



Rewarding Learning

ADVANCED
General Certificate of Education
2025

Business Studies

Assessment Unit A2 2

assessing

The Competitive Business Environment

[ABU21]

THURSDAY 5 JUNE, MORNING

**MARK
SCHEME**

General Marking Instructions

Introduction

The main purpose of the mark scheme is to ensure that examinations are marked accurately, consistently and fairly. The mark scheme provides examiners with an indication of the nature and range of candidates' responses likely to be worthy of credit. It also sets out the criteria which they should apply in allocating marks to candidates' responses.

Assessment objectives

Below are the assessment objectives for GCE Business Studies.

Candidates should be able to:

- AO1** Demonstrate knowledge of terms, concepts, theories, methods and models to show an understanding of how individuals and organisations are affected by and respond to business issues.
- AO2** Apply knowledge and understanding to various business contexts to show how individuals and organisations are affected by and respond to issues.
- AO3** Analyse issues within business, showing an understanding of the impact of external and internal influences on individuals and organisations.
- AO4** Evaluate quantitative and qualitative information to make informed judgements and propose evidence-based solutions to business issues.

Quality of candidates' responses

In marking the examination papers, examiners should be looking for a quality of response reflecting the level of maturity which may reasonably be expected of a 17 or 18-year-old which is the age at which the majority of candidates sit their GCE examinations.

Flexibility in marking

Mark schemes are not intended to be totally prescriptive. No mark scheme can cover all the responses which candidates may produce. In the event of unanticipated answers, examiners are expected to use their professional judgement to assess the validity of answers. If an answer is particularly problematic, then examiners should seek the guidance of the Supervising Examiner.

Positive marking

Examiners are encouraged to be positive in their marking, giving appropriate credit for what candidates know, understand and can do rather than penalising candidates for errors or omissions. Examiners should make use of the whole of the available mark range for any particular question and be prepared to award full marks for a response which is as good as might reasonably be expected of a 17 or 18-year-old GCE candidate.

Awarding zero marks

Marks should only be awarded for valid responses and no marks should be awarded for an answer which is completely incorrect or inappropriate.

Marking calculations

In marking answers involving calculations, examiners should apply the 'own figure rule' so that candidates are not penalised more than once for a computational error. To avoid a candidate being penalised, marks can be awarded where correct conclusions or inferences are made from their incorrect calculations. If a candidate gives the correct answer without showing their working out, full marks should be awarded.

Types of mark schemes

Mark schemes for tasks or questions which require candidates to respond in extended written form are marked on the basis of levels of response which take account of the quality of written communication.

Other questions which require only short answers are marked on a point for point basis with marks awarded for each valid piece of information provided.

Levels of response

In deciding which level of response to award, examiners should look for the 'best fit' bearing in mind that weakness in one area may be compensated for by strength in another. In deciding which mark within a particular level to award to any response, examiners are expected to use their professional judgement.

The following guidance is provided to assist examiners.

- **Threshold performance:** Response which just merits inclusion in the level and should be awarded a mark at or near the bottom of the range.
- **Intermediate performance:** Response which clearly merits inclusion in the level and should be awarded a mark at or near the middle of the range.
- **High performance:** Response which fully satisfies the level description and should be awarded a mark at or near the top of the range.

Quality of written communication

Quality of written communication is taken into account in assessing candidates' responses to all tasks and questions that require them to respond in extended written form. These tasks and questions are marked on the basis of levels of response. The description for each level of response includes reference to the quality of written communication.

For conciseness, quality of written communication is distinguished within either 3 or 4 levels of response.

Where there are three levels of response, quality of written communication is distinguished as follows:

Level 1: Quality of written communication is basic.

Level 2: Quality of written communication is good.

Level 3: Quality of written communication is excellent.

In interpreting these level descriptions, examiners should refer to the more detailed guidance provided below:

Level 1 (Basic): The candidate makes only a basic selection and use of an appropriate form and style of writing. The organisation of material may lack clarity and coherence. There is little use of specialist vocabulary. Presentation, spelling, punctuation and grammar may be such that intended meaning is not clear.

Level 2 (Good): The candidate makes a good selection and use of an appropriate form and style of writing. Relevant material is organised with good clarity and coherence. There is good use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are of a good standard to make meaning clear.

Level 3 (Excellent): The candidate successfully selects and uses the most appropriate form and style of writing. Relevant material is organised with a very high degree of clarity and coherence. There is widespread and accurate use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are of the highest standard to make meaning absolutely clear.

Where there are four levels of response, quality of written communication is distinguished as follows:

Level 1: Quality of written communication is basic.

Level 2: Quality of written communication is satisfactory.

Level 3: Quality of written communication is good.

Level 4: Quality of written communication is excellent.

In interpreting these level descriptions, examiners should refer to the more detailed guidance provided below:

Level 1 (Basic): The candidate makes only a basic selection and use of an appropriate form and style of writing. The organisation of material may lack clarity and coherence. There is little use of specialist vocabulary. Presentation, spelling, punctuation and grammar may be such that intended meaning is not clear.

Level 2 (Satisfactory): The candidate makes a satisfactory selection and use of an appropriate form and style of writing. Relevant material is organised with some degree of clarity and coherence. There is some use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are of a satisfactory standard to make meaning evident.

Level 3 (Good): The candidate makes a good selection and use of an appropriate form and style of writing. Relevant material is organised with good clarity and coherence. There is good use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are of a good standard to make meaning clear.

Level 4 (Excellent): The candidate successfully selects and uses the most appropriate form and style of writing. Relevant material is organised with a high degree of clarity and coherence. There is widespread and accurate use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are of the highest standard to make meaning absolutely clear.

1 Explain **two** diseconomies of scale which may arise as a result of the growth of Baked plc.

- Diseconomies of scale occur when a business grows too large and experiences rising average costs per unit, often due to inefficiencies linked to coordination, control and communication.
- Poor/low employee motivation resulting from staff feeling under-appreciated or isolated in the workplace due to the growth in size of the company, e.g. job security fears impacting morale, leads to a fall in productivity, increasing average costs per unit.
- Poor internal communication between departments resulting in errors, confusion and lower levels of productivity. Baked plc has a tall hierarchy which could lead to longer chains of command.
- Poor control due to the need to manage a higher number of departments and manufacturing plants. Average costs may rise as a result of managers of different departments and manufacturing plants working towards different objectives.
- Poor coordination – coordination problems could occur with operations in different locations. For example, duplication of resources.
- Overtrading as a result of a weak financial position, experienced in the context of the business growing too fast in the short-term.
- Increased costs, e.g. delivery costs may arise due to logistical challenges and/or storage costs due to inefficient inventory control as Baked plc grows.

Valid alternatives will be credited.

Marking:

Level 3 [5]–[6]

An excellent response demonstrates:

- Comprehensive and relevant, accurate knowledge and understanding of two diseconomies of scale which may arise as a result of the growth of Baked plc.
- Thorough and detailed use of relevant source material, explaining two diseconomies of scale which may arise as a result of the growth of Baked plc.

Level 2 [3]–[4]

A good response demonstrates:

- Good, accurate knowledge and understanding of two diseconomies of scale which may arise as a result of the growth of Baked plc.
- Good use of relevant source material, explaining two diseconomies of scale which may arise as a result of the growth of Baked plc.

Level 1 [1]–[2]

A basic response demonstrates:

- Basic knowledge and understanding of two diseconomies of scale which may arise as a result of the growth of Baked plc.
- Limited use of relevant source material, explaining two diseconomies of scale which may arise as a result of the growth of Baked plc.

Answer not worthy of credit **[0]** marks.

[6]

6

2 Analyse one advantage and one disadvantage of Baked plc having an ethical code.

- Reduced legal risks.
- Higher calibre of skilled staff may be attracted to work for Baked plc due to their ethical stance.
- A code of ethics could help to build trust, ensure accountability, and demonstrate a commitment to ethical behaviour, contributing to the overall success of the company. Allows Baked plc to gain a competitive advantage.
- Ethical behaviour may enhance the corporate image of Baked plc if customers are aware that the company operates to a set of quality and ethical standards, for example Fairtrade and recycling.
- Ethical behaviour may be seen as the minimum standard within the industry, therefore by employees adhering to the company's code of ethics will ensure they meet industry standards and maintain their reputation of providing high quality bakery ingredients.
- A commitment to ethical behaviour may lead to an increase in costs, however, customers may prefer to engage with environmentally responsible businesses leading to an increase in sales.
- Time consuming to implement.
- Compliance based mentality.
- Rigid and lack of flexibility.
- Resistance from employees.
- Employees may ignore the ethical code.
- Greenwashing.

Marking:

Level 3 [7]–[9]

An excellent response demonstrates:

- Comprehensive and relevant, accurate analysis of ethical codes in the context of business.
- Thorough and detailed use of relevant source material to analyse ethical codes in the context of business.

Level 2 [4]–[6]

A good response demonstrates:

- Good, accurate analysis of ethical codes in the context of business.
- Good use of relevant source material to analyse ethical codes in the context of business.

Level 1 [1]–[3]

A basic response demonstrates:

- Basic analysis of ethical codes in the context of business.
- Limited use of relevant source material to analyse ethical codes in the context of business.

Answers not worthy of credit [0] marks.

[9]

9

AVAILABLE
MARKS

3 Evaluate issues related to the use of a narrow span of control following the hostile takeover of New Bridge Food plc.

- Baked plc operates from a tall hierarchical structure, with narrow spans of control, where on average no more than five employees report to a supervisor within their department instead of 10 employees. Managers of each department are responsible for delegating to two supervisors. This allows for the managers to have closer supervision of staff across the two sites, which helps to improve communication as managers are able to supervise more closely.
- Improved communication throughout the company is an advantage of a narrow span of control. Managers at Baked plc are responsible for two supervisors, whom are responsible for a maximum of five employees. A narrower span of control might facilitate a high level of communication between management and subordinates, as the employees of New Bridge Food plc may embrace the smaller teams where supervision is closer and promotional opportunities are possible.
- A higher degree of supervision can be facilitated with a narrow span of control. A narrow span of control may offer the opportunities for employees to ask more questions, voice concerns or suggest changes.
- Supervisors can monitor the activities of subordinates who report to them more closely, which will allow them to better assist individual employees, improving morale, training needs and efficiency.
- Narrow spans of control have smaller teams, which often allow management to connect more with employees. Because managers have more time to spend with individual team members, the overall strength and resilience of the team can grow.
- Narrow spans of control can lead to increased costs for the company (manager starting salary £40,000 per annum). Recruiting managers and supervisors can increase expenses, as each department is controlled by one manager and two supervisors.
- Fewer employees to manage can mean managers and supervisors are more involved in the day-to-day running of Baked plc. This can lead to management having more time to focus on key business areas, such as the growth of the company.
- Narrow spans of control can lead to demotivation of employees. Scope for problem solving, independence and staff development is limited as the manager is likely to take all key decisions.
- Employees may feel over-supervised and not like the constant monitoring.

Marking:

Level 3 [11]–[15]

An excellent response demonstrates:

- Comprehensive and relevant, accurate knowledge and understanding, and detailed evaluation issues relating to the span of control due to the hostile takeover of New Bridge Food plc with Baked plc.
- Highly appropriate, clear and logical recommendation issues relating to the span of control due to the hostile takeover of New Bridge Food plc with Baked plc, based on well focused and sound analysis.
- Thorough use of relevant source material to address the issues in the question, coming to an informed decision of the issues relating to the span of control due to the hostile takeover of New Bridge Food plc with Baked plc.
- An excellent quality of written communication.

Level 2 [6]–[10]

A good response demonstrates:

- Sound, good, accurate knowledge and understanding, and evaluation of issues relating to the span of control due to the hostile takeover of New Bridge Food plc with Baked plc.
- An appropriate, clear and logical recommendation of issues relating to the span of control due to the hostile takeover of New Bridge Food plc with Baked plc, based on well focused analysis.
- Good use of relevant source material to come to an informed decision on issues relating to the span of control due to the hostile takeover of New Bridge Food plc with Baked plc.
- A good quality of written communication.

Level 1 [1]–[5]

A basic response demonstrates:

- Basic knowledge and understanding, with unfocused evaluation of issues relating to the span of control due to the hostile takeover of New Bridge Food plc with Baked plc.
- Basic recommendation of issues relating to the span of control due to the hostile takeover of New Bridge Food plc with Baked plc, with limited or no relevant analysis.
- Limited use of data from source material which does not support the final recommendation.
- A basic quality of written communication.

Answer not worthy of credit **[0]** marks.

[15]

15

**AVAILABLE
MARKS**

4 Evaluate the use of a hostile takeover by Baked plc.

- The takeover of New Bridge Food plc offers new markets for Baked plc, and would result in increased market share through additional customers resulting in increased profits for Baked plc which can be reinvested for further growth.
- A takeover can help maintain or increase competitiveness of Baked plc and reduce competition through eliminating New Bridge Food plc from the market as a way of increasing profitability.
- New Bridge Food plc has increased net profit before tax from £1,953,514 in 2022 to £2.4m. After 2023, thus Baked plc profits can increase.
- Savings can be made through takeovers as there is often duplicated resources.
- Synergy can be gained when there are hostile takeovers, the performance of both New Bridge Food plc and Baked plc will exceed that of its previously separate parts, $1 + 1 = 3$, therefore increasing profitability e.g. production activity can be completed by specialists allowing for increased productivity.
- Reduces average costs by Baked plc by achieving economies of scale through the hostile takeover of New Bridge Food plc, for example purchasing and technical economies of scale.
- It adds additional brands to current Baked plc portfolio of brands widening the product portfolio.
- Purchase price of New Bridge Food plc may have been expensive for Baked plc at £200 million.
- Increased costs/expenses, therefore decreasing profitability.
- Diseconomies of scale may arise, therefore decreasing profitability e.g. cost of redundancies.
- Potential cultural clashes, therefore decreasing profitability.
- The synergies envisaged prior to the takeover may not occur, therefore decreasing profitability.

Marking:

Level 4 [16]–[20]

An excellent response demonstrates:

- Comprehensive and relevant, accurate knowledge and understanding, and detailed evaluation of the use of a hostile takeover by Baked plc to acquire New Bridge Food plc.
- Highly appropriate, clear and logical judgement of the use of a hostile takeover by Baked plc to acquire New Bridge Food plc, based on well focused and sound analysis.
- Thorough use of relevant source material to address the use of a hostile takeover by Baked plc to acquire New Bridge Food plc.
- An excellent quality of written communication.

Level 3 [11]–[15]

A good response demonstrates:

- Sound, good, accurate knowledge and understanding, and evaluation of the use of a hostile takeover by Baked plc to acquire New Bridge Food plc.
- An appropriate, clear and logical judgement of the use of a hostile takeover by Baked plc to acquire New Bridge Food plc, based on well focused analysis.
- Good use of relevant source material to address the use of a hostile takeover by Baked plc to acquire New Bridge Food plc.
- A good quality of written communication.

Level 2 [6]–[10]

A satisfactory response demonstrates:

- Satisfactory knowledge and understanding, and evaluation of the use of a hostile takeover by Baked plc to acquire New Bridge Food plc.
- A suitable, appropriate judgement of the use of a hostile takeover by Baked plc to acquire New Bridge Food plc, based on well focused analysis.
- A satisfactory quality of written communication.

Level 1 [1]–[5]

A basic response demonstrates:

- Basic knowledge and understanding, with unfocused evaluation of the use of a hostile takeover by Baked plc to acquire New Bridge Food plc.
- Basic or no judgement based on limited analysis of the use of a hostile takeover by Baked plc to acquire New Bridge Food plc.
- Limited use of relevant source material to the use of a hostile takeover by Baked plc to acquire New Bridge Food plc.
- A basic quality of written communication.

Answers not worthy of credit **[0]** marks.

[20]

20

AVAILABLE
MARKS

5 Evaluate the strategies to overcome resistance to change in New Bridge Food plc, using the information in the case study.

AVAILABLE
MARKS

Strategies to overcome change:

- Baked plc explain the reasons or rationale behind the need for the change. Communication to all stakeholders.
- Hold a meeting with employees – this will inform them of how the change will impact them. Open and honest communication. Addresses concerns and fears.
- Explain the benefits to all employees of the changes – it will secure future jobs.
- Involves staff more on the process of the changes.
- Use of financial incentives to overcome the resistance.
- Use of non-financial incentives to overcome change.
- Training and support.
- Project champion – leader leads by example.
- No guarantee of success of the change strategies.

Marking:

Level 4 [16]–[20]

An excellent response demonstrates:

- Comprehensive and relevant, accurate knowledge and understanding, and detailed evaluation of the strategies to overcome resistance to change.
- Highly appropriate, clear and logical judgement of the reasons for employee's resistance to change, based on well focused and sound analysis.
- Thorough use of relevant source material to address the reasons for employee's resistance to change.
- An excellent quality of written communication.

Level 3 [11]–[15]

A good response demonstrates:

- Sound, good, accurate knowledge and understanding, and evaluation of the strategies to overcome resistance to change.
- An appropriate, clear and logical judgement of the threats the reasons for employee's resistance to change, based on well focused analysis.
- Good use of relevant source material to address the reasons for employee's resistance to change.
- A good quality of written communication.

Level 2 [6]–[10]

A satisfactory response demonstrates:

- Satisfactory knowledge and understanding, and evaluation of the strategies to overcome resistance to change.
- A suitable, appropriate judgement of the reasons for employee's resistance to change, based on well focused analysis.
- A satisfactory quality of written communication.

Level 1 [1]–[5]

A basic response demonstrates:

- Basic knowledge and understanding, with unfocused evaluation of the strategies to overcome resistance to change. Basic or no judgement based on limited analysis of the reasons for employee's resistance to change.

- Limited use of relevant source material to address the reasons for employee's resistance to change.
- A basic quality of written communication.

Answer not worthy of credit **[0]** marks.

[20]

AVAILABLE
MARKS

20

6 Evaluate the opportunities of trading globally for Baked plc.

AVAILABLE
MARKS

- Innovation and knowledge transfer – creates competitive advantage and facilitates international collaboration.
- Political and Economic stability.
- Benefitting from economies of scale due to global trade.
- New market opportunities – the hostile takeover will provide Baked plc with the opportunity to trade globally – outside of their domestic market and continue trading in Europe and Asia.
- Global trade will enable Baked plc to diversify their product portfolio, allowing them to better meet customer needs.
- Expanding into global markets will allow Baked plc to grow more easily and quickly – providing the company with access to cheaper materials or access to more customers.
- Spreading risk – by operating in a number of international locations, risk is spread. For example, if the UK side of the business experiences a fall in demand, the Asian element of the business may grow.
- Having access to cheaper materials or a larger number of potential customers is likely to increase the chance of Baked plc making more sales and profits.
- Spreading technical knowledge – often different countries have individuals with different technical knowledge, experiences and expertise. International trade allows businesses to benefit from this.
- Trade imbalance – tariffs lead to higher prices and reduced consumer choice.
- Transport, logistics and environmental costs.
- Diseconomies of scale.
- Cost of trading globally.
- Increased competition from international markets.

Marking:

Level 4 [16]–[20]

An excellent response demonstrates:

- Comprehensive and relevant, accurate knowledge and understanding, and detailed evaluation of the opportunities of trading globally for Baked plc.
- Highly appropriate, clear and logical judgement of the opportunities of trading globally for Baked plc.
- Thorough use of relevant source material to address the opportunities of trading globally for Baked plc.
- An excellent quality of written communication.

Level 3 [11]–[15]

A good response demonstrates:

- Sound, good, accurate knowledge and understanding, and evaluation of the opportunities of trading globally for Baked plc.
- An appropriate, clear and logical judgement of the opportunities of trading globally for Baked plc, based on well focused analysis.
- Good use of relevant source material to address the opportunities of trading globally for Baked plc.
- A good quality of written communication.

Level 2 [6]–[10]

A satisfactory response demonstrates:

- Satisfactory knowledge and understanding, and evaluation of the opportunities of trading globally for Baked plc.

- A suitable, appropriate judgement of the opportunities of trading globally for Baked plc, based on well focused analysis.
- A satisfactory quality of written communication.

Level 1 [1]–[5]

A basic response demonstrates:

- Basic knowledge and understanding, with unfocused evaluation of the opportunities of trading globally for Baked plc.
- Basic or no judgement based on limited analysis of of the opportunities of trading globally for Baked plc.
- Limited use of relevant source material to address of the opportunities of trading globally for Baked plc.
- A basic quality of written communication.

Answer not worthy of credit **[0]** marks.

[20]

Total

**AVAILABLE
MARKS**

20

90