



National  
Qualifications  
2023

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**2023 Business Management**

**National 5**

**Finalised Marking Instructions**

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## General marking principles for National 5 Business Management

*This information is provided to help you understand the general principles you must apply when marking candidate responses to questions in this paper. These principles must be read in conjunction with the detailed marking instructions, which identify the key features required in candidate responses.*

- (a) Marks for each candidate response must **always** be assigned in line with these general marking principles and the detailed marking instructions for this assessment.
- (b) Marking should always be positive. This means that, for each candidate response, marks are accumulated for the demonstration of relevant skills, knowledge and understanding: they are not deducted from a maximum on the basis of errors or omissions.
- (c) If a specific candidate response does not seem to be covered by either the principles or detailed marking instructions, and you are uncertain how to assess it, you must seek guidance from your team leader.
- (d) i. Questions that ask candidates to Describe...  
Candidates must make a number of relevant, factual points up to the total mark allocation for the question. These should be key points. The points do not need to be in any particular order. Candidates may provide a number of straightforward points or a smaller number of developed points, or a combination of these.
- Up to the total mark allocation for this question:
- 1 mark should be given for each accurate relevant point of knowledge.
  - a second mark could be given for any point that is developed from the point of knowledge.
- ii. Questions that ask candidates to Explain...  
Candidates must make a number of points that relate cause and effect and/or make the relationships between things clear, for example by showing connections between a process/situation. These should be key reasons and may include theoretical concepts. There is no need to prioritise the reasons.
- Candidates may provide a number of straightforward reasons or a smaller number of developed reasons, or a combination of these.
- Up to the total mark allocation for this question:
- 1 mark should be given for each accurate relevant point of reason.
  - a second mark could be given for any other point that is developed from the same reason
- iii. Questions that ask candidates to Compare...  
Candidates must demonstrate a true comparison in order to gain any mark. Both sides of the point must be clear but need not be linked. Candidates can write several points regarding the first comparison item followed by several points on the second and the marker match the points using codes (eg a, b, c)
- Up to the total mark allocation for this question:
- 1 mark should be given for each compared point

Where a mark is available for the development of a response this is exemplified in the marking instructions, a hollow bullet point is used to show the developed response.

Marking instructions for each question

Section 1

Question			Expected response(s)	Max mark	Additional guidance									
1.	(a)	(i)	<ul style="list-style-type: none"> <li>Sole Trader</li> </ul>	1	Award 1 mark for a valid identification.									
		(ii)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;"><b>Sole trader</b></td> <td rowspan="4" style="text-align: center; vertical-align: middle;"><b>whereas</b></td> <td style="text-align: center;"><b>Public sector</b></td> </tr> <tr> <td>owned by one person</td> <td>owned by government/taxpayers</td> </tr> <tr> <td>controlled by an individual</td> <td>controlled by elected ministers/councillors</td> </tr> <tr> <td>may raise finance by personal savings/loan/grant</td> <td>raise finance through taxation</td> </tr> </table>	<b>Sole trader</b>	<b>whereas</b>	<b>Public sector</b>	owned by one person	owned by government/taxpayers	controlled by an individual	controlled by elected ministers/councillors	may raise finance by personal savings/loan/grant	raise finance through taxation	3	<p>Candidates must make 3 distinctions to gain full marks.</p> <p>Award 1 mark for each valid distinction.</p> <p>Accept consequentiality from (a)(i).</p> <p>Accept any other suitable response.</p>
<b>Sole trader</b>	<b>whereas</b>	<b>Public sector</b>												
owned by one person		owned by government/taxpayers												
controlled by an individual		controlled by elected ministers/councillors												
may raise finance by personal savings/loan/grant		raise finance through taxation												
	(b)		<ul style="list-style-type: none"> <li>rising/people spending more</li> <li>male/female spending is increasing</li> </ul>	1	Award 1 mark for a valid identification.									
	(c)		<ul style="list-style-type: none"> <li>if competitors/other salons are close-by - that could reduce sales</li> <li>close to customers - as that will reduce the cost/time for customers to get to the salon                             <ul style="list-style-type: none"> <li>they would be more likely to return</li> </ul> </li> <li>size of premises is too small - so need additional space for expansion</li> <li>rent is high in current location - may need to look at a more affordable location</li> <li>parking - so customers can easily access the salon</li> <li>close to employees - as she is looking to recruit</li> </ul>	3	<p>Candidates must explain at least 2 factors to gain full marks.</p> <p>Award 1 mark for each valid explanation.</p> <p>Award 1 mark for a valid development.</p> <p>Accept any other suitable response.</p>									

Question		Expected response(s)	Max mark	Additional guidance
	(d)	<ul style="list-style-type: none"> <li>• a bank loan is when finance is borrowed and paid back in instalments <ul style="list-style-type: none"> <li>○ interest payable</li> </ul> </li> <li>• a mortgage is when a large sum of money is borrowed to purchase property/land <ul style="list-style-type: none"> <li>○ paid back in instalments over a long period of time</li> <li>○ lower interest payable than a loan</li> </ul> </li> <li>• retained profits are profits from a previous year which are reinvested into the business</li> <li>• a grant is when finance is given to a business that applies for it/meets certain criteria/conditions <ul style="list-style-type: none"> <li>○ does not need to be repaid</li> </ul> </li> </ul>	5	<p>Candidates must describe at least <b>2</b> sources of finance to gain full marks.</p> <p>Award <b>1 mark</b> for each valid description.</p> <p>Award <b>1 mark</b> for each valid development.</p> <p>Watch for repetition.</p> <p>Accept any other suitable answer.</p>
	(e)	<ul style="list-style-type: none"> <li>• stylists provide a range of hair services - so they feel their job is interesting and not repetitive</li> <li>• staff are paid wages using a time-rate system - so staff may work more/extra hours</li> <li>• staff being paid commission on product sales - so they increase their income</li> <li>• flexibility when holidays can be taken - so holidays fit in with other commitments/at times they feel they need a holiday</li> <li>• staff participate in regular training - so they feel valued <ul style="list-style-type: none"> <li>○ gain qualification/new skills</li> <li>○ could gain promotion</li> </ul> </li> <li>• staff are encouraged to participate in competitions - which gives staff confidence/job satisfaction if they do well <ul style="list-style-type: none"> <li>○ can attract new staff</li> </ul> </li> </ul>	4	<p>Candidates must justify at least <b>2</b> methods to gain full marks.</p> <p>Award <b>1 mark</b> for each valid justification.</p> <p>Award <b>1 mark</b> for each valid development.</p> <p>Accept any suitable response.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(f)	<ul style="list-style-type: none"> <li>• online booking allows customers to view availability/ book/change appointments               <ul style="list-style-type: none"> <li>○ could access it 24/7</li> </ul> </li> <li>• email could be used to send direct emails to request feedback</li> <li>• email/text reminders could be sent to customers about their appointments</li> <li>• emails could be sent to alert customer when products are back in stock</li> <li>• emails can be sent to advertise new products/services</li> <li>• a website would mean reviews could be posted online</li> <li>• e-commerce facilities would allow customers to buy products such as shampoos, conditioners etc online               <ul style="list-style-type: none"> <li>○ increase sales/profits</li> <li>○ could show alternative products if the one they are looking for is unavailable</li> </ul> </li> <li>• social media could be used to allow customers/potential customers to view pictures of products/previous customers hairstyles/makeup etc               <ul style="list-style-type: none"> <li>○ these could be liked and shared increasing awareness of the business</li> </ul> </li> </ul>	<b>3</b>	<p>Candidates must describe at least <b>2</b> ways to gain full marks.</p> <p>Award <b>1 mark</b> for each valid description.</p> <p>Award <b>1 mark</b> for a valid development.</p> <p>Only one technology is required to gain full marks.</p> <p>Accept any other suitable response.</p>

Question			Expected response(s)	Max mark	Additional guidance
2.	(a)	(i)	<ul style="list-style-type: none"> <li>• soldiers</li> <li>• recruits/applicants</li> <li>• citizens</li> <li>• senior officers</li> <li>• Candidate Support Manager</li> <li>• Government</li> <li>• Ministry of Defence (MoD)</li> <li>• those that receive humanitarian aid</li> <li>• potential victims/victims of terrorism/drug trade</li> <li>• host nations of overseas troops</li> </ul>	3	<p>Candidates must identify <b>3</b> stakeholders to gain full marks.</p> <p>Award <b>1 mark</b> for each valid identification.</p>
		(ii)	<ul style="list-style-type: none"> <li>• soldiers - increasing their rates of pay/wages</li> <li>• soldiers - knowing where they are to be based/deployed</li> <li>• recruits/applicants - getting the job</li> <li>• citizens - getting the best service/protection to keep them safe and secure</li> <li>• senior officers - improving their status/future promotion prospects</li> <li>• senior officers - leading their soldiers/ensuring welfare of their soldiers/maintaining skill levels of their soldiers</li> <li>• Government - ensuring the Army achieves local and national objectives</li> <li>• Government - ensuring the Army remains within budget</li> <li>• MoD - ensuring the Army carries out defence policy</li> </ul>	3	<p>Candidates must describe the interest of each of the stakeholders identified in (a)(i) to gain full marks.</p> <p>Accept consequentiality if stakeholders identified in 2(a)(i) are not in the case study or related to the British Army.</p> <p>Accept any other suitable response.</p>

Question		Expected response(s)	Max mark	Additional guidance	
	(b)	<p><b>Costs</b></p> <ul style="list-style-type: none"> <li>• time is lost when the employee is being trained <ul style="list-style-type: none"> <li>○ reduced productivity</li> </ul> </li> <li>• financial cost to pay for the training course <ul style="list-style-type: none"> <li>○ cost of temporary workers to pay for staff cover</li> </ul> </li> <li>• employees may be reluctant to take part in the training</li> <li>• employees may leave the firm for a better paid job after the training</li> </ul> <p><b>Benefits</b></p> <ul style="list-style-type: none"> <li>• training can be motivational for employees</li> <li>• employee's skill level will be improved</li> <li>• productivity may improve</li> <li>• there may be fewer accidents</li> <li>• experts can be used to make the training high quality</li> <li>• employees gain new skills</li> <li>• qualifications can be gained by employees <ul style="list-style-type: none"> <li>○ which improves the image of the organisation</li> </ul> </li> <li>• attracts future candidates to apply for jobs</li> </ul>	<b>3</b>	<p>Candidates must describe at least <b>one</b> cost and <b>one</b> benefit to gain full marks.</p> <p>Award <b>1 mark</b> for each valid description.</p> <p>Award <b>1 mark</b> for a valid development.</p>	
	(c)	(i)	<ul style="list-style-type: none"> <li>• medical examination/test</li> <li>• physical test</li> <li>• mental test</li> <li>• team exercises</li> <li>• short talk about themselves to a small group (interview conducted)</li> <li>• references are checked</li> </ul>	<b>2</b>	<p>Candidates must identify <b>2</b> methods to gain full marks.</p> <p>Award <b>1 mark</b> for each valid identification.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(ii)	<ul style="list-style-type: none"> <li>allows employers to see if candidates are fit enough for the job</li> <li>allows employers to see how candidates perform in a variety of tasks/situations</li> <li>to see how candidates work together</li> <li>tasks can be realistic as they are modelled on work related activities</li> <li>large numbers of candidates can be assessed at the one time</li> <li>reduces bias towards candidates/gives an unbiased opinion on those tested</li> <li>references can show the opinions of previous employers</li> </ul>	2	<p>Candidates must justify 2 methods to gain full marks.</p> <p>Award 1 mark for each valid justification.</p> <p>Accept any other suitable response.</p>
	(d) (i)	<ul style="list-style-type: none"> <li>public</li> </ul>	1	Award 1 mark for a valid identification.
	(ii)	<ul style="list-style-type: none"> <li>private - profit-making organisations/owned by private individuals</li> <li>third - not-for-profit organisations</li> </ul>	2	<p>Candidates must describe 2 sectors of economy to gain full marks.</p> <p>Award 1 mark for each valid description.</p> <p>Accept consequentiality.</p>
	(e)	<ul style="list-style-type: none"> <li>radio advertising - producing an advert that can be played on local or national radio stations</li> <li>direct mail - promotional material/leaflet delivered to households/businesses</li> <li>newspaper/magazine advertising - images and information can be printed in local or national papers</li> <li>billboards/transport/bus shelters - public space containing a static/moving image showing a product/message</li> <li>websites - an internet page containing promotional information <ul style="list-style-type: none"> <li>may contain links to the application form</li> </ul> </li> <li>social media - sharing pictures/videos/written information that appears in people's newsfeeds</li> </ul>	4	<p>Candidates must describe at least 2 methods to gain full marks.</p> <p>Award 1 mark for each valid description.</p> <p>Award 1 mark for each valid development.</p> <p>Accept any other suitable response.</p>

Section 2

Question		Expected response(s)	Max mark	Additional guidance												
3.	(a)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%; text-align: center;"><b>Job production</b></td> <td rowspan="4" style="width: 5%; text-align: center; vertical-align: middle;"><b>whereas</b></td> <td style="width: 30%; text-align: center;"><b>Batch production</b></td> </tr> <tr> <td>single product</td> <td>groups of identical products</td> </tr> <tr> <td>skilled labour</td> <td>mostly unskilled labour</td> </tr> <tr> <td>labour-intensive</td> <td>mix of capital and labour</td> </tr> <tr> <td colspan="3" style="text-align: center;">to a customer specification</td> </tr> </table>	<b>Job production</b>	<b>whereas</b>	<b>Batch production</b>	single product	groups of identical products	skilled labour	mostly unskilled labour	labour-intensive	mix of capital and labour	to a customer specification			3	<p>Candidates must make <b>3</b> comparisons to gain full marks.</p> <p>Award <b>1 mark</b> for each valid comparison.</p> <p>Accept any other suitable response.</p>
<b>Job production</b>	<b>whereas</b>	<b>Batch production</b>														
single product		groups of identical products														
skilled labour		mostly unskilled labour														
labour-intensive		mix of capital and labour														
to a customer specification																
	(b)	<p>Responses could include:</p> <p><b>Quality control</b></p> <ul style="list-style-type: none"> <li>• checking the product at the end of production when the final product has been created <ul style="list-style-type: none"> <li>○ can lead to a large amount of wastage</li> </ul> </li> </ul> <p><b>Quality assurance</b></p> <ul style="list-style-type: none"> <li>• when products are checked at each stage in the production process <ul style="list-style-type: none"> <li>○ errors are found at an earlier stage of production</li> <li>○ reduces the amount of wastage</li> </ul> </li> </ul> <p><b>Quality inputs</b></p> <ul style="list-style-type: none"> <li>• ensure machinery is up to date</li> <li>• ensure machinery is well maintained</li> <li>• recruiting skilled staff</li> <li>• ensure staff are well trained</li> <li>• ensure raw materials are appropriate quality</li> </ul>	4	<p>Candidates must describe at least <b>2</b> methods to gain full marks.</p> <p>Award <b>1 mark</b> for each valid description.</p> <p>Award <b>1 mark</b> for each valid development.</p> <p>Watch for repetition.</p> <p>Accept any other suitable response.</p>												

Question		Expected response(s)	Max mark	Additional guidance
	(c)	<ul style="list-style-type: none"> <li>• location of the supplier</li> <li>• price it is charging</li> <li>• quality of the products it sells</li> <li>• can it meet the quantity required</li> <li>• any discounts that it offers</li> <li>• terms of payment</li> <li>• reputation of the supplier</li> <li>• reliability/does it deliver on time</li> <li>• does it deliver the correct order</li> <li>• can it meet rush orders</li> <li>• does it operate in an environmentally friendly/ethical manner</li> </ul>	<b>3</b>	<p>Candidates must outline <b>3</b> factors to gain full marks.</p> <p>Award <b>1 mark</b> for each valid outline.</p> <p>Accept any other suitable response.</p>
<b>4.</b>	(a)	<ul style="list-style-type: none"> <li>• flexi-time - employees can choose their start and finish times <ul style="list-style-type: none"> <li>○ employees must be in work during core times</li> <li>○ can work +/- hours per day as long as contract hours are worked per week/month</li> <li>○ can bank extra hours for time off</li> </ul> </li> <li>• homeworking - where employees work from their house/flat <ul style="list-style-type: none"> <li>○ keep in touch with organisation using technology</li> </ul> </li> <li>• teleworking - allows employees to spend all or part of their working week at a location remote from employers' workplaces <ul style="list-style-type: none"> <li>○ connected electronically to the workplace</li> </ul> </li> <li>• job share - where 2 employees split one job <ul style="list-style-type: none"> <li>○ the workload, responsibilities and salary are shared pro rata</li> <li>○ this allows employees to work round family commitments</li> </ul> </li> </ul>	<b>4</b>	<p>Candidates must describe at least <b>2</b> working practices to gain full marks.</p> <p>Award <b>1 mark</b> for each valid description.</p> <p>Award <b>1 mark</b> for each valid development.</p> <p>Watch for repetition.</p> <p>Accept any other suitable response.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(b)	<ul style="list-style-type: none"> <li>• provides protection for individuals who have ‘protected characteristics’ <ul style="list-style-type: none"> <li>○ age, disability, sex, pregnancy and maternity, race, religion or belief, sexual orientation, gender reassignment</li> </ul> </li> <li>• organisations cannot discriminate on any of the protected characteristics <ul style="list-style-type: none"> <li>○ for recruitment and selection/training/promotion etc</li> </ul> </li> <li>• harassment - employees can complain of behaviour they find offensive <ul style="list-style-type: none"> <li>○ even if it is not directed at them</li> </ul> </li> <li>• victimisation - employees are protected if they are treated badly because they have made/supported a complaint or grievance under the Act</li> </ul>	3	<p>Candidates must describe at least <b>2</b> features of the Equality Act 2010 to gain full marks.</p> <p>Award <b>1 mark</b> for each valid description.</p> <p>Award <b>1 mark</b> for a valid development.</p> <p>Maximum <b>1 mark</b> for listing two or more protected characteristics.</p> <p>Accept any other relevant feature.</p> <p>Accept any other suitable response.</p>
	(c)	<ul style="list-style-type: none"> <li>• business will gain bad reputation – leads to reduced sales</li> <li>• production will stop – deadlines not met <ul style="list-style-type: none"> <li>○ customers will be unhappy</li> </ul> </li> <li>• employees may receive no income – may result in financial hardship</li> <li>• employees may receive increase in salaries – increases business expenses <ul style="list-style-type: none"> <li>○ reduces profit for the business</li> <li>○ retain workers/reduce staff turnover</li> </ul> </li> <li>• reduce staff moral – productivity may reduce</li> <li>• poor employee relations – difficult to introduce changes</li> </ul>	3	<p>Candidates must describe at least <b>2</b> effects to gain full marks.</p> <p>Award <b>1 mark</b> for each valid explanation.</p> <p>Award <b>1 mark</b> for a valid development.</p> <p>Accept any other suitable response.</p>

Question		Expected response(s)	Max mark	Additional guidance
5.	(a)	<ul style="list-style-type: none"> <li>• A - Sales Revenue</li> <li>• B - Gross Profit</li> <li>• C - Expenses</li> <li>• D - Profit for the Year</li> </ul>	4	<p>Candidates must identify 4 labels to gain full marks.</p> <p>Award 1 mark for each valid identification.</p>
	(b) (i)	<ul style="list-style-type: none"> <li>• to predict the cash inflows/outflows <ul style="list-style-type: none"> <li>○ to ensure there is enough to cover monthly outgoings</li> </ul> </li> <li>• to compare actual cash flows to the predicted figures <ul style="list-style-type: none"> <li>○ to highlight overspending</li> </ul> </li> <li>• to highlight periods of cash shortages <ul style="list-style-type: none"> <li>○ to arrange a loan if necessary</li> </ul> </li> <li>• to highlight periods of cash surpluses <ul style="list-style-type: none"> <li>○ to allow an organisation to plan for large future purchase</li> </ul> </li> </ul>	3	<p>Candidates must describe at least 2 reasons to gain full marks.</p> <p>Award 1 mark for each valid description.</p> <p>Award 1 mark for a valid development.</p> <p>Accept any other suitable response.</p>
	(ii)	<ul style="list-style-type: none"> <li>• templates can be created to ensure standard layouts are used</li> <li>• information can be saved and edited at a future date</li> <li>• formulae can be used to automatically update calculations <ul style="list-style-type: none"> <li>○ to reduce the likelihood of human error</li> </ul> </li> <li>• graphs can be produced to highlight trends visibly</li> </ul>	2	<p>Award 1 mark for each valid justification.</p> <p>Award 1 mark for a valid development.</p> <p>Do not accept “easy/quick to calculate” unless qualified.</p> <p>Accept any other suitable response.</p>
	(c)	<ul style="list-style-type: none"> <li>• can be accessed anywhere</li> <li>• can be accessed at any time</li> <li>• information can be downloaded</li> <li>• information can be shared</li> <li>• deposit cheques</li> <li>• immediate payment</li> <li>• saves travel time</li> </ul>	1	<p>Award 1 mark for a valid outline.</p> <p>Accept any other suitable response.</p>

Question		Expected response(s)	Max mark	Additional guidance
6.	(a)	<p>The graph shows a curve representing sales over time, divided into four stages: Introduction, Growth, Maturity, and Decline. The curve starts at the origin, rises steeply in the Growth stage, reaches a peak in the Maturity stage, and then declines in the Decline stage.</p>	3	<p>Award 1 mark for an appropriate curved line:</p> <ul style="list-style-type: none"> <li>the introduction must start at 0</li> <li>the growth section of the line must show the steepest incline</li> </ul> <p>Award 1 mark for labelling both axes.</p> <p>Award 1 mark for labelling at least 3 stages correctly.</p>

Question		Expected response(s)	Max mark	Additional guidance
(b)	(i)	<ul style="list-style-type: none"> <li>• cost of raw materials/inputs</li> <li>• target market for product</li> <li>• price of rival products</li> <li>• channel of distribution chosen</li> <li>• location of premises</li> <li>• profit margin desired/required</li> <li>• image of product</li> <li>• how much customers are willing to pay</li> </ul>	2	<p>Candidates must outline <b>2</b> factors to gain full marks.</p> <p>Award <b>1 mark</b> for each valid outline.</p> <p>Accept any other suitable response.</p>
	(ii)	<ul style="list-style-type: none"> <li>• high price is when a price is set higher than competitors <ul style="list-style-type: none"> <li>○ to suggest quality</li> </ul> </li> <li>• low price is when the price is set lower than competitors <ul style="list-style-type: none"> <li>○ to undercut them</li> </ul> </li> <li>• competitive/market price is setting your price in line with your competitors <ul style="list-style-type: none"> <li>○ in order to avoid the price war</li> <li>○ forces organisations to compete in other areas such as USP/location</li> </ul> </li> </ul>	3	<p>Candidates must describe at least <b>2</b> pricing strategies to gain full marks.</p> <p>Award <b>1 mark</b> for each valid description.</p> <p>Award <b>1 mark</b> for a valid development.</p> <p>Accept any other suitable response.</p>
(c)		<p><b>personal interview</b></p> <ul style="list-style-type: none"> <li>• face-to-face meeting where questions are asked</li> </ul> <p><b>postal survey</b></p> <ul style="list-style-type: none"> <li>• a list of questions sent to respondents</li> </ul>	2	<p>Candidate must describe both methods to gain full marks.</p> <p>Award <b>1 mark</b> for each valid description.</p> <p>Accept any other suitable response.</p>

Question		Expected response(s)	Max mark	Additional guidance
7.	(a)	<ul style="list-style-type: none"> <li>• land - this is all the natural resources</li> <li>• labour - this is human effort/the employees</li> <li>• capital - these are man-made resources               <ul style="list-style-type: none"> <li>○ includes finance invested into the business by the owner</li> </ul> </li> <li>• enterprise - the idea behind the start of a business               <ul style="list-style-type: none"> <li>○ the person who brings together the other three factors of production</li> </ul> </li> </ul>	4	<p>Candidates must outline at least 2 factors to gain full marks.</p> <p>Award 1 mark for each valid outline.</p> <p>Award 1 mark for each valid development.</p> <p>Candidates do not need to label the factor.</p> <p>Accept any other suitable response.</p>
	(b)	<ul style="list-style-type: none"> <li>• customer satisfaction will decrease</li> <li>• increase in complaints</li> <li>• sales/sales revenue will decrease</li> <li>• profits will decrease</li> <li>• customer loyalty will be lost               <ul style="list-style-type: none"> <li>○ market share will fall</li> </ul> </li> <li>• image/reputation will be damaged</li> <li>• demotivates staff</li> <li>• loss of competitive edge/rivals will gain competitive edge</li> </ul>	2	<p>Award 1 mark for each valid outline.</p> <p>Award 1 mark for a valid development.</p> <p>Accept any other suitable response.</p>
	(c)	(i) <ul style="list-style-type: none"> <li>• political</li> <li>• economic</li> <li>• social</li> <li>• technological</li> <li>• environmental</li> <li>• competitive</li> </ul>	2	<p>Candidates must identify 2 factors to gain full marks.</p> <p>Award 1 mark for each valid identification.</p>

Question	Expected response(s)	Max mark	Additional guidance
	<p>(ii)</p> <p><b>Political</b></p> <ul style="list-style-type: none"> <li>• increase in tax rate - this may reduce profits (after tax)</li> <li>• new laws may be introduced - business may have to adapt or change their product/service/work practices to comply</li> <li>• refusing planning permission - a business may not be able to expand</li> </ul> <p><b>Economic</b></p> <ul style="list-style-type: none"> <li>• an increase in interest rates - a business may be less able to borrow/less able to repay a loan</li> <li>• increase in inflation rate - the cost of production will rise/selling price may have to rise</li> <li>• an increase in exchange rate - the profit made from selling exports abroad may go down/the cost of buying imports may go down</li> <li>• in a recession - customers will spend less/sales will fall</li> </ul> <p><b>Social</b></p> <ul style="list-style-type: none"> <li>• an aging population - this may influence the products that firms sell</li> <li>• changes in fashion - requires more market research</li> </ul>	2	<p>Candidates must explain the influence of 2 factors to gain full marks.</p> <p>Award 1 mark for each valid explanation.</p> <p>Accept any other suitable responses.</p>

Question	Expected response(s)	Max mark	Additional guidance
	<p><b>Technological</b></p> <ul style="list-style-type: none"> <li>• if a business does not keep up with new technology - it could fall behind the competition</li> <li>• computer controlled machines - therefore less employees required/lower wage costs</li> <li>• large capital outlay needed for new technology - firms would need to identify appropriate sources of finance</li> </ul> <p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>• pressure groups - could influence customers to shop elsewhere/use a green firm's products</li> <li>• heavy snow - may result in late deliveries</li> </ul> <p><b>Competitive</b></p> <ul style="list-style-type: none"> <li>• if a competitor lowers its prices - the business may have to follow</li> </ul>		

[END OF MARKING INSTRUCTIONS]