
AS
BUSINESS
7131/2

Paper 2 Business 2

Mark scheme

June 2024

Version: 1.1 Final



Mark schemes are prepared by the Lead Assessment Writer and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation events which all associates participate in and is the scheme which was used by them in this examination. The standardisation process ensures that the mark scheme covers the students' responses to questions and that every associate understands and applies it in the same correct way. As preparation for standardisation each associate analyses a number of students' scripts. Alternative answers not already covered by the mark scheme are discussed and legislated for. If, after the standardisation process, associates encounter unusual answers which have not been raised they are required to refer these to the Lead Examiner.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of students' reactions to a particular paper. Assumptions about future mark schemes on the basis of one year's document should be avoided; whilst the guiding principles of assessment remain constant, details will change, depending on the content of a particular examination paper.

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](https://www.aqa.org.uk).

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Level of response marking instructions

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

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

Step 1 Determine a level

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

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

Step 2 Determine a mark

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

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

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

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

Marking guidance

- Be clear on the focus of the question.
- Read the response as a whole; follow the flow of the argument as a whole.
- Remember that the indicative content provides possible lines of argument but there may be others that are equally valid. Be willing to credit other lines of argument.
- Annotate the script as you read in accordance with the instructions given at standardisation.
- Consider what it all adds up to, eg is this a good response? A reasonable one? A limited one? Refer back to the standardisation scripts and guidance to help you benchmark.
- Remember that you are marking to the standard agreed at standardisation. Be careful of the standard you are marking at drifting when you have a big centre; refer back to standardisation scripts.
- Summarise your findings briefly at the end of the response. This will help you decide on the overall level and is helpful for others to understand the mark given, eg for an extended response 'well-argued but does not focus fully on the issue of 'long term' feels as if it might be a good rather than an excellent response'. Make sure the comments fit with the level awarded: for example, 'unbalanced and not comparing with alternative solutions' does not sound as if it is 'good'.
- Next to your comment put the level awarded, eg L4.
- If in doubt about an approach contact your Team Leader, do not make up your own rules because we must have a standardised approach across all marking.
- Be positive in your marking. Look to reward what is there.

K U	Knowledge and understanding
AN	Analytical but lacks context
DEV	Developed argument (with context)
J	Judgement with support
Bal	Balanced response, eg both sides acknowledged
L1	L1
L2	L2
L3	L3
L4	L4
L5	L5
BOD	Benefit of the doubt
NAQ	Not answering the question
OFR	Own Figure Rule
SEEN	Seen
☑	TICK
☒	CROSS
☐	Txt Box
?	Uncertain
Highlighter	Highlighter
[REP]	Repetition
Off Page Comment	Off Page Comment
On Page Comment	On Page Comment

0	1
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In 2023, PE Ltd had 120 employees.

The number of products it produced increased by 10% from 2022 to 2023.

Using **Figure 1**, calculate PE Ltd's annual labour productivity in 2023.

[3 marks]

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

3 marks for correct answer 253.44. Accept 253 and 253.4.

2 marks for selecting correct figures of 31 350 and 95 workers but arithmetical error made.

1 mark if calculates 10% increase as 2764.8 only.

1 mark for stating labour productivity formula only, no valid calculations.

Workings:

Number of products produced in 2023:

$$27\,648 \times 1.1 = 30\,412.8 \text{ units}$$

or

$$10\% \text{ of } 27\,648 = 2764.8 \text{ units}$$

$$27\,648 + 2764.8 = 30\,412.8 \text{ units}$$

Labour productivity in 2023

$$30\,412.8 / 120 = 253.44 \text{ units}$$

0	2	Using Figure 2 , calculate the monthly margin of safety for PE Ltd in 2023.
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[3 marks]**Marks for this question: AO1 = 1, AO2 = 2****3 marks** for correct answer that margin of safety is 1700.**2 marks** if student has stated the margin of safety figure correctly but uses £ or %.**1 mark** for calculating contribution per unit as £200 only.**1 mark** for calculating break-even output as 150 only.**1 mark** if correct formula for margin of safety stated, but no other valid calculations.

Correct answer:

margin of safety = actual units sold – break-even output

$$1850 - 150 = 1700$$

To calculate break-even:

$$\frac{\text{Fixed costs}}{\text{contribution per unit} = \frac{\text{selling price} - \text{variable direct costs}}$$

$$£342 - £142 = £200 \text{ contribution per unit}$$

$$\frac{£30\,000}{(£342 - £142)} = 150$$

0	3	PE Ltd is considering targeting individual customers directly in addition to selling to businesses.
		Explain one impact this change could have on its promotional mix.
		[4 marks]

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

Level	The candidate will typically	Marks
3	Provide a response that is well explained using knowledge and understanding and is applied to the context.	4
2	Provide a reasonable explanation using knowledge and understanding and with some application to the context.	2–3
1	Demonstrate some knowledge and understanding but the explanation is limited and lacking application to the context.	1

The demands of the question focus on:

- an explanation of how the promotional mix may change
- following the new target market of individual customers.

Indicative content may include:

- the promotional mix may include the salesforce, advertising and sales promotions
- the type of customer/target market that PE Ltd is now trying to attract will influence the nature of the mix. For example, with business customers the sales team may be very important. When targeting families, the business may use more advertising
- the business will need to consider the best way of communicating with this target market, eg when deciding on different forms of advertising
- PE Ltd may decide to have two promotional mixes; one for the business customers and one for the individual customers.

0	4	PE Ltd is deciding whether to enter a new market by targeting individual households directly.
		Analyse how PE Ltd might benefit from using a decision tree when making this decision. [9 marks]

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

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

The demands of the question focus on:

- analysis of how a decision tree can be useful for PE Ltd
- to make the decision to enter this new market.

Students can analyse benefits and/or drawbacks of using a decision tree for this decision.

Indicative content may include:

- enables PE Ltd to see the possible outcomes of the decision to enter this new market, eg the likely returns from targeting families
- producing a decision tree means PE will need to consider the probability of success or failure in targeting individual households; an understanding of risk will be important when assessing whether to enter the market
- PE Ltd can compare the possible financial implications of entering this market with alternatives
- a decision tree enables PE Ltd to calculate the net gain if the decision was repeated many times; in this case it is a one-off decision
- the figures used in a decision tree are estimates/predictions so they may not be accurate. When entering a new market, the business may not know it as well and so estimates may be unreliable.

0	5	Analyse the factors PE Ltd should consider when choosing a new supplier.	[9 marks]
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Marks for this question: AO1 = 3, AO2 = 3, AO3 = 3

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

The demands of the question focus on:

- analysis of which factors PE Ltd should consider when choosing a supplier.

Indicative content may include:

- as quality has been an issue for PE Ltd there could be an argument that PE Ltd need to pay for better raw materials and therefore choose a new supplier
- PE Ltd may need to be willing to pay more for raw materials, in order to get the quality needed to improve this position
- the financial impact/s of choosing a supplier that charges higher prices for raw materials; can PE Ltd afford to pay these costs?
- are customers willing and able to pay for an increase in price if PE Ltd decide to pass on the cost increase to the price of the products?
- will PE Ltd lose even more customers if it does not change supplier?
- PE Ltd have a five-year relationship with its current supplier; how easy is it to build up a new relationship?
- issues around trusting a new supplier to provide the raw materials

- the complaints/reviews problem needs addressing, is this a reason to change the supplier?
- the need for just-in-time delivery to be available to PE Ltd to help solve the storage costs issue

0	6	Using Figure 2 and the case study, evaluate whether the managers of PE Ltd should be concerned about its financial position.	[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	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.	13–16
3	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: • demonstrates a depth and range of knowledge and understanding of issues in the question • demonstrates analysis which is well developed and is applied effectively to the context 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	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 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	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 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:

- analysing the financial position of PE
- using the case study and **Figure 2**
- to make a judgement about whether the managers should be concerned about the financial position of PE Ltd.

Indicative content may include:

- from **Figure 2** the monthly fixed costs increase from £21 000 in 2021 to £30 000 in 2023
- the variable costs per unit have increased over the period from £102 to £142
- the overdraft balance has increased, it could be argued that this is a significant increase over three years and the managers should be concerned by this
- retained profit has reduced. This impacts how financially secure they are in the future and could have an impact on their ability to borrow more money from a bank
- receivables have increased, could these be utilised more effectively? For example, could debt factoring be considered or a change to their credit terms and conditions?
- selling price per unit has increased, this would need to be compared to competitors to know if this was industry average, above or below average for this market
- there is an increase in the units sold over the period; 800 to 1850, this shows a good position for the business
- PE Ltd are moving into a new market which may be financially successful
- Overall, the data in **Figure 2** shows a worsening financial position for PE Ltd and the managers should be worried

0	7	PE Ltd has failed to achieve its human resource objective of having a low labour turnover.
		To what extent should the directors of PE Ltd be concerned about increasing labour turnover? [16 marks]

Marks for this question: AO1 = 4, AO2 = 2, AO3 = 4, AO4 = 6

Level	The candidate will typically demonstrate	Marks
4	An excellent response overall that is fully focused on the key demands of the question. Provides an answer to the question set that: • demonstrates a depth and range of knowledge and understanding that is precise and well selected in relation to issues in the question • demonstrates analysis throughout which is well developed, is applied effectively to the context and considers a balanced range of the issues in the question • makes judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole.	13–16
3	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: • demonstrates a depth and range of knowledge and understanding of issues in the question • demonstrates analysis which is well developed and is applied effectively to the context 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	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 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	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 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
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The demands of the question focus on:

- the impact of increasing labour turnover on PE Ltd and the extent to which the business should be worried about this in these circumstances. The judgement on the extent will need to be supported to be seen as effective.

Indicative content may include:

- all the staff in this section of the business are trained every year, this is potentially expensive and wasted if labour turnover increases and trained staff are leaving. Also the experience gained from working in different departments will also be lost once leaving the business.
- increasing labour turnover will mean there is a regular need to recruit replacement staff - this is time consuming and costly
- it is difficult to recruit skilled workers due to lots of competition so this could make it difficult for PE to find new people
- it may be willing to accept high labour turnover if it can replace people at lower wages.

Potential points of judgement may include:

- will it depend on situation, eg are there enough available people to replace leavers? Whilst making it difficult to retain staff the required skill set of employees means that replacements could be tempted from other industries
- strong competition, first impressions count increasing labour turnover may weaken customer service, this might be important should PE Ltd sell directly to individual customers
- it is not clear which departments are losing staff, there maybe some variation in which staff are replaceable, with PE Ltd staff rotation there maybe skilled individuals with the expertise to fill gaps across the business in the short term
- new staff might bring new skills and experience to the business.

0	8	‘To increase labour productivity, all businesses should use financial methods of motivation, rather than non-financial methods of motivation.’ To what extent do you agree with this statement? [20 marks]
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Marks for this question: AO1 = 4, AO2 = 3, AO3 = 5, AO4 = 8

Level	The candidate will typically demonstrate	Marks
5	An excellent response overall that is fully focused on the key demands of the question. Provides an answer to the question set that: • demonstrates a depth and range of knowledge and understanding that is precise and well selected in relation to issues in the question • demonstrates analysis throughout which is well developed, is applied effectively to the context and considers a balanced range of the issues in the question • makes judgments or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole.	17–20
4	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: • demonstrates a depth and range of knowledge and understanding of issues in the question • demonstrates analysis which is well developed, applied effectively to the context and considers a range of issues in the question • makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole.	13–16
3	A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: • demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question • demonstrates analysis which is developed, applied to the context and considers some of the issues in the question • makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole.	9–12
2	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: • demonstrates a limited range and depth of knowledge and understanding of issues in the question • demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question • makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole.	5–8

1	A weak response overall lacking focus on the demands of the question. Provides an answer to the question set that: • demonstrates isolated or imprecise knowledge and understanding • demonstrates undeveloped analysis with descriptive application to the context and lacking focus on the question • makes judgements or proposes solutions based on assertions.	1–4
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The demands of the question focus on:

- analysing the impact of financial methods of motivation on improving labour productivity
- analysing the impact of non-financial methods of motivation on improving labour productivity
- providing a judgement that focuses on whether or not all businesses should focus on financial methods of motivation over non-financial methods to improve labour productivity

Note: the question focuses on businesses/industry generally not just PE Ltd.

Indicative content may include:

- whether this is true for all businesses will depend on the financial method of motivation being offered; may consider commission, piece rate pay, bonuses, increases in salary
- motivation theory may be discussed in terms of financial motivation; Taylor and Herzberg
- motivation theory may be discussed in terms of non-financial motivation; Maslow and Herzberg
- employees have lots of different reasons for wanting to work and to increase their labour productivity
- Hackman and Oldham model of job design may be discussed as being a tool for motivation and increasing labour productivity
- whether labour productivity increases may depend on the work that the employees are doing as to what they will be motivated by
- relationships with managers may be significant, employees may increase productivity for some managers and not others
- objectives of the different employees and their reasons to work and increase labour productivity in the first place
- ultimately, it depends on what the financial rewards are and whether they are enough to make labour productivity increase
- Overall, it could be argued that almost all employees are financially motivated to a certain extent to increase labour productivity, it all depends on the individual objectives of the employees. It may depend on other factors that may also motivate employees and how far they are motivated by these factors, compared to financial motivation methods.

Other valid ideas may be credited.