



*Rewarding Learning*

**ADVANCED SUBSIDIARY (AS)  
General Certificate of Education  
2025**

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**Business Studies**  
Assessment Unit AS 1  
*assessing*  
Introduction to Business  
**[SBU11]**  
**FRIDAY 16 MAY, MORNING**

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**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 a business, showing an understanding of the impact on individuals and organisations of external and internal influences.
- 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.

### **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 levels of response 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 satisfactory enough to make meaning clear.

**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 sufficiently competent 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 a sufficiently high standard to make meaning very clear.

## 1 (a) (AO1, AO2)

Explain the term **sole trader**, using an example from the case study. [4]

- A sole trader is a person who is the exclusive owner of a business, entitled to keep all profits after tax.
- Usually a small to medium sized business.
- Unlimited liability.
- Seth is the owner of Slice.
- He has 25 employees.
- The business is operated using a flat organisational structure.
- One person owns and controls a business, makes all decisions
- Works long hours
- Financial affairs are kept private
- Flexibility and adaptable to changing markets

**Marking:**

- [1] basic explanation of the term sole trader.
- [2] detailed explanation of the term sole trader.
- [1] basic application of stimulus material.
- [2] detailed application of stimulus material.
- [0] incorrect explanation and/or application of stimulus material. [4]

## (b) (i) (AO1, AO2)

Calculate (to the nearest whole number) the percentage change in forecasted market size from 2025 to 2030 as shown in Table 1. Show your workings clearly. [2]

$$\begin{aligned} & \text{£}3600 - \text{£}3316.9 \\ & = \text{£}283.1 \\ & 283.1 \div 3316.9 \\ & = 8.5\% \\ & = 9\% \end{aligned}$$

**Marking:**

- statement of correct figures ( $283.1 \div 3316.9$ ) (AO1) [1] 8.5% allow only 1 mark maximum
- statement of correct answer 9% (AO2) [1]
- statement of incorrect answer [0] [2]

## (ii) (AO1, AO2, AO3)

Analyse **two** ways in which the business activities of Slice may be affected by operating in a niche market. [6]

Targeting a product or service at a niche segment affects Slice as follows:

- Charge a premium price
- Higher profit margins
- Customer loyalty increases
- Competitive advantage gained
- AO2 Vegan wood-fired pizza and pastries. Pizza made with gluten-free dough. Customise coffee from a range of alternative milks (e.g. oat, almond and soya)
- Easier to target/promote to smaller number of customers
- Limited opportunity for growth

- Difficulties in scaling operations/lack of economies of Scale
- If successful can attract competition in the long run
- Smaller customer base/sales

**Marking:****Level 3 [5]–[6]**

An excellent response demonstrates:

- Well-focused and sound discussion of two ways the activity of Slice is affected by operating in a niche market.
- Comprehensive and relevant, accurate knowledge and understanding of two ways the activity of Slice is affected by operating in a niche market.
- Thorough and detailed use of relevant source material to analyse two ways the activity of Slice is affected by operating in a niche market.
- Excellent quality of written communication.

**Level 2 [3]–[4]**

A good response demonstrates:

- Focused discussion of up to two ways the activity of Slice is affected by operating in a niche market.
- Good, accurate knowledge and understanding of up to two ways the activity of Slice is affected by operating in a niche market.
- Good use of relevant source materials to analyse up to two ways the activity of Slice is affected by operating in a niche market.
- A good quality of written communication.

**Level 1 [1]–[2]**

A basic response demonstrates:

- Basic analysis of up to two ways the activity of Slice is affected by operating in a niche market.
- Basic knowledge and understanding of up to two ways the activity of Slice is affected by operating in a niche market.
- Limited use of relevant source material to analyse one or two ways the activity of Slice is affected by operating in a niche market.
- A basic quality of written communication.

Answers not worthy of credit **[0]** marks. [6]

**(c) (AO1, AO2, AO3)**

Analyse **three** non-monetary methods of motivation used by Seth to increase staff productivity. [10]

- Job rotation – staff in Slice move from task to task in the pizza cafe, using job rotation, to ensure they gain additional skills and widen their skill set reducing boredom thus improving productivity/sales.
- Team work – Seth encourages staff, across all three pizza cafes to engage in team work to develop skills in problem solving, communication, and to create opportunities for their own career development thus increasing productivity.
- Job enrichment – Seth gives staff greater responsibility by increasing the range and complexity of the tasks they undertake at the pizza cafes.
- Negative implications can be accepted within context e.g. Job enrichment may lead to additional stress and burden on employee therefore not increase staff productivity.

- Work is more interesting, challenging and rewarding for employees thus increasing staff productivity.

**Marking:**

**Valid alternative responses accepted**

**Level 3 [8]–[10]**

An excellent response demonstrates:

- Well-focused and sound discussion of three non-monetary methods of motivation used by Seth.
- Comprehensive and relevant, accurate knowledge and understanding of three non-monetary methods of motivation used by Seth.
- Thorough and detailed use of relevant source material to analyse three non-monetary methods of motivation used by Seth.

**Level 2 [4]–[7]**

A good response demonstrates:

- Focused discussion of up to three non-monetary methods of motivation used by Seth.
- Good, accurate knowledge and understanding of up to two non-monetary methods of motivation used by Seth.
- Good use of relevant source materials to analyse up to three non-monetary methods of motivation used by Seth.

**Level 1 [1]–[3]**

A basic response demonstrates:

- Basic analysis of up to three non-monetary methods of motivation used by Seth.
- Basic knowledge and understanding of up to three non-monetary methods of motivation used by Seth.
- Limited use of relevant source material to analyse one, two, or three non-monetary methods of motivation used by Seth.

Answers not worthy of credit **[0]** marks. [10]

**(d)** Evaluate Seth’s decision to trade as a franchise. [18]

- **Expansion Potential:** Franchising allows for rapid expansion as the franchisees invest in and operate their own pizza cafe, taking on a significant portion of the financial risk. This can lead to quicker growth and market presence for Seth as a franchisor.
- **Increased Capital:** Franchising provides Seth with an opportunity to access additional capital without incurring debt or diluting ownership. Franchisees contribute upfront franchise fees, ongoing royalties, and marketing fees, which can be used to fund further business growth.
- **Shared Responsibility:** As a franchisor, Seth can delegate certain responsibilities to franchisees, including day-to-day operations, staffing, and management. This can reduce some of the burdens of running multiple locations and allow Seth to focus on strategic decisions and overall business growth.
- **Local Expertise:** Franchisees often possess local knowledge and connections, which can be beneficial for expanding into new territories. They understand the local market dynamics, consumer preferences, and cultural nuances, enabling better adaptation to specific regions.
- **Brand Expansion:** Franchising enables the establishment of a consistent brand presence for Slice across different locations. Each franchise pizza

cafe serves as a brand ambassador, contributing to brand recognition and customer loyalty.

- **Standardisation and Control:** Franchising requires defining and maintaining operational standards and quality control across all franchised pizza cafes. Ensuring consistency in products, services, and customer experience could be challenging for Seth as a franchisor, as it relies on effective training, monitoring, and ongoing support systems.
- **Franchisee Selection:** Choosing the right franchisees is crucial to maintaining the brand's reputation and success. It involves a careful selection process, including assessing their business acumen, financial stability, and alignment with Slice brand's values and vision.
- **Legal and Regulatory Compliance:** Franchising involves legal complexities, including drafting franchise agreements, intellectual property protection, disclosure requirements, and compliance with franchise laws. Engaging legal professionals experienced in franchising is essential to navigate these complexities. For the franchisor this can be costly and time consuming.
- **Increased Responsibilities:** As a franchisor, Seth will take on additional responsibilities, such as providing training and support to franchisees, conducting regular evaluations, implementing marketing strategies, and continuously evolving the franchise system. These responsibilities require dedicated resources and a structured approach.
- **Financial Implications:** Establishing and maintaining a franchise system requires upfront investments in infrastructure, support systems, marketing, and ongoing operational costs. It will be important to carefully evaluate the financial viability of franchising and ensure the potential returns outweigh the associated expenses.
- **Diseconomies of Scale.**
- **Negative publicity and reputation** could be tarnished by one franchisee therefore effecting the entire brand name

Overall, growing Slice from a sole trader to a franchise offers significant growth opportunities, but it requires careful planning, commitment to quality, and effective management of franchisee relationships. It will be important for Seth to conduct thorough research, consult with experts, and develop a well-defined franchise model before embarking on this expansion strategy.

**Marking:**

**Level 4 [14]–[18]**

An excellent response demonstrates:

- Comprehensive and relevant, accurate knowledge and understanding and detailed evaluation of Seth's decision to franchise.
- Highly appropriate, clear and logical judgement of Seth's decision to franchise, based on well focused and sound analysis.
- Thorough use of relevant source material to address Seth's decision to franchise.
- An excellent quality of written communication.

**Level 3 [10]–[13]**

A good response demonstrates:

- Sound, good, accurate knowledge and understanding, and evaluation of Seth’s decision to franchise.
- An appropriate clear and logical judgement of Seth’s decision to franchise, based on well-focused analysis.
- Good use of relevant source materials to address Seth’s decision to franchise.
- A good quality of written communication.

**Level 2 [6]–[9]**

A satisfactory response demonstrates:

- Satisfactory knowledge and understanding, an evaluation of Seth’s decision to franchise.
- A suitable, appropriate judgement of Seth’s decision to franchise.
- A satisfactory quality of written communication.

**Level 1 [1]–[5]**

A basic response demonstrates:

- Basic knowledge and understanding, with unfocused evaluation of Seth’s decision to franchise.
- Basic or no judgment based on limited analysis of Seth’s decision to franchise.
- Limited use of relevant source material to address Seth’s decision to franchise.
- A basic quality of written communication.

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

[18]

40

AVAILABLE  
MARKS

- 2 (a) Explain the importance of **adding value**, using an example from the case study. [4]

The product/service is more desirable to consumers – Tech Wave adds value through excellent customer service and technical support. The company has been able to differentiate itself from its competitors by providing high quality software solutions that are tailored to the specific needs of the customers.

Difference between the selling price and the cost of production/inputs used - must refer to importance e.g. higher profit margins

Creates loyal customer base thus providing Tech Wave with protection against competitors.

Innovative Software Solutions 'UK Business Award' achieved

Allows Tech Wave to charge premium price for its product/service.

2 + 2 = 5 synergy

Enhances appeal of product, allows competitive advantage.

**Marking:**

[1] basic explanation of the importance of the term adding value.

[2] detailed explanation of the importance of the term adding value.

[1] basic application of stimulus material.

[2] detailed application of stimulus material.

[0] incorrect explanation and/or application of stimulus material. [4]

- (b) (AO1, AO2, AO3)

Analyse **two** benefits to Tech Wave of using external recruitment. [8]

Benefits to Tech Wave of using external recruitment include:

- External recruitment attracts a larger pool of applicants, Tech Wave may use it to attract a higher calibre of candidate expertise in software engineering
- The external candidate could bring new ideas to Tech Wave, they may have worked on different IT projects bringing fresh perspectives/ideas
- An external candidate may be prepared to constructively criticise Tech Wave as they will be more objective, therefore leading to more effective practice
- External candidates could have wider experience and require less training in software solutions if they come from another company, this could lead to improvement within Tech Wave
- Avoid jealousies/conflict with existing employees in Tech Wave

**Marking:**

**Level 3 [7]–[8]**

An excellent response demonstrates:

- Well-focused and sound analysis of two benefits of external recruitment to Tech Wave.
- Comprehensive and relevant, accurate knowledge and understanding of two benefits of external recruitment to Tech Wave.

**Level 2 [4]–[6]**

A good response demonstrates:

- Focused analysis of two benefits of external recruitment to Tech Wave.
- Good use of relevant source material to analyse two benefits of recruiting externally to Tech Wave.

**Level 1 [1]–[3]**

A basic response demonstrates:

- Basic analysis of up to two benefits of external recruitment to Tech Wave.
- Basic knowledge and understanding of up to two benefits of external recruitment to Tech Wave.
- Limited use of relevant source material to analyse up to two benefits of external recruitment to Tech Wave.

Answers not worthy of credit **[0]** marks. [8]

**(c) (AO1, AO2, AO3)**

Analyse **three** key characteristics that Darren possesses which have allowed him to become a successful entrepreneur. [10]

Key Characteristics:

- Vision – Darren has overall clear vision for Tech Wave and he works alongside staff to make sure he achieves his aim/s
- Passionate – Darren cares deeply about technology and the company and its products/services
- Risk taker – Darren is willing to take calculated risks in order to succeed, he knows he has to risk his own money and reputation in doing so
- Self motivation – Darren is highly motivated and the success of the company depends on his ability to push forward to succeed
- Leadership skills – Darren has strong leadership qualities, inspiring the 15 staff members to work together as a team
- Hard working/determined – Darren would have worked long hours since he founded Tech Wave
- Ability to work under pressure – it is very stressful being an entrepreneur. It requires meeting strict deadlines and time away from family
- Creative/Imaginative – Darren needs to be creative in developing new ideas in a fast changing industry
- Self belief/Confidence – an entrepreneur needs to believe that he has the confidence to make it a success
- Competent – ability to carry out the work to the highest standard
- Reliable – in meeting deadlines and fulfilling obligations to customers
- Other valid alternatives accepted

**Marking:**

**Level 3 [8]–[10]**

An excellent response demonstrates:

- Well-focused and sound discussion of three key characteristics that Darren possesses.
- Comprehensive and relevant, accurate knowledge and understanding of three key characteristics that Darren possesses.

- Thorough and detailed use of relevant source material to analyse three key characteristics that Darren possesses.

### Level 2 [4]–[7]

A good response demonstrates:

- Focused discussion of up to three key characteristics that Darren possesses.
- Good, accurate knowledge and understanding of up to three key characteristics that Darren possesses.
- Good use of relevant source materials to analyse up to three key characteristics that Darren possesses.

### Level 1 [1]–[3]

A basic response demonstrates:

- Basic analysis of up to three key characteristics that Darren possesses.
- Basic knowledge and understanding of up to three key characteristics that Darren possesses.
- Limited use of relevant source material to analyse one, two or three key characteristics that Darren possesses.

Answers not worthy of credit **[0]** marks. [10]

### (d) (AO1, AO2, AO3, AO4)

Evaluate the impact of Darren's laissez-faire style of leadership on staff motivation at Tech Wave. [18]

- Employees can gain greater innovation and creativity and therefore motivation, productivity and morale at Tech Wave
- Builds strong teamwork – culture of collaboration allowing for social needs to be met, thus improving motivation
- Darren may delegate authority down which gives him more time to run the business, this additional responsibility increases motivation; staff feel valued
- Employee empowerment gives staff greater autonomy allowing for increased opportunities in staff creativity and innovation
- Encourages group decision making which can enhance staff morale and improve their skill set
- Upskills staff; additional responsibility
- Time consuming to implement; time away from work may reduce productivity as staff are demotivated
- Mistakes can be made if staff are not skilled or experienced enough, hence demotivated
- Disagreements and conflict within group decision making may demotivate staff
- Stress – not all staff want to be involved in making key decisions; which may result in poor decision-making and loss of motivation
- No clear direction in time of crisis, thus demotivating for staff
- Not suitable for all types of employees, some prefer more guidance and supervision, therefore productivity could fall if employees left unsupervised

Final judgement – overall laissez-faire leadership style should benefit the morale and motivation of staff at Tech Wave, they are specialist professionals in their field and therefore the company should benefit overall from employee participation.

**Marking:**

**Level 4 [14]–[18]**

An excellent response demonstrates:

- Comprehensive and relevant, accurate knowledge and understanding and detailed evaluation of the impact of a laissez-faire style of leadership by Darren on staff motivation.
- Highly appropriate, clear and logical judgement of the impact of a laissez-faire style of leadership by Darren on staff motivation based on well focused and sound analysis.
- Thorough use of relevant source material to address the impact of a laissez-faire style of leadership by Darren on staff motivation.
- An excellent quality of written communication.

**Level 3 [10]–[13]**

A good response demonstrates:

- Sound, good, accurate knowledge and understanding, and evaluation of the impact of a laissez-faire style of leadership by Darren on staff motivation.
- An appropriate clear and logical judgement of the impact of a laissez-faire style of leadership by Darren on staff motivation based on well-focused analysis.
- Good use of relevant source materials to address the impact of a laissez-faire style of leadership by Darren on staff motivation.
- A good quality of written communication.

**Level 2 [6]–[9]**

A satisfactory response demonstrates:

- Satisfactory knowledge and understanding, an evaluation of the impact of a laissez-faire style of leadership by Darren on staff motivation.
- A suitable, appropriate judgement of the impact of a laissez-faire style of leadership by Darren on staff motivation.
- A satisfactory quality of written communication.

**Level 1 [1]–[5]**

A basic response demonstrates:

- Basic knowledge and understanding, with unfocused evaluation of the impact of a laissez-faire style of leadership by Darren on staff motivation.
- Basic or no judgement based on limited analysis of the impact of a laissez-faire style of leadership by Darren on staff motivation.
- Limited use of relevant source material to address the impact of a laissez-faire style of leadership by Darren on staff motivation.
- A basic quality of written communication.

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

[18]

40

**Total**

**80**

**AVAILABLE  
MARKS**