



GCE A LEVEL MARKING SCHEME

SUMMER 2022

**A LEVEL
BUSINESS - COMPONENT 3
A510U30-1**

INTRODUCTION

This marking scheme was used by WJEC for the 2022 examination. It was finalised after detailed discussion at examiners' conferences by all the examiners involved in the assessment. The conference was held shortly after the paper was taken so that reference could be made to the full range of candidates' responses, with photocopied scripts forming the basis of discussion. The aim of the conference was to ensure that the marking scheme was interpreted and applied in the same way by all examiners.

It is hoped that this information will be of assistance to centres but it is recognised at the same time that, without the benefit of participation in the examiners' conference, teachers may have different views on certain matters of detail or interpretation.

WJEC regrets that it cannot enter into any discussion or correspondence about this marking scheme.

GENERAL MARKING GUIDANCE

Positive Marking

It should be remembered that learners are writing under examination conditions and credit should be given for what the learner writes, rather than adopting the approach of penalising him/her for any omissions. It should be possible for a very good response to achieve full marks and a very poor one to achieve zero marks. Marks should not be deducted for a less than perfect answer if it satisfies the criteria of the mark scheme, nor should marks be added as a consolation where they are not merited.

For each question there is a list of indicative content which suggest the range of business concepts, theory, issues and arguments which might be included in learners' answers. This is not intended to be exhaustive and learners do not have to include all the indicative content to reach the highest level of the mark scheme.

The level-based mark schemes sub-divide the total mark to allocate to individual assessment objectives. These are shown in bands in the mark scheme. For each assessment objective a descriptor will indicate the different skills and qualities at the appropriate level. Learner's responses to questions are assessed against the relevant individual assessment objectives and they may achieve different bands within a single question. A mark will be awarded for each assessment objective targeted in the question and then totalled to give an overall mark for the question.

GCE A LEVEL BUSINESS - COMPONENT 3

BUSINESS IN A CHANGING WORLD

SUMMER 2022 MARK SCHEME

SECTION A

1. (a)	Explain how the potential environmental costs of Nestlé’s business activity can be affected by government intervention and pressure groups. [8]		
Band	AO1	AO2	AO3
	2 marks	2 marks	4 marks
3			<p align="center">4 marks</p> <p>Excellent explanation of how potential environmental costs of Nestlé’s business activity can be controlled by government intervention and pressure groups</p> <p>Arguments are well developed and in context</p>
2	<p align="center">2 marks</p> <p>Good understanding of government intervention and pressure groups, on environmental issues.</p>	<p align="center">2 marks</p> <p>Good application of government intervention and pressure groups, on environmental issues, to Nestlé’s business activity</p> <p>The learner makes effective use of the case study context</p>	<p align="center">2-3 marks</p> <p>Good explanation of how potential environmental costs can be controlled by government intervention and/or pressure groups</p>
1	<p align="center">1 mark</p> <p>Limited understanding of government intervention and/or pressure groups, on environmental issues.</p>	<p align="center">1 mark</p> <p>Limited application of government intervention and/or pressure groups, on environmental issues, to Nestlé’s business activity</p> <p>The learner makes some use of the case study context during the answer</p>	<p align="center">1 mark</p> <p>Limited explanation of how potential environmental costs can be controlled by government intervention and/or pressure groups.</p>
0	<p align="center">0 marks</p> <p>No valid understanding</p>	<p align="center">0 marks</p> <p>No valid application</p>	<p align="center">0 marks</p> <p>No valid analysis</p>

Indicative content:**Government intervention:**

Fines may be implemented if Nestle create environmental damage. In this case, if a government decided to fine Nestlé for sourcing palm oil from non-sustainable sources this could lead to increased costs for Nestlé. As this cost may have to be passed on to the consumer through a price increase this may be problematic for Nestlé given the strong competition offered by Cadbury in the UK market.

Laws can be imposed in order to limit the amount of plastic used in packaging. This will set an official acceptable limit on the level of packaging Nestlé use, forcing them to significantly reduce the 1.7m tonnes they currently produce. Nestlé may use paper or alternative products in order to stay within the law and avoid penalties.

Jail sentences are seldom used against businesses. However, it is possible for Nestlé's directors and other responsible individuals to face a term of imprisonment if laws are breached. As this will cause the loss of key workers within Nestlé this may significantly disrupt their operation.

Positive aspects of government intervention such as subsidies, government grants and tax incentives may encourage Nestle to reduce the environmental costs of its activities.

Pressure groups:

Greenpeace may run an internet campaign regarding Nestlé's contribution to deforestation. This is likely to be viewed in a negative manner by the public. As a result, demand may fall for Nestlé products as close substitutes are available on the market.

Pressure groups such as Greenpeace may also arrange protests in order to highlight the environmental damage caused by Nestlé's extensive use of plastic. This may cause Nestlé to make changes to its product rather than face a dip in demand. Indeed, it appears that Nestlé have responded to pressure by announcing that it will phase out all non-recyclable plastics from its wrappers by 2025.

Pressure groups may engage in lobbying. Should this be successful, laws may be created to further enforce limits on the environmental costs Nestlé can impose on the environment.

Credit any other valid point.

1. (b)	Evaluate the impact multinational companies may have upon the countries in which they operate.			[10]
Band	AO1	AO3	AO4	
	1 mark	5 marks	4 marks	
3		<p>4-5 marks</p> <p>An excellent analysis of the impact of multinational companies on the countries in which they operate</p> <p>Arguments are well developed</p>	<p>4 marks</p> <p>An excellent well-balanced evaluation of the impact of multinational companies on the countries in which they operate</p> <p>A holistic evaluation may be offered with an overall conclusion.</p>	
2		<p>2-3 marks</p> <p>A good analysis of the impact of multinational companies on the countries in which they operate</p> <p>Arguments are developed</p>	<p>2-3 marks</p> <p>Good evaluation of the impact of multinational companies on the countries in which they operate</p> <p>Candidate makes partial judgement, with some attempt to support their evaluation</p>	
1	<p>1 mark</p> <p>Understanding of multinational companies</p>	<p>1 mark</p> <p>Limited analysis of the impact of multinational companies on the countries in which they operate</p> <p>The response is descriptive with little development</p>	<p>1 mark</p> <p>Limited evaluation of the impact of multinational companies on the countries in which they operate</p> <p>Unsupported judgements are made</p>	
0	<p>0 marks</p> <p>No valid understanding</p>	<p>0 marks</p> <p>No valid analysis</p>	<p>0 marks</p> <p>No valid evaluation</p>	

Indicative content:**Positive impacts:**

Employment is a great benefit to the host countries. Wages will increase the wealth of the population. This in turn will increase spending and help to attract other businesses to the country.

Tax income will come from both corporation tax and income tax. The government can then use these funds for merit goods such as education or health. Equally, investment may take place in developing infrastructure which will assist the country in its transportation as well as providing power and internet access to more remote areas.

Technology transfer can occur. Businesses entering a developing country may bring western technology and techniques. This may in turn be passed on to similar businesses in the area as competition for employees increases. Overall, this will lead to a better quality of working life for the population.

Consumers in the host country may experience a wider range of products. This may be seen alongside an increase in quality as competition begins to increase. Shorter product life cycles may occur as business compete for customers leading to a rapid development of high quality products in the market.

Economic development may occur more rapidly as the appearance of multinational companies in host countries will increase the GDP as goods and services are produced. This may improve the balance of payments and lead to economic growth.

Negative impacts:

Low wages for farmers of cocoa and coffee beans are often reported. Therefore, although Nestlé and others may employ people in developing nations it does not necessarily follow that the wages paid are enough to provide the employee with suitable lifestyle.

Environmental damage such as deforestation is caused by the exploitation of natural resources. This can reduce the natural habitat for domestic animals and those living from the land.

The westernisation of an economy can lead to significant cultural change. Where local skills and ways of life have been in isolation or protected from other cultures, a rapid shift towards commercialisation and western ways of life is seen by some groups as problematic.

Credit any other valid point.

1. (c)	Evaluate the effects of innovation and research and development upon the stakeholders of Nestlé. [10]			
Band	AO1	AO2	AO3	AO4
	2 marks	2 marks	2 marks	4 marks
3				<p>4 marks Excellent evaluation of the costs and benefits of innovation and research and development for Nestlé's stakeholders</p>
2	<p>2 marks Good understanding of both innovation and research and development</p>	<p>2 marks Good application of the costs and/or benefits of innovation and/or research and development for Nestlé's stakeholders. The learner makes effective use of the data in the case study</p>	<p>2 marks Good analysis of the costs and/or benefits of innovation and/or research and development for Nestlé's stakeholders. Some relevant issues are analysed</p>	<p>2-3 marks Good evaluation of the costs and/or benefits of innovation and/or research and development for Nestlé's stakeholders</p>
1	<p>1 mark Limited understanding of innovation and/or research and development</p>	<p>1 mark Limited application of the costs and/or benefits of innovation and research and development for Nestlé's stakeholders The learner response is mainly theoretical with the limited use of examples from the case study</p>	<p>1 mark Limited analysis of the costs and/or benefits of innovation and/or research and development for Nestlé's stakeholders</p>	<p>1 mark Limited evaluation of the costs and/or benefits of innovation and/or research and development for Nestlé's stakeholders</p>
0	<p>0 marks No valid understanding</p>	<p>0 marks No valid application</p>	<p>0 marks No valid analysis</p>	<p>0 marks No valid evaluation</p>

Indicative content:

Bringing a new idea to the marketplace is known as 'product innovation'. Doing so in the workplace is known as 'process innovation'.

Research is the inquiry into, and discovery of new ideas. Development is the process which changes ideas that result from the research process into commercially viable products or processes.

Shareholders may suffer due to a focus on research and development. As Nestlé will have invested both physical resources as well as time into the development of Nespresso machines and pods, a failure of customers to see the benefits would have meant the development costs would not be recouped. This would leave Nestlé with lower profits and shareholders would receive lower dividends as a result. However, success would have led to a new market and therefore, eventually, larger profits and dividends.

Customers may benefit from increased choice. Innovations leading to new or better products would be an advantage for customers. For example, the development of new flavours of KitKat for the Japanese and African markets would lead to an increase in sales in these relatively untapped markets. Should the customers in these areas find the products more to their taste this will add to the variety of snack options available. However, although the article indicates that the Japanese KitKats have been a success with tourists, there is little evidence that the Japanese population have changed their consumption habits.

Managers may need to respond more quickly as new products are developed. In the case of wasabi and green tea flavoured KitKats this will cause changes to the production techniques used in the Nestlé factories. Operation managers will have to adjust accordingly in order keep up with both changes in production technique and the quantities of products available.

Nestlé will be dealing with new suppliers as a result of the changing ingredients within products such as KitKat. Tea and wasabi farmers will have the opportunity to supply Nestlé perhaps for the first time. As a result, this will benefit their farms by seeing an increase in quantity sold or perhaps an increase in price for their products.

Credit any other valid point.

1. (d)	Assess how the opportunities and threats facing Nestlé may be managed. [10]			
Band	AO1	AO2	AO3	AO4
	2 marks	2 marks	2 marks	4 marks
3				4 marks Excellent evaluation of opportunities and threats including how they may be managed
2	2 marks Good understanding of opportunities and threats	2 marks Good application of the opportunities and threats facing Nestlé The learner makes effective use of the data in the case study	2 marks Good analysis of opportunities and threats including how they may be managed	2-3 marks Good evaluation of opportunities and/or threats including how they may be managed
1	1 mark Limited understanding of the opportunities and/or threats	1 mark Limited application of the opportunities and/or threats facing Nestlé The learner response is mainly theoretical with the limited use of examples from the case study	1 mark Limited analysis of opportunities and/or threats including how they may be managed	1 mark Limited evaluation of opportunities and/or threats including how they may be managed
0	0 marks No valid understanding	0 marks No valid application	0 marks No valid analysis	0 marks No valid evaluation

Indicative content:**Opportunities:**

Developing markets in Asia and Africa offer a great opportunity for Nestlé to gain chocolate sales in a relatively untapped market. As consumption in these areas is considerably lower than in America and Europe the opportunity to develop significant sales is apparent. Nestlé can manage this opportunity through promotions and advertising. The increase in product awareness may encourage these markets to develop the same taste for chocolate as America and Europe this will lead to a potential explosion in sales for Nestlé.

The opportunity to link Nestlé to established names such as Starbucks may lead to rapid growth and popularity of Nespresso machines. Once a customer has decided upon the purchase of a Nespresso machine rather than a competitor such as Tassimo they are effectively locked in to purchasing Nespresso pods. Nestlé may manage this opportunity by creating an exclusivity deal with Starbucks. If Nestlé have a monopoly on Starbucks coffee pods this may significantly increase the demand for their products which may be crucial in achieving market growth.

Threats:

Competition is of great concern. Especially due to the failure to copyright the four finger KitKat. As Lidl and Aldi are allowed to continue producing look-a-like products in the UK this may reduce demand for KitKats, especially as Aldi and Lidl continue to increase their number of stores in the UK. Nestlé may manage this by promoting the authentic taste of the KitKat and their position as a historical lunchbox favourite for school children.

The increased cost of producing chocolate due to increased demand in Asian and African markets may lead to this being pushed on to the customers in the form of a price rise. Therefore, it may be that customers switch to other snack products as an alternative to chocolate if the price becomes too high. Nestlé may manage this by diversifying their product portfolio to include more non-chocolate-based confectionary which can be sold in the same outlets as Nestlé's chocolate products.

Other answers:

These may include a focus on managing risk such as contingency plans, crisis management or risk assessments. These may be credited if the response is in line with the management of an opportunity and/or threat.

Credit any other valid point.

1. (e)	Discuss how inflation, unemployment and exchange rates may affected Nestlé's UK activities. [12]			
Band	AO1	AO2	AO3	AO4
	2 marks	2 marks	4 marks	4 marks
3			4 marks An excellent analysis of the impact of inflation, unemployment and exchange rates on Nestlé's UK activities	4 marks An excellent well-balanced evaluation of how inflation, unemployment and exchange rates have affected Nestlé's UK activities
2	2 marks Good understanding of inflation, unemployment and exchange rates	2 marks Good application of inflation, unemployment and exchange rates to Nestlé's UK activities The learner makes effective use of the data in the case study	2-3 marks A good analysis of inflation, unemployment and/or exchange rates on Nestlé's UK activities	2-3 marks Good evaluation of how inflation, unemployment and/or exchange rates have affected Nestlé's UK activities Candidate makes partial judgement, with some attempt to support their evaluation
1	1 mark Limited understanding of at least one of the following: inflation, unemployment, exchange rates	1 mark Limited application of at least one of the following: inflation, unemployment, exchange rates to Nestlé's UK activities The learner response is mainly theoretical with the limited use of examples from the case study	1 mark Limited analysis of at least one of the following: inflation, unemployment, exchange rates on Nestlé's UK activities	1 mark Limited evaluation of at least one of the following: inflation, unemployment, exchange rates on Nestlé's UK activities Unsupported judgements are made
0	0 marks No valid understanding	0 marks No valid application	0 marks No valid analysis	0 marks No valid evaluation

Indicative content:

Demand-pull inflation may be a problem in the UK market. As we can see from the chart, wage growth is rising faster than inflation. As employees income is rising this may lead to an increase in the sale of branded chocolate such as Nestlé. Equally, the sale of higher quality coffee such as Nespresso may also increase. Therefore, demand pull inflation may lead to the price of Nestlé products increasing in price if supply cannot be increased.

Unemployment is falling in the UK. This has no doubt contributed towards a shortage of suitable labour and therefore wages being increased in order to attract suitable candidates. Although Nestlé are a significant employer in the UK much of their production is capital intensive. Therefore, it is likely that the decrease in unemployment will have little impact on Nestlé.

Exchange rates are a significant issue for Nestlé's UK operation as many of the raw materials such as coffee and cocoa beans are imported. A weak pound will mean that these items are more expensive to import. If this increases the selling price, substitute products such as oat bars may be purchased as alternative snacks to KitKat. This will reduce revenue for Nestlé leading to a reduction in profits.

Credit any other valid point.

SECTION B

2. (a)	Explain how the single European currency has been beneficial to manufacturing businesses in the Eurozone. [10]		
Band	AO1	AO2	AO3
	4 marks	4 marks	2 marks
3	3-4 marks Excellent understanding of a range of benefits of the single European currency to businesses in the Eurozone	3-4 marks Excellent application to manufacturing businesses in the Eurozone	
2	2 marks Good understanding of a range of benefits of the single European currency to businesses in the Eurozone	2 marks Good application to manufacturing businesses in the Eurozone	2 marks Good explanation of how the single European currency has been beneficial to businesses in the Eurozone
1	1 mark Limited understanding of at least one benefit of the single European currency to businesses in the Eurozone	1 mark Limited application to manufacturing businesses in the Eurozone	1 mark Limited explanation of how the single European currency has been beneficial to businesses in the Eurozone.
0	0 marks No valid understanding	0 marks No valid application	0 marks No valid explanation

Indicative content:

Price transparency means that rather than dealing in multiple currencies and having to convert prices from one currency to another, the price of raw materials bought in Italy could be compared to prices of the same item in other Eurozone countries. Therefore, making it much easier to find the cheapest suppliers. As the cost reduction can be passed on to customers this may result in an increase in sales for items which are price elastic.

Reduced need for exchange cost. As currency does not need to be transferred from one to another this will negate the need for additional costs incurred when exchanging currency. The lower cost of trading will lead to an overall cost reduction. If selling price remains the same, this means that businesses would generate more profit. This could then be put into research and development and perhaps open up more sales opportunities in the future.

It will be easier to carry out international sales as businesses may choose to produce their website in multiple languages covering the Eurozone countries. This will enable access to a wider market with the confidence that the prices on their website remain consistent with their host country. This may increase demand from a wider market and expand market share of some businesses.

As there will be no exchange rate fluctuation businesses in the Eurozone do not have to spend additional time adjusting their prices between different countries in order to remain competitive. Equally, imported raw material or products from other Eurozone countries will not increase or decrease due to exchange rate fluctuation once the sale price has been agreed. This makes trade easier for those in Eurozone when trading with other Eurozone nations.

Credit any other valid point.

2. (b)	“Governments operating a free trade policy will offer more opportunities to UK businesses than protectionism.” Discuss this statement. [20]		
Band	AO1	AO3	AO4
	4 marks	8 marks	8 marks
3		<p>6-8 marks</p> <p>Excellent analysis of the impact on UK businesses of operating free trade and protectionist policies</p> <p>The analysis is balanced and detailed</p> <p>Key issues have been well-developed with a clear line of argument</p> <p>In depth analysis required for this band</p>	<p>6-8 marks</p> <p>Excellent evaluation of the impact upon UK businesses of operating free trade and protectionist policies</p> <p>The evaluation is balanced and detailed</p> <p>Clear judgements are made with supporting statements to build an argument</p> <p>A holistic evaluation may be offered with an overall conclusion</p>
2	<p>3-4 marks</p> <p>Good understanding of free trade and protectionist policies</p>	<p>3-5 marks</p> <p>Good analysis of the impact on UK businesses of operating free trade and protectionist policies</p> <p>The analysis is uneven with some well-developed points and others that are more limited in their development</p>	<p>3-5 marks</p> <p>Good evaluation of the impact upon UK businesses of operating free trade and protectionist policies</p> <p>The evaluation provides a balanced argument</p> <p>Judgements made with some attempt to support evaluation</p> <p>The answer may contain a brief conclusion</p>
1	<p>1-2 marks</p> <p>Limited understanding of free trade and/or protectionist policies</p>	<p>1-2 marks</p> <p>Limited analysis of the impact on UK businesses of operating free trade and/or protectionist policies</p>	<p>1-2 marks</p> <p>Limited evaluation of the impact upon UK businesses of operating free trade and/or protectionist policies</p> <p>Judgements are superficial and unsupported</p> <p>The evaluation is uneven and one-sided</p>
0	<p>0 marks</p> <p>No valid understanding</p>	<p>0 marks</p> <p>No valid analysis</p>	<p>0 marks</p> <p>No valid evaluation</p>

Indicative content:**Free trade:**

As the UK could trade without tariffs, UK goods may appear cheaper in other countries. This may increase the level of demand for UK goods and consequently increase revenue from sales.

Operating without quotas will enable British businesses to supply in order to meet demand in foreign markets rather than be restricted by an artificial maximum level of imports to countries such as the US.

Free trade may see many foreign goods flooding into the UK at lower prices. As a tariff could not be put in place to raise the costs and therefore the price of these goods or service, UK businesses may suffer due to the high production and labour costs in the UK having to be passed on in the form of higher prices.

Protectionism:

As the UK will be in a position to impose tariffs and quotas from any trading nation this may benefit UK businesses by restricting or increasing the price of what may otherwise be cheap imports. This is likely to improve the position of UK goods within the market.

However, tariffs and quotas may be imposed on UK goods being exported to the EU where free trade would have previously been in place. This can reduce demand for UK goods and as a result lead to a reduction in revenue for UK businesses.

Credit any other valid point.

3. (a)	Explain how small-scale independent retail businesses can survive in the market despite the existence of large retail businesses.		
			[10]
Band	AO1	AO2	AO3
	4 marks	4 marks	2 marks
3	3-4 marks Excellent understanding of the reasons for small business survival	3-4 marks Excellent application to the retail industry	
	2 marks Good understanding of the reasons for small business survival	2 marks Good application to the retail industry	2 marks Good explanation of the reasons for survival of small-scale independent retail businesses
1	1 mark Limited understanding of the reasons for small business survival	1 mark Limited application to the retail industry	1 mark Limited explanation of the reasons for survival of small-scale independent retail businesses
	0 marks No valid understanding	0 marks No valid application	0 marks No valid explanation

Indicative content:

Where a personalised service is offered, this experience cannot be scaled up. As an independent store may cater to the needs of local customers or individual clients this service is unlikely to be replicated by larger stores where the focus is on consistency rather than catering for individual needs.

Local and independent providers are likely to attract trade due to the convenience of their location. It is highly possible that customers may be unwilling to travel large distances to purchase an item which is needed quickly if it can be purchased locally.

In a community situation such as a village, customers may value the personal relationship they have with staff in a local store. Therefore, although a local independent store may be more expensive, the quality of service helps to attract customers over price.

Sourcing products from local suppliers has become a trend in recent years. Therefore, the trend in supporting local businesses may help to retain or see a growth in local independent businesses.

Small-scale businesses may cater for low demand. Customers in niche markets are not of a great enough mass to attract large businesses allowing small-scale businesses to operate without competition from large rivals.

Credit any other valid point.

3. (b)	“Glocalisation is always the best strategy for businesses to achieve global growth.” Evaluate this statement.			[20]
Band	AO1	AO3	AO4	
	4 marks	8 marks	8 marks	
3		<p>6-8 marks</p> <p>Excellent analysis of glocalisation and other strategies as methods of achieving global growth</p> <p>The learner analyses fully, the effectiveness of growth strategies</p> <p>The analysis is balanced and detailed</p> <p>Key issues have been well-developed with a clear line of argument</p> <p>In depth analysis required for this band</p>	<p>6-8 marks</p> <p>Excellent evaluation of glocalisation and other strategies as methods of achieving global growth</p> <p>The evaluation is balanced and detailed</p> <p>Clear judgements are made with supporting statements to build an argument</p> <p>A holistic evaluation may be offered with an overall conclusion</p>	
2	<p>3-4 marks</p> <p>Good understanding of glocalisation and other strategies</p>	<p>3-5 marks</p> <p>Good analysis of glocalisation and/or other strategies as methods of achieving global growth</p> <p>The learner analyses the effectiveness of growth strategies</p> <p>The analysis is uneven with some well-developed points and others that are more limited in their development</p>	<p>3-5 marks</p> <p>Good evaluation of glocalisation and/or other strategies as methods of achieving global growth</p> <p>The evaluation provides a balanced argument</p> <p>Judgements made with some attempt to support evaluation</p> <p>The answer may contain a brief conclusion</p>	
1	<p>1-2 marks</p> <p>Limited understanding of glocalisation and/or other strategies</p>	<p>1-2 marks</p> <p>Limited analysis of glocalisation and/or other strategies as methods of achieving global growth</p>	<p>1-2 marks</p> <p>Limited evaluation of glocalisation and/or other strategies as methods of achieving global growth</p> <p>Judgements are superficial and unsupported</p> <p>The evaluation is uneven and one-sided</p>	
0	<p>0 marks</p> <p>No valid understanding</p>	<p>0 marks</p> <p>No valid analysis</p>	<p>0 marks</p> <p>No valid evaluation</p>	

Indicative content:**For:**

Glocalisation will allow businesses to adapt their product range in order to meet local tastes. As Nestle seems to have done this in Japan through the development of new flavours of KitKat this has contributed towards the increase in sales in this region.

Glocalisation will also be needed in some instances due to variations in the law and regulations between countries. Although the provision of alcohol is permitted in McDonalds fast food restaurants in France, the same cannot be said in the UK. Therefore, it is necessary for McDonalds UK outlets to focus on soft drinks such as its McCafe concept.

Cultural issues vary between nations. When Starbucks opened in China, a greater focus on the traditional Chinese drink of tea was a greater feature of the menu rather than their usual coffee based products offered in western restaurants. This enabled Starbucks to generate higher level initial sales than may have otherwise been the case.

Against:

Large businesses benefit from economies of scale. As glocalisation will lead to a variation in the products required between geographical areas, this will lead to the need for additional suppliers. As the product range will be wider, fewer items may be purchased from the same supplier and as a consequence the benefit of purchasing economies of scale will be reduced.

Brand image is of major importance to multinational businesses. As glocalisation allows regional variation in products and services this can lead to inconsistencies in how the brand is perceived. As more decisions may be made at a local level when operating a glocalisation strategy there is an increased chance that errors in strategic decision making will occur. As supply lines are more complex and products are more diverse, there is an increased chance that a business makes a decision which may be against company philosophy. For example, if the Body Shop mistakenly used a product which had been tested on animals this would be against their policies and if found out, this would be widely reported leading to unwanted bad press.

Other strategies:

Some business maintain exactly the same strategy across different geographical regions. Apple offer the same product globally. As Apple products can be adjusted by the consumer in terms of the apps they wish to add to their product, there is no need for Apple to adjust products such as the iPhone in different regions. This helps to keep production costs to a minimum as variations do not occur in the manufacturing process. The additional profit which can be generated can be used in research and development to further extend Apple's product range.

Mergers and takeovers are often used by large businesses as a method of achieving global growth. Coca-Cola entered the UK coffee market by acquiring the market leader, Costa Coffee. This enabled them to gain a significant market share with an established brand name. The revenue generated from Costa Coffee's continuing dominance of the UK coffee market can be used to help fund other similar acquisitions.

Credit any other valid point.

4. (a)	Explain ways in which a business using capital intensive production may measure its workforce performance. [10]		
Band	AO1	AO2	AO3
	4 marks	4 marks	2 marks
3	<p>3-4 marks</p> <p>Excellent understanding of workforce performance</p> <p>At least 2 ways of measuring workforce performance are clearly understood</p>	<p>3-4 marks</p> <p>Excellent application of ways in which a business using capital intensive production may measure its workforce performance</p>	
2	<p>2 marks</p> <p>Good understanding of workforce performance</p> <p>At least 2 ways of measuring workforce performance are understood</p>	<p>2 marks</p> <p>Good application of ways in which a business using capital intensive production may measure its workforce performance</p>	<p>2 marks</p> <p>Good explanation of ways in which a business using capital intensive production may measure its workforce performance</p> <p>The learner will have explained at least 2 ways</p>
1	<p>1 mark</p> <p>Limited understanding of workforce performance</p> <p>At least 1 way of measuring workforce performance is understood</p>	<p>1 mark</p> <p>Limited application of ways in which a business using capital intensive production may measure its workforce performance</p>	<p>1 mark</p> <p>Limited explanation of ways in which a business using capital intensive production may measure its workforce performance</p> <p>The learner will have explained at least 1 way</p>
0	<p>0 marks</p> <p>No valid understanding</p>	<p>0 marks</p> <p>No valid application</p>	<p>0 marks</p> <p>No valid analysis</p>

Indicative content:

Labour productivity is measured as the output per worker in a given time period. A capital-intensive business is using high levels of automation and mechanisation. Therefore, output levels are likely to be high per worker. A worker in quality control may be measured in terms of how many items are checked in an hour. As the job remains quantitative this would give an accurate measure of the pace of such an employee. Although this measure is useful, machine breakdown may lead to a reduction in productivity for any worker on a production line. Therefore, this needs to be taken in to account when assessing labour productivity.

Absenteeism calculates the number of hours not worked in relation to the total number of hours that could have been worked. It is important to measure absenteeism as increasing levels of absenteeism will reflect in the level of work completed. As absent workers are not contributing to the production of a capital-intensive business, increasing absenteeism is viewed as problematic. This is especially problematic in capital intensive businesses as each worker is likely to have a high productivity level. Therefore, the absence of workers may have a significant impact on the overall output of a capital intensive business.

Labour turnover measures the number of workers leaving a business in relation to the average amount of employees in the business. Labour turnover may be used as a measure across the business. As jobs such as packing may be routine whilst others such as engineering have a higher skill level a capital-intensive business may break the workforce down in terms of the type of activity being carried out. This can be used to review the labour turnover in different areas of the business. If labour turnover was high in routine activities such as box packing this is likely to be less of a problem than if skilled engineers leave. Section managers may carry out exit interviews to try and establish the reasons for labour turnover and adjust working conditions or pay in order to limit this where possible.

Credit any other valid point.

4. (b)	Consider the view that financial performance indicators are a better measure of success than non-financial performance indicators. [20]		
Band	AO1	AO3	AO4
	4 marks	8 marks	8 marks
3		<p>6-8 marks</p> <p>An excellent analysis of the importance of financial and non-financial factors in measuring a business's success</p> <p>The analysis is balanced and detailed</p> <p>Key issues have been well-developed with a clear line of argument</p> <p>In depth analysis required for this band</p>	<p>6-8 marks</p> <p>Excellent evaluation of the significance of a range of financial and non-financial indicators</p> <p>The evaluation is balanced and detailed</p> <p>Clear judgements are made with supporting statements to build an argument</p> <p>A holistic evaluation may be offered with an overall conclusion</p>
2	<p>3-4 marks</p> <p>Good understanding of financial and non-financial indicators</p>	<p>3-5 marks</p> <p>A good level of analysis of the importance of financial and/or non-financial factors in measuring a business's success</p> <p>The analysis is uneven with some well-developed points and others that are more limited in their development</p>	<p>3-5 marks</p> <p>Good evaluation of the significance of a range of financial and non-financial indicators</p> <p>The evaluation provides a balanced argument</p> <p>Judgements made with some attempt to support evaluation</p> <p>The answer may contain a brief conclusion</p>
1	<p>1-2 marks</p> <p>Limited understanding of financial and/or non-financial indicators</p>	<p>1-2 marks</p> <p>Limited analysis of the importance of financial and/or non-financial factors in measuring a business's success</p>	<p>1-2 marks</p> <p>Limited evaluation of the significance of a range of financial and/or non-financial indicators</p> <p>Judgements are superficial and unsupported</p> <p>The evaluation is uneven and one-sided</p>
0	<p>0 marks</p> <p>No valid understanding</p>	<p>0 marks</p> <p>No valid analysis</p>	<p>0 marks</p> <p>No valid evaluation</p>

Indicative content:**Financial performance:**

Gross profit margin gives a clear idea of increases or decreases in percentage profits on a trade. In this way businesses can assess changes in cost of goods sold or revenue. This would be vital in identifying rising raw material costs and identifying the need to renegotiate deals with suppliers. It may be argued that to maintain business survival, measures of profit are more important than non-financial indicators such as customer satisfaction.

Net profit margin measures the efficiency of the operation. This is particularly important in assessing the cost base of the business as it grows. A decrease in net profit margin may indicate a business is less efficient. However, if the business has grown, a reduction in net profit margin may be due to short-term low capacity utilisation. However, long-term this may improve as the business grows into its new capacity.

Return on capital employed informs the business about their ability to generate profit from capital employed in a business. This is vital in attracting investors to the business as it grows.

Current ratio is important in assessing the short-term liquidity situation. If this is not monitored, it is likely that the business may not be aware of short-term spending and could run out of cash during the year. This would lead to an inability to pay employees or suppliers which could lead to business failure.

Acid test is similar to the current ratio but discounts stock. This is important as stock may be held by manufacturers because it cannot be sold. Therefore, the acid test can be very helpful in assessing the short-term liquidity position of the business.

Gearing is important in assessing the long-term position of the business. As gearing focuses on long-term loans. High gearing will be problematic as interests rate rise in an economic recovery.

Non-financial performance:

Customer attitude surveys may give an idea of repeat custom or future trade. Poor customer attitude surveys, if acted upon, could significantly improve the revenue of a company in the future. This may be particularly important for businesses selling consumable products as the dependency on repeat custom is enhanced.

Employee attitude surveys are a good indicator of employee motivation. If a company performs well in these surveys, it is likely that labour turnover and absenteeism will be low. This is likely to lead to good productivity levels. In businesses with highly trained staff, low labour turnover is particularly important in maintaining productivity. However, if workers have good conditions and levels of pay these costs may negatively affect profitability rates. Therefore, it is possible that profitability rates may be more important than employee attitude surveys in maintaining efficiency.

Productivity indicates the level of efficiency of a business. An increasing productivity rate may lead to a lower cost per unit. This in turn leads to the ability to reduce prices without losing profit per item. This may dramatically increase sales and market share for price elastic products.

Market share is an important measure of success as this is often a measurable target for marketing departments. An increase in market share will indicate the level of interest in the company from those in the market. Increased market share may generally indicate an increase in market dominance.

A business's environmental record could act as a unique selling point attracting custom and increasing market share. Therefore, although its importance is difficult to measure, it may make the difference in a customer's purchasing decision.

Credit any other valid argument.