers different aspects of different levels of the mark scheme you should use a best fit approach for defining the level and then use the variability of the response to help decide the mark within the level, ie if the response is predominantly level 3 with a small amount of level 4 material it would be placed in level 3 but be awarded a mark near the top of the level because of the level 4 content.

Step 2 Determine a mark

Once you have assigned a level you need to decide on the mark. The descriptors on how to allocate marks can help with this. The exemplar materials used during standardisation will help. There will be an answer in the standardising materials which will correspond with each level of the mark scheme. This answer will have been awarded a mark by the Lead Examiner. You can compare the student's answer with the example to determine if it is the same standard, better or worse than the example. You can then use this to allocate a mark for the answer based on the Lead Examiner's mark on the example.

You may well need to read back through the answer as you apply the mark scheme to clarify points and assure yourself that the level and the mark are appropriate.

Indicative content in the mark scheme is provided as a guide for examiners. It is not intended to be exhaustive and you must credit other valid points. Students do not have to cover all of the points mentioned in the Indicative content to reach the highest level of the mark scheme.

An answer which contains nothing of relevance to the question must be awarded no marks.

Marking guidance

- Be clear on the focus of the question.
- Read the response as a whole; follow the flow of the argument as a whole.
- Remember that the indicative content provides possible lines of argument but there may be others that are equally valid. Be willing to credit other lines of argument.
- Annotate the script as you read in accordance with the instructions given at standardisation.
- Consider what it all adds up to, eg is this a good response? A reasonable one? A limited one? Refer back to the standardisation scripts and guidance to help you benchmark. 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 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.

ANNOTATIONS FOR MARK SCHEMES

K U	Knowledge and Understanding
AN	Analytical but lacks context
ARG	Argument
DEV	Developed argument
J / EV	Judgement with support / Evaluation
NFF	Not Fully Focussed on the demands of the question
Bal	Balanced response eg both sides acknowledged
Rng	Range of arguments eg two arguments presented
BOD	Benefit of the Doubt
NAQ	Not answering the question
OFR	Own Figure Rule
SEEN	Seen
☑	TICK
☒	CROSS
☐	Txt Box
?	Unclear
Highlighter	Highlighter
[REP]	Repetition

Section C and Section D – 25-mark essay questions
The following should be used at the end of the response.

L1	L1
L2	L2
L3	L3
L4	L4
L5	L5

Section A

Objective Test Answers

Total for this section: 15 marks

Question number	Answer
01	**B** Data mining
02	**B** Advertising leading to higher added value
03	**D** A rise in GDP and a rise in the exchange rate value of the pound
04	**B** a cash cow to a star.
05	**A** Statement 1 is true. Statement 2 is true.
06	**A** a fall in price and a decrease in fixed costs and an increase in variable costs per unit.
07	**C** £14m
08	**A** Statement 1 is true. Statement 2 is true.
09	**C** Power culture to role culture.
10	**C** Factory C
11	**C** higher labour turnover.
12	**B** High Low
13	**D** Statement 1 is false. Statement 2 is false.
14	**A** Statement 1 is true. Statement 2 is true.
15	**B** Corporate objectives $\longrightarrow$ strategies $\longrightarrow$ tactics

Section B

1 6 Questions **16** and **17** are based on the data below.

Extract from accounts of Righton plc, 2024

	£m	£m
Non-current assets		335
Inventories	80	
Receivables	35	
Cash	40	
Payables	70	
Net current assets		85
Non-current liabilities		230
Total equity		190

Calculate the current ratio for Righton plc for 2024.

Show your working.

[4 marks]

Marks for this question: AO1 = 1 and AO2 = 3

Answer = 2.2:1   OR   2.2 (4 marks)

(Also accept **2.21   OR   2.214**)

Broken down as follows:

current assets = 80 + 35 + 40 = 155

current liabilities = 70

^ current ratio = current assets : current liabilities

155 : 70 = 2.2 : 1   OR   2.2

Award 2 marks for correct calculation of current assets (155)
(Award 1 mark if two current assets are recognised and used)

Possible values worth 1 mark for CA calculation are 115 (80 + 35)   OR   120 (80 + 40)
OR   75 (35 + 40)

Award 1 mark (3rd mark) for dividing the numerator by payables figure (70)

Award 1 mark (4th mark) for correct division of $\frac{155}{70} = 2.2$

NB. OFR applies if method is valid but arithmetic error occurs.
^ If no creditworthy calculation, **award up to 1 mark** for correct formula for current ratio.

Marker's note: Do not credit the figure "155" if it is not shown as a current assets total OR not used in an equation.
If used in an equation credit it with 2 marks.

1 7	Righton plc achieved a Return on Capital Employed (ROCE%) of 12% in 2024. Calculate its operating profit. Show your working. **[4 marks]**

Marks for this question: AO1 = 1 and AO2 = 3

Answer = £50.4 million (4 marks). **(**Also accept 50.4million OR £50.4 OR 50.4 for **4 marks**)

^ ROCE (%) $= \dfrac{\text{operating profit}}{\text{capital employed}} \times 100$

$12\% = \dfrac{\text{operating profit}}{420}$

Award 2 marks for correct calculation of Capital employed (**420**)
(Award 1 mark if one of the two elements of capital employed is recognised (ie 230 OR 190)
Also accept a correct figure if non-current assets + net current assets is used to calculate capital employed (ie 335 OR 85)

Award 1 mark (3rd mark) for multiplying ROCE (%) (12%) by the capital employed figure (420)

Award 1 mark (4th mark) for 12% × 420 = 50.4.

NB OFR applies if method is valid but arithmetic error occurs.
^ If no creditworthy calculation, **award up to 1 mark** for correct formula for ROCE (%).

1 8 The table below shows changes to the structure of Newtown plc.

Feature	Before 2024	2024 onwards
Number of staff	3906	3616
Average span of control	5	15
Levels of hierarchy	6	4

Analyse how this restructuring of Newtown plc in 2024 might affect its speed of response to customer enquiries.

[9 marks]

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

Level	The student 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 this question are:
- showing an understanding of average span of control and levels of hierarchy
- analysing how this particular restructuring might affect the company's speed of response.

Indicative content:
Possible responses include:
- speed of response measures how promptly a good or service is provided for the customer.

The Table shows three organisational changes:
- average span of control has tripled from 5 to 15. This will increase the number of subordinates for each manager, potentially slowing down managerial decisions
- this will also have a major impact on managers' workloads, potentially causing bottlenecks in communication and decision-making
- a higher span of control will encourage more delegation of responsibility and greater authority for subordinates. This can lead to more immediate responses to customer requirements
- fewer levels of hierarchy will mean that vertical communication is likely to be quicker, thus improving response time
- a reduction in staff of 290 people will increase individual workloads, potentially leading to slower speed of response
- the loss of 290 people may mean losing some intellectual capability and this may lower efficiency in the short-run, possibly causing problems such as delays and faults in orders.

Context is speed of response.

Marker's Note: To reach L3, at least two of the three items of data need to be utilised in the answer. This use can be explicit (eg a reduction of staff of 290) or implicit (eg. a reduction in staff).

1	9	Analyse how a government changing its fiscal policy might affect a business which produces healthcare products. **[9 marks]**

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

Level	The student 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 this question are:
- showing an understanding of fiscal policy – government spending and taxation
- analysing how the changes in fiscal policy indicated by the student might impact on a producer of healthcare products.

Indicative content:
- analysing that taxation might increase or decrease. An increase in taxation is likely to lead to a fall in consumer spending power and thus lower demand for products in general, and thus healthcare products. A decrease in tax is likely to lead to higher demand for (healthcare) products
- analysing that the impact of taxation will vary according to the taxes which are changing. Changes to VAT will affect price directly but income tax will affect the quantity demanded
- using the context of healthcare products appropriately. For example, analysing that changes in government spending will directly affect a healthcare producer which supplies the NHS. In contrast, changes in taxation are more likely to influence spending on healthcare products that are purchased directly by individuals
- analysing that changes in both government spending and taxation may impact on UK GDP and subsequently increase or decrease levels of income in the economy and thus spending on all products, including healthcare products.

NB. Credit will be given to students who demonstrate a specific understanding of the context of healthcare products; such as prescription medicines possibly being free of charge or the fact that some medicines are free of VAT. However, this type of knowledge is not needed to achieve L3.

*Marker's note: Candidate must understand that fiscal policy involves government spending **and** taxation in order to reach L3.*
*Do **not** credit references to monetary policy or government legislation/intervention.*

2 0	Analyse how adopting an innovation strategy might affect the human resources function of a business. **[9 marks]**

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

Level	The student will typically demonstrate:	Marks
3	**A good response overall that focuses on many of the demands of the question.** Provides an answer to the question set that: • demonstrates a depth and range of knowledge and understanding of issues in the question • demonstrates analysis which is well developed and is applied effectively to the context.	**7–9**
2	**A reasonable response overall that focuses on some of the demands of the question.** Provides an answer to the question set that: • demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question • demonstrates analysis which is developed and is applied to the context.	**4–6**
1	**A limited response overall with little focus on the demands of the question.** Provides an answer to the question set that: • demonstrates a limited range and depth of knowledge and understanding of issues in the question • demonstrates analysis with little development and with mainly descriptive application to the context.	**1–3**

The demands of the question are:
- understanding the meaning of innovation strategy and/or the human resources function
- analysing how adopting an innovation strategy might affect the human resources function of a business.

Indicative content:
- understanding that an innovation strategy will be a long-term project, requiring changes in numbers of staff, their roles and skills
- understanding that innovation can be a high-risk strategy as new ideas may not lead to innovation. Consequently, there may be less certainty on jobs if the innovation is unsuccessful, but major benefits to workers if it succeeds
- analysing that the business will **either** need to recruit new staff **or** retrain existing staff
- analysing how employee engagement might be affected by the change
- analysing how different HR objectives, such as labour turnover and labour productivity may be affected by the new strategy
- analysing the possible impact on the organisational structure or design
- analysing the possible impact on motivation of individual workers.

This list is not exhaustive but provides guidance. The context of the HR function is broad. Accept arguments which focus on other elements of HR.

Section C

2 1	A UK business's domestic market has stopped growing. The business has decided to become a multinational corporation. To what extent is this decision likely to increase profits? **[25 marks]**

25-mark evaluative questions: AO1 = 5, AO2 = 4, AO3 = 6 and AO4 = 10

Level	The student 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 judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole throughout.	**21–25**
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.	**16–20**
3	**A reasonable response overall that focuses on some 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.	**11–15**

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.	**6–10**
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.	**1–5**

The demands of the question are:
- showing an understanding of multinational corporations
- recognising and analysing reasons why becoming a multinational might lead to increased (or decreased) profits
- applying this understanding in the context of a stagnant domestic market
- evaluating the extent to which becoming a multinational corporation might increase/decrease profits in this context.

Indicative content may include:
Analysing the benefits of becoming a multinational corporation, such as:
- a stagnant home market will mean that it could be easier to grow if the business has operations in other countries
- becoming a multinational corporation (MNC) will lead to greater opportunities for economies of scope and scale
- MNCs have easier access to resources in other countries. These resources may lead to cheaper production costs or higher quality products
- MNCs can assess where market growth is most likely and concentrate their efforts there
- becoming a MNC may enable a business to gain a better understanding of individual overseas markets
- savings on transport costs.

Showing how these benefits may translate into increased profits

Analysing the problems of becoming a multinational corporation, such as:
- having a poorer understanding of its markets
- possible political instability and other uncertainties in overseas markets, such as labour supply and skills and culture
- potential damage to reputation if seen to be exploiting other countries
- expansion may lead to diseconomies of scale.

Evaluation:
- assessing the relative benefits and problems arising from becoming an MNC
- assessing the risks involved, particularly as this growth will need to be financed
- evaluating circumstances, such as exchange rate changes, which might influence the overall impact on profits
- examining both the short-term and long-term impact on profits
- making a reasoned judgement on profits are likely to rise or fall, in the context of the stagnant domestic market.

2 2	The marketing department of a business wishes to increase its market share in a growing market. To what extent is market research the most important activity of the marketing department in order to achieve this objective? **[25 marks]**

25-mark evaluative questions: AO1 = 5, AO2 = 4, AO3 = 6 and AO4 = 10

Level	The student 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 judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole throughout.	**21–25**
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.	**16–20**
3	**A reasonable response overall that focuses on some 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.	**11–15**
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.	**6–10**

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.	**1–5**

The demands of the question are:
- understanding market share and market research (MR)
- analysing the impact of market research on the success of marketing overall in the context of a growing market
- contrasting this impact with the impact of other activities of the marketing department
- assessing the extent to which market research is the most important of the activities of the marketing department, in order to achieve an increase in market share.

Indicative content:
Possible ways in which MR can help to increase market share in a growing market include:
- can identify relevant market segments and how to target them
- can provide insights into consumers wishes and behaviour, such as reaction to promotions and price changes
- may learn the best ways of promoting goods
- may identify trends and potential changes
- can discover factors/approaches that lead to increased market share.

Other ways in which the marketing department might increase market share include:
- modifying the marketing mix or particular elements of the 7 Ps in order to create growth
- adapting elements of segmentation, targeting and positioning.

*Marker's Note: Answers that do **not** analyse market research but just assert that that another factor is more important (and explain why) should be limited to a maximum of L2 - 9 marks.*

Evaluation
Market research will generally affect sales growth by improving the quality of other marketing activities, so its importance can be related to how well the MR is used in other marketing activities.

Evaluation should assess how MR can help growth, whilst recognising that other actions of the marketing department also have a role to play in helping to achieve a higher market share in a growing market.

The quality of the overall judgement will depend on the strength of arguments presented in favour of either MR being the most important factor or other functions of the marketing department being more important.

Furthermore, it could be argued that, in general terms, it will be challenging to increase market share, especially as the market is growing and therefore likely to attract more competition. In contrast, it could be argued that a growing market could help increase market share, because the business could target new customers, rather than having to attract customers away from their competitors.

Good evaluation should assess the extent to which market research is or isn't the most important of the roles of the marketing department, in order to achieve an increase in market share in a growing market.

Credit should be given to other approaches to this question.

Section D

2 3	‘The need to continue investment is the most significant difficulty facing a business which is trying to maintain a competitive advantage.’ To what extent do you agree? Justify your view. **[25 marks]**

25-mark evaluative questions: AO1 = 5, AO2 = 4, AO3 = 6 and AO4 = 10

Level	The student 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 judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole throughout.	**21–25**
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.	**16–20**
3	**A reasonable response overall that focuses on some 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.	**11–15**

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.	**6–10**
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.	**1–5**

The demands of the question are:
- showing an understanding of competitive advantage and its main sources
- understanding the various factors, such as investment, that can influence competitive advantage
- analysing the various factors, both internal and external, that can influence a business's ability to maintain its competitive advantage
- assessing the extent to which the need to increase investment is likely to be the most significant difficulty facing a business trying to maintain a competitive advantage.

Indicative content may include:
- understanding that competitive advantage usually derives from a comparative (or cost) advantage or a differential advantage (from differentiation of products)
- recognising why increasing investment can be difficult – for example, increased gearing and interest costs, potential negative impact on shareholders' dividends in the short-run, difficulties in accessing sources of finance
- recognising the possible factors that can make it difficult to maintain a competitive advantage, such as:
    - the quality and vision of leadership
    - the need to find finance for continual investment in capital resources
    - the level of and adaptability of management skills in the business
    - the level of both job specific and general skills in the workforce
    - ability of the business to maintain competitive advantage through its marketing
    - the efficiency of the other functional areas, such as operations management
- analysing how the factors above might cause difficulties in the business' attempts to maintain competitive advantage
- analysing how external factors can also contribute to difficulties, such as greater competition overseas, potential for lower costs amongst rivals, additional transportation costs.

Evaluation
- assessing how crucial investment is as a difficulty in maintaining a competitive advantage
- contrasting this difficulty with the other factors analysed
- evaluating the impact of external factors, such as circumstances in which they might affect one business more than another
- providing an overall judgement on whether the need to increase investment is the most significant difficulty facing a business which is trying to maintain a competitive advantage.

*Marker's Note: Answers that focus on factors that can influence competitive advantage, but with **no** reference to investment, can be credited up to 9 marks (L2).*

2 4	‘A system of quality assurance will always lead to greater profits than a system of quality control.’ Do you agree? Justify your view. **[25 marks]**

25-mark evaluative questions: AO1 = 5, AO2 = 4, AO3 = 6 and AO4 = 10

Level	The student 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 judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole throughout.	**21–25**
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.	**16–20**
3	**A reasonable response overall that focuses on some 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.	**11–15**

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.	**6–10**
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.	**1–5**

The demands of the question are:
- understanding profit and the distinction between quality assurance and quality control
- recognising the possible impact of a system of quality assurance (QA), and also the impact of a system of quality control (QC) on the level of profit
- assessing whether (or not) quality assurance (QA) will have a more positive impact on profits than quality control (QC).

Indicative content:
Recognising that any system that improves quality is likely to increase profit levels through:
- enhancing the quality and perceived value of the product, leading to a higher volume of sales and thus profit
- enhancing quality and thus enabling a business to increase its price and profit margin/making the demand for the product more price inelastic
- decreasing wastage, leading to a reduction in unit costs and thus an increase in profit margins.

Analysing the reasons why quality assurance (QA) might be better than quality control (QC):
- analysing how quality assurance (QA) gives greater responsibility to workers and thus acts as a motivator
- explaining how quality assurance (QA) is based on a philosophy of ‘right-first-time’. This should lead to much lower levels of wastage
- recognising that QA may lead to more consistent quality levels, as everyone’s role incorporates a focus on ensuring quality
- analysing that QA eliminates the need for an inspection team, thus saving costs, particular expect a higher payment than production line workers
- demonstrating that quality control may have a negative impact on quality as workers regard quality as the inspector’s job and so may produce more sub-standard products.

Analysing the reasons why quality control (QC) might be better than quality assurance (QA):
- QC involves less training and so may be more cost-effective than QA, if QA only leads to a marginal improvement in quality
- QA relies on every worker avoiding mistakes. This is likely to be unrealistic
- QC is geared towards preventing faulty products from leaving the business; this may not be guaranteed with a QA system.

Evaluation
Both approaches are geared towards improving quality and thus profit. The final conclusion should derive from the arguments that are selected by the individual student and so there is no definitive conclusion.

Evaluation could also focus on different features relating to the choice between QA and QC, such as the culture of the business, the leadership style of the managers, the skills of the workforce, the nature of the product, the importance of quality to the customer and the level of competition in the market.

It could be argued that both methods are undesirable and unnecessary if customers are not prepared to pay a higher price for quality.

Marker's Note: If an answer confuses QA & QC throughout, treat this as a major mis-categorisation. However, allow up to 9 marks for an answer that makes this error but shows a good understanding of how the two different approaches to quality might influence profits as such an answer is showing understanding of quality as a concept.