



*Rewarding Learning*

**ADVANCED SUBSIDIARY (AS)  
General Certificate of Education  
2023**

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**Business Studies**

Assessment Unit AS 1

*assessing*

Introduction to Business

**[SBU11]**

**FRIDAY 19 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) Explain the term flow production using the case study information. [4]

Flow production – a method of production whereby the partly-processed product passes through various stages of production in a regular/logical flow in order to produce the final product. Other key features include assembly line / mass produced/ continuous / Capital Intensive

Burn Distillery Ltd employs flow production techniques which starts with malting, mashing, fermentation, distilling, maturation and finishes with bottling the finished whiskey.

**Marking:**

[1] basic explanation of the term flow production.

[2] detailed explanation of the term flow production.

[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** motives that influenced Matt to become an entrepreneur. [8]

Mr Thornten’s motives for setting up the business would have been to:

- make money (as measured by annual profits).
- take advantage of trading opportunities in a competitive market, e.g. sales of the product locally and exporting it to customers across the globe.
- create a job opportunity for himself.
- Own boss / personal satisfaction / control / flexibility / Hobby

**Marking:**

**Level 3 [7]–[8]**

An excellent response demonstrates:

- Well-focused and sound analysis of two motives which Mr Thornten had in becoming an entrepreneur.
- Comprehensive and relevant, accurate knowledge and understanding of two motives which Mr Thornten had in becoming an entrepreneur.
- Thorough and detailed use of relevant source material to analyse two motives which Mr Thornten had in becoming an entrepreneur.

**Level 2 [4]–[6]**

A good response demonstrates:

- Focused analysis of two motives which Mr Thornten had in becoming an entrepreneur.
- Good use of relevant source material to analyse two motives which Mr Thornten had in becoming an entrepreneur.

**Level 1 [1]–[3]**

A basic response demonstrates:

- Basic analysis of up to two motives which Mr Thornten had in becoming an entrepreneur.
- Basic knowledge and understanding of up to two motives which Mr Thornten had in becoming an entrepreneur.
- Limited use of relevant source material to analyse up to two motives which Mr Thornten had in becoming an entrepreneur.

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

AVAILABLE  
MARKS

(c) (AO1, AO2, AO3)

Analyse **three** factors that can affect productivity at Burn Distillery Limited.

[10]

- Staff motivation / morale – as staff are more motivated productivity will increase.
- Investment in new machinery and equipment for a new distillery, new boiler house and new cooling equipment - Increased productivity could lead to increased levels of production and hence sales quantities. Examples include: increased production quantities, from 10 000 nine-litre cases of its product to 20 000 nine-litre cases over a five-year period.
- Investment in the repair and maintenance of its current machinery, equipment and facilities. The facilities include a barrel store on the existing site, a sprinkler pump house, tanks, landscaping and a new access road.
- Demand – an increase in demand could increase capacity.
- Investment in the recruitment of specialised staff coupled with staff training in the operation of new machinery and equipment. The purchase of new machinery as part of the £6m expansion project would mean that staff need to be trained/retrained in use of new machinery, new production techniques or business processes.

**Marking:**

**Level 3 [8]–[10]**

An excellent response demonstrates:

- Well-focused and sound discussion of three factors affecting productivity at Burn Distillery Limited.
- Comprehensive and relevant, accurate knowledge and understanding of three factors affecting productivity at Burn Distillery Limited.
- Thorough and detailed use of relevant source material to analyse three factors affecting productivity at Burn Distillery Limited.
- Excellent quality of written communication.

**Level 2 [4]–[7]**

A good response demonstrates:

- Focused discussion of up to three factors affecting productivity at Burn Distillery Limited.
- Good, accurate knowledge and understanding of up to three factors affecting productivity at Burn Distillery Limited.
- Good use of relevant source materials to analyse up to three factors affecting productivity at Burn Distillery Limited.
- A good quality of written communication.

**Level 1 [1]–[3]**

A basic response demonstrates:

- Basic analysis of up to three factors affecting productivity at Burn Distillery Limited.
- Basic knowledge and understanding of up to three factors affecting productivity at Burn Distillery Limited.
- Limited use of relevant source material to analyse one, two or three factors affecting productivity at Burn Distillery Limited.
- A basic quality of written communication.

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

[10]

AVAILABLE  
MARKS

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

Evaluate the issues related to Matt's decision to change ownership from a sole trader to a private limited company. [18]

AVAILABLE  
MARKS

Trading as a private limited company:

- Costly to set up an Ltd
- Enabled Mr Thornton to secure ownership of the Burn Distillery Limited product range and prestigious brand name – sales in 2021 of £4.3m an increase of approximately £1m on the previous year. This increases revenues and market share for the company.
- Burn Distillery Limited is considered to be an attractive investment as measured by profit levels by Mr Thornton – the company reported a profit totalling £890 000, up from £660 000 reported in the previous financial year. This makes the company a more profitable investment which generate additional returns (dividends) to shareholders.
- Enables the Burn Distillery Limited to continue trading – producing/ selling a range of Irish Whiskey products as evidenced by the sale of 10 000 nine-litre cases of its product;
- The expansion plan costing £6m is progressing which should secure the company's future. This money could have come from the majority shareholder or lenders – providing the Burn Distillery Limited with access to finance when needed.
- Secures employment for current staff – during 2021, the management team of Burn Distillery Limited reported that the company employed 100 staff. This provides job security and recruitment opportunities in future to support growth.
- Limited Liability, protect his personal wealth as his investment in shares in Burn Distillery Limited can be targeted only if the business goes into bankruptcy.
- New Board of Directors with possible additional skills and expertise.
- All Limited Company financial statements must now be published annually where all stakeholders can have access to them.
- Doesn't keep all profits / Doesn't make all the decisions.

Final judgement – trading as a private limited company has enabled the Burn Distillery Limited to continue trading and enable the company to achieve growth under new ownership, which is beneficial overall.

**Marking:**

**Level 4 [14]–[18]**

An excellent response demonstrates:

- Comprehensive and relevant, accurate knowledge and understanding and detailed evaluation of the impact of a change of ownership to a private limited company.
- Highly appropriate, clear and logical judgement of the impact of a change of ownership to a private limited company based on well-focused and sound analysis.
- Thorough use of relevant source material to address the impact of a change of ownership to a private limited company.
- An excellent quality of written communication.
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**Level 3 [10]–[13]**

A good response demonstrates:

- Sound, good, accurate knowledge and understanding, and evaluation of the impact of a change of ownership to a private limited company.

- An appropriate clear and logical judgement of the impact of a change of ownership to a private limited company based on well-focused analysis.
- Good use of relevant source materials to address the impact of a change of ownership to a private limited company.
- 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 change of ownership to a private limited company.
- A suitable, appropriate judgement of the impact of a change of ownership to a private limited company.
- 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 change of ownership to a private limited company.
- Basic or no judgement based on limited analysis of the impact of a change of ownership to a private limited company.
- Limited use of relevant source material to address the impact of a change of ownership to a private limited company.
- A basic quality of written communication.

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

[18]

40

AVAILABLE  
MARKS

- 2 (a) (AO1, AO2)  
Explain what quality means to Lidl using examples from the case study. [4]

Quality is perceived as the benchmark standard that meets the needs and expectations of its customers. If Lidl's products do not meet the customers' needs in quality then they are not stocked in their supermarkets.

- Fit for purpose / zero defects / durability / after-sales service care.
- The products are sold at very competitive prices. Lidl are famous for being "Big on Quality, Lidl on Price" and appeals to shoppers looking to save money.
- Lidl offers its customers the highest quality products at the lowest possible prices.
- Lidl accepted The Quality Foods Award for selling exceptional products across a wide range of food and drink categories.

**Marking:**

- Good, accurate knowledge and detailed explanation of what quality means to Lidl. [2]
- Basic knowledge and explanation of what quality means to Lidl. [1]
- Good use of relevant source material to support detailed explanation of what quality means to Lidl [2]
- Limited use of relevant source material to support detailed explanation of what quality means to Lidl. [1]

Answers not worthy of credit [0] marks. [4]

- (b) (i) Calculate Lidl's Total Sales Revenue in Northern Ireland for the year 2020.

You must show your workings and state your answer to the nearest million. [2]

Calculation

Total NI Sales = £4500 million

Market Share % 6.1%

£4500 million × 6.1%

= £274.5 million

£274.5 to nearest million = £275 million

**Marking:**

- Statement of correct answer (no annotation; and/or (in)correct workings). (AO1) [1]
- Statement of correct answer (including annotation). (AO2) [1]
- Statement of correct answer but not rounded to nearest million (with or without correct annotation). [1]
- Statement of incorrect answer. [0]

- (ii) Analyse **two** reasons why changes in customer tastes contributed to the increase in Lidl's market share during 2020. [6]

**Marking:**

- Customers undertaking frequent shopping using small-sized baskets in a variety of shops, has changed to infrequent shopping visits with the use of larger baskets in one store;



- Customers are stocking up on home cooking ingredients and creating their own restaurant-themed meals;
- Health and hygiene conscious customers are buying additional household cleaners and liquid soap; and
- An increase in demand for at-home fitness equipment for health-conscious consumers.
- Lidl offers different products from competitors.

**Marking:****Level 3 [5]–[6]**

An excellent response demonstrates:

- Well-focused and sound use of **two** reasons why changes in customer tastes contributed to the increase in Lidl's market share during 2020.
- Comprehensive and relevant, accurate knowledge and understanding of **two** reasons why changes in customer tastes contributed to the increase in Lidl's market share during 2020.
- Thorough and detailed use of **two** reasons why changes in customer tastes contributed to the increase in Lidl's market share during 2020.

**Level 2 [3]–[4]**

A good response demonstrates:

- Focused analysis of **two** reasons why changes in customer tastes contributed to the increase in Lidl's market share during 2020.
- Good, accurate knowledge and understanding of **two** reasons why changes in customer tastes contributed to the increase in Lidl's market share during 2020.
- Good application of **two** reasons why changes in customer tastes.

**Level 1 [1]–[2]**

A basic response demonstrates:

- Basic analysis of **two** reasons why changes in customer tastes contributed to the increase in Lidl's market share during 2020.
- Basic knowledge and understanding of **two** reasons why changes in customer tastes contributed to the increase in Lidl's market share during 2020.

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

[6]

(c) (AO1, AO2, AO3)

Analyse **three** monetary methods of motivation used by Lidl to retain its employees.

[10]

Lidl provides a range of financial benefits to staff including wages, paid annual leave and fringe benefits, which all form an important part of its total rewards package. Detailed below are the hourly wage rates recommended by law as at April 2021 and Lidl's hourly wage rates.

Age Group	National Minimum Wage	Lidl's Wages
18–20	£6.56 per hour	Lidl pay their employees the “Living Wage”, (the minimum hourly rate that employees need to live), which is considerably higher than the National Minimum Wage. Lidl employees are paid £9.50 per hour, for those working outside of London, on entry level.
21–22	£8.36 per hour	

1 Wages are higher at Lidl £9.50 compared to £8.36, a difference of £1.14 per hour, £42.75 per week. The higher wages are one motivator for employees to stay with Lidl as other organisations are paying much less. Of course, the higher wages will decrease Lidl's overall profits and dividends but Lidl will have less difficulty in finding staff and retaining them.

2 Bonus:

- 2020 – all staff paid £150
- 2021 – 25 000 front-line staff paid £200 bonus
- 1800 office based staff paid £100 bonus
- Should reduce staff turnover in Lidl

3 Fringe Benefits

Lidl also offer a free and confidential support programme that provides its employees and family with 24/7 access to help and support them in managing their work or personal issues. This includes free access to a nationwide network of fully qualified counsellors and experts in a variety of fields including financial advisors, legal professionals, career guidance and coaching.

Given that many employees have work and personal issues that can affect productivity at work Lidl offers free counselling to all employees. This motivator, especially with the increase in mental health issues can only increase the bond between Lidl and its employees. Counsellor employees will work harder to repay Lidl for their help and increase productivity. Additional costs to Lidl but increased bond with Lidl and long-term retainment.

**Marking:**

**Level 3 [8]–[10]**

An excellent response demonstrates:

- Well-focused and sound discussion of **three** financial methods of motivation used by Lidl to retain its employees.

AVAILABLE  
MARKS

- Comprehensive and relevant, accurate knowledge and understanding of **three** financial methods of motivation used by Lidl to retain its employees.
- Thorough and detailed use of relevant source material to **three** financial methods of motivation used by Lidl to retain its employees.
- An excellent quality of written communication.

### Level 2 [4]–[7]

A good response demonstrates:

- Focused discussion of up to **three** financial methods of motivation used by Lidl to retain its employees.
- Good, accurate knowledge and understanding of up to **three** financial methods of motivation used by Lidl to retain its employees.
- Good use of relevant source material to discuss up to **three** financial methods of motivation used by Lidl to retain its employees.
- A good quality of written communication.

### Level 1 [1]–[3]

A basic response demonstrates:

- Basic discussion of the **three** financial methods of motivation used by Lidl to retain its employees.
- Basic knowledge and understanding of the **three** financial methods of motivation used by Lidl to retain its employees.
- Limited use of relevant source material to discuss **three** financial methods of motivation used by Lidl to retain its employees.
- A basic quality of written communication.

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

The question requires a discussion of **three** financial methods of motivation that Lidl employs to retain its employees. Any additional reasons discussed will not attract any marks.

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

Evaluate the impact of Lidl's use of online technologies to recruit managers. [18]

- Lidl's rapid growth challenges the business to look for experienced and qualified managers who are difficult to recruit. Competitors may be recruiting similar staff so an online approach may not resolve the issue.
- To recruit successfully, Lidl use a wide spectrum of online technologies directed at their desired audience. This might attract an increase in applicants and allow vacancies to be filled speedily.
- The social media technologies included Facebook and Twitter. These have wide coverage and increase the chances of Lidl successfully recruiting managers.
- Using its continuous online recruitment campaign, Lidl are successfully attracting qualified applicants to apply for positions within its business operations. The recruitment system may be available 24/7, 365 days a year thus enhancing the ability of Lidl to fill vacant positions quickly to achieve business outcomes.
- Operating an online system is expensive and will cost the company money, thus reducing profits.
- Not all suitably qualified and experienced managers have access to or use social media platforms and prefer to stay with their current employers, therefore online social media platforms will not motivate applicants to apply to work in Lidl.

- Fraudulent applicants – someone else can apply online.
- Reduce recruitment costs.
- Access to larger pool of applicants.
- Speeds up recruitment process.
- Security of keeping app personal details confidential.

**Marking:**

**Level 4 [14]–[18]**

An excellent response demonstrates:

- Comprehensive and relevant, accurate knowledge and understanding, and detailed evaluation of the impact of Lidl’s use of online technologies to recruit managers.
- Highly appropriate, clear and logical judgement of the impact of Lidl’s use of online technologies to recruit managers.
- Thorough use of relevant source material to address the impact of Lidl’s use of online technologies to recruit managers.
- 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 Lidl’s use of online technologies to recruit managers.
- An appropriate, clear and logical judgement of the impact of Lidl’s use of online technologies to recruit managers.
- Good use of relevant source material of the impact of Lidl’s use of online technologies to recruit managers.
- A good quality of written communication.

**Level 2 [6]–[9]**

A satisfactory response demonstrates:

- Satisfactory knowledge and understanding and application of the impact of Lidl’s use of online technologies to recruit managers.
- A suitable, appropriate judgement on the impact of Lidl’s use of online technologies to recruit managers.
- 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 Lidl’s use of online technologies to recruit managers.
- Basic or no judgement based on limited analysis of the impact of Lidl’s use of online technologies to recruit managers.
- Limited use of relevant source material on the impact of Lidl’s use of online technologies to recruit managers.
- A basic quality of written communication.

Answers not worthy of credit [0] marks.

[18]

**Total**

**AVAILABLE  
MARKS**

40

**80**