
A-level
BUSINESS
7132/2

Paper 2 Business 2

Mark scheme

June 2021

Version: 1.0 Final Mark Scheme



Mark schemes are prepared by the Lead Assessment Writer and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation events which all associates participate in and is the scheme which was used by them in this examination. The standardisation process ensures that the mark scheme covers the students' responses to questions and that every associate understands and applies it in the same correct way. As preparation for standardisation each associate analyses a number of students' scripts. Alternative answers not already covered by the mark scheme are discussed and legislated for. If, after the standardisation process, associates encounter unusual answers which have not been raised they are required to refer these to the Lead Examiner.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of students' reactions to a particular paper. Assumptions about future mark schemes on the basis of one year's document should be avoided; whilst the guiding principles of assessment remain constant, details will change, depending on the content of a particular examination paper.

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Level of response marking instructions

Level of response mark schemes are broken down into levels, each of which has a descriptor. The descriptor for the level shows the average performance for the level. There are marks in each level.

Before you apply the mark scheme to a student's answer read through the answer and annotate it (as instructed) to show the qualities that are being looked for. You can then apply the mark scheme.

Step 1 Determine a level

Start at the lowest level of the mark scheme and use it as a ladder to see whether the answer meets the descriptor for that level. The descriptor for the level indicates the different qualities that might be seen in the student's answer for that level. If it meets the lowest level then go to the next one and decide if it meets this level, and so on, until you have a match between the level descriptor and the answer. With practice and familiarity you will find that for better answers you will be able to quickly skip through the lower levels of the mark scheme.

When assigning a level you should look at the overall quality of the answer and not look to pick holes in small and specific parts of the answer where the student has not performed quite as well as the rest. If the answer covers different aspects of different levels of the mark scheme you should use a best fit approach for defining the level and then use the variability of the response to help decide the mark within the level, ie if the response is predominantly level 3 with a small amount of level 4 material it would be placed in level 3 but be awarded a mark near the top of the level because of the level 4 content.

Step 2 Determine a mark

Once you have assigned a level you need to decide on the mark. The descriptors on how to allocate marks can help with this. The exemplar materials used during standardisation will help. There will be an answer in the standardising materials which will correspond with each level of the mark scheme. This answer will have been awarded a mark by the Lead Examiner. You can compare the student's answer with the example to determine if it is the same standard, better or worse than the example. You can then use this to allocate a mark for the answer based on the Lead Examiner's mark on the example.

You may well need to read back through the answer as you apply the mark scheme to clarify points and assure yourself that the level and the mark are appropriate.

Indicative content in the mark scheme is provided as a guide for examiners. It is not intended to be exhaustive and you must credit other valid points. Students do not have to cover all of the points mentioned in the Indicative content to reach the highest level of the mark scheme.

An answer which contains nothing of relevance to the question must be awarded no marks.

Marking guidance

- Be clear on the focus of the question.
- Read the response as a whole; follow the flow of the argument as a whole.
- Remember that the indicative content provides possible lines of argument but there may be others that are equally valid. Be willing to credit other lines of argument.
- Annotate the script as you read in accordance with the instructions given at standardisation.
- Consider what it all adds up to, eg is this a good response? A reasonable one? A limited one? Refer back to the standardisation scripts and guidance to help you benchmark. You are marking to the standard agreed at standardisation.
- Summarise your findings briefly at the end of the response. This will help you decide on the overall level and is helpful for others to understand the mark given, eg for an extended response ‘well-argued’ but does not focus fully on the issue of ‘long-term’ feels as if it might be good rather than excellent. Make sure the comments fit with the level awarded: ‘unbalanced and not comparing with alternative solutions’ does not sound as if it is ‘good’.
- Next to your comment put the level awarded, eg L4.
- If in doubt about an approach contact your Team Leader, do not make up your own rules because we must have a standardised approach across all marking. Be positive in your marking. Look to reward what is there.

Annotations Key

Annotation	Definition
T	Free text box – used for making comments at end of sections/answers
BAL	Balance
BOD	Benefit of Doubt
JUST	Mark or Level achieved
EVAL	Evaluation
KU	Knowledge
CON	Context
AN	Analysis without context
DP	Developed point
?	Question mark – uncertain/losing focus
NAQ	Not answered question
OF	Own figure rule
SEEN	Indicates that the point has been noted, but no credit has been given
Highlighter	Highlighter tool
REP	Repetition
V	Vague
X	Incorrect
✓	Correct

Levels used at the end of the response

L1	Level 1
L2	Level 2
L3	Level 3
L4	Level 4
L5	Level 5

0	1	.	1	Using the data in Appendix C , calculate how many shares Metro Bank plc had issued, as of 6 March 2020.
[3 marks]				

Marks for this question: AO1 = 2, AO2 = 1

$$\text{Number of shares} = \frac{\text{market capitalisation}}{\text{share price}}$$

$$\frac{\text{£218.8m}}{128.0\text{p}}$$

$$= \frac{218\,800\,000}{1.28}$$

$$= 170\,937\,500 \text{ shares (3 marks)}$$

$$= 170.9375 \text{ M}$$

3 marks for correct answer

2 marks for partial calculation e.g. mistake in use of £ and p in calculation

1 mark some understanding of market capitalisation/link to share price

Formula alone = **1 mark**

0	1	.	2	Using the data in Appendix D , calculate the percentage change in the number of people using online banking from 2009 to 2019.
[2 marks]				

Marks for this question: AO1 = 1, AO2 = 1

2009 is 82

2019 is 146

Change is a rise of 64

$$\text{Percentage change} = \left(\frac{64}{82} \right) \times 100$$

$$= 78.048\% \text{ OR } 78.0\% \text{ OR } 78$$

2 marks for correct answer

1 mark for formula or partial calculation with an error e.g. reading from graph incorrectly

0	1	3	Explain one possible reason for the change in the share price of Metro Bank plc shown in Appendix C .	[4 marks]
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Marks for this question: AO1 = 2, AO2 = 2

Level	The student will typically demonstrate:	Marks
3	A good response overall that focuses on many of the demands of the question. <ul style="list-style-type: none"> Explains one reason for the downward trend in Metro Bank's share price. 	4
2	A reasonable response overall that focuses on some of the demands of the question. <ul style="list-style-type: none"> Explanation with little use of case or lacking clarity. 	3–2
1	A limited response overall that focuses on a few demands of the question. <ul style="list-style-type: none"> Some understanding of share price. 	1

The demands of the question are:

- Show an understanding of the causes of share price changes.
- Explains one reason for a change in share price.
- Use the information presented.

Indicative content:

- Share price is the market price of shares in a plc on the stock exchange.
- The price is determined by the supply of shares from people wanting to sell and the demand from people wanting to buy shares in that business.
- Metro Bank has been said to have had an accounting error in early 2019.
- Explanation linking to how supply and/or demand for shares will be affected – less attractive for potential investors. Current investors may sell shares as returns lower.

Allow other relevant arguments.

0	1	4	<p>The closure of branches is seen as a way for the 'Big 5' banks to better match supply with demand.</p> <p>Analyse how this action might affect the profits of these banks.</p> <p style="text-align: right;">[9 marks]</p>
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Marks for this question: AO1 = 2, AO2 = 3, AO3 = 4

Level	The student will typically demonstrate:	Marks
3	<p>A good response overall that focuses on many of the demands of the question.</p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> demonstrates a depth and range of knowledge and understanding of issues in the question demonstrates analysis which is well-developed and is applied effectively to the context. 	7–9
2	<p>A reasonable response overall that focuses on some of the demands of the question.</p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question demonstrates analysis which is developed and is applied to the context. 	4–6
1	<p>A limited response overall with little focus on the demands of the question.</p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> demonstrates a limited range and depth of knowledge and understanding of issues in the question demonstrates analysis with little development and with mainly descriptive application to the context. 	1–3

The demands of the question are:

- to analyse effect of branch closures on profits
- with some use of the context or situation of matching supply with demand.

Indicative content:

- Big 5 have reduced branch numbers
- the branch network is expensive as fixed assets are tied up in buildings etc and staff employed
- keeping busier branches will increase efficiency – removing surplus capacity, this will reduce fixed costs and so long as customers are not lost, will increase profits
- branch closures may cause customers to be dissatisfied and switch banks as customer service is worsened – the banks could see revenue falling if they have fewer customers
- publicity regarding closures may damage reputation of banks
- branches underused as internet banking use is rising – banks are moving resources towards this.

Allow other relevant arguments.

0	1	5	To what extent does the data show that new entrants are a significant threat to the 'Big 5' banks?
			[16 marks]

Marks for this question: AO1 = 2, AO2 = 3, AO3 = 4, AO4 = 7

Level	The student will typically demonstrate:	Marks
4	<p>An excellent response overall that is fully focused on the key demands of the question.</p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> demonstrates a depth and range of knowledge and understanding that is precise and well-selected in relation to issues in the question demonstrates analysis throughout which is well-developed, is applied effectively to the context and considers a balanced range of the issues in the question makes judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole throughout. 	13–16
3	<p>A good response overall that focuses on many of the demands of the question.</p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> demonstrates a depth and range of knowledge and understanding of issues in the question demonstrates analysis which is well-developed, applied effectively to the context and considers a range of issues in the question makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole throughout. 	9–12
2	<p>A reasonable response overall that focuses on some of the demands of the question.</p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question demonstrates analysis which is developed, applied to the context and considers some of the issues in the question makes judgements or provides solutions which are built on analysis, but lack balance and not fully focused on the question as a whole. 	5–8
1	<p>A limited response overall with little focus on the demands of the question</p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> demonstrates a limited range and depth of knowledge and understanding of issues in the question demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole. 	1–4

The demands of the question are:

- to consider the extent as to how the data demonstrates the possible threat posed by new entrants
- to consider the level of threat to the Big 5 banks.

Indicative content:

- Most challenger banks (90% fully online in App. A) have embraced IT, this caters well for some sections of the market. Online banking is growing as shown in App D.
- The banking market is changing, and this may be a problem for large businesses adjusting to change, smaller newer businesses may be more agile and flexible.
- Challengers focus on deficiencies in customer service (App E) e.g. opening hours with Metro Bank opening 12 hours per day (App A).
- The Big 5 are closing branches – this could create opportunities.
- Rising use of internet banking (App D) may help new entrants – this combined with changing government regulations may have reduced barriers to entry.

However, it could be argued:

- The Big 5 banks are very strong brands – providing a large barrier to entry (Porter).
- Relative size – Big 5 banks have massive resources e.g. Barclays market capitalisation (App C).
- Economies of Scale (85% market share 'big 5' in the market in App B). Also high on industry analysis (App E).
- Market share – 85% of the market is controlled by 5 banks (App B) (Porter).
- Some evidence of challenger banks struggling - Metro Bank share price falling.
- Will existing banks be too powerful and respond to any new entrant in a way to restrict competition?
- Inertia –customers unwilling to switch banks – either in last year, or ever. (App E), this could pose a problem for a new entrant.

Overall, there seems to be some evidence that there is an opportunity for serving a niche market e.g. better service as Metro Bank or online. Will such niche businesses pose a threat? Is the power of the Big 5 banks too great? Evaluation may also question the need for further data to form full judgement.

Accept other relevant arguments.

0	2	1	Calculate the Gross Profit Margin for <i>Speckles</i> in 2020.	[2 marks]
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Marks for this question: AO1 = 1, AO2 = 1

$$\text{Gross Profit Margin} = \left(\frac{\text{Gross Profit}}{\text{Sales Revenue}} \right) \times 100$$

$$= \left(\frac{4}{20} \right) \times 100 \quad \text{OR} \quad \left(\frac{4\,000}{20\,000} \right) \times 100$$

$$= 20\%$$

2 marks for correct answer **20%**

1 mark for stating of formulae but no valid calculation.

1 mark for partial calculation or incorrect calculation e.g. wrong year

0	2	2	Analyse how Bell Ltd's cash flow is improved by the way it manages its payables and receivables.	[6 marks]
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Marks for this question: AO1 = 2, AO2 = 2; AO3 = 2

Level	The student will typically demonstrate:	Marks
3	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: <ul style="list-style-type: none"> • demonstrates a good knowledge and understanding of issues in the question • demonstrates analysis which is well-developed and is applied effectively to the context. 	5–6
2	A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: <ul style="list-style-type: none"> • demonstrates a reasonable knowledge and understanding of issues in the question • demonstrates analysis which is developed and is applied to the context. 	3–4
1	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: <ul style="list-style-type: none"> • demonstrates a limited knowledge and understanding of issues in the question • demonstrates analysis with little development and with mainly descriptive application to the context. 	1–2

The demands of the question are:

- to explain the relationship between payables, receivables and the cash flow of Bell Ltd.

Indicative content / answers may include:

- Offering trade credit will be important selling to retailers and managing this will help gain cash inflows eg securing prompt payment.
- Bell Ltd actively chase payments and try to limit the time periods offered which should hasten cash inflows.
- Bell Ltd has long term relationships with suppliers this may help secure preferential terms either as discounts or longer periods of credit/opportunity for delaying payment. Helps to delay/reduce cash outflows.
- These 2 things together can help manage cash flow – getting money in earlier and possibly delaying or reducing payments.

Accept other relevant arguments.

0	2	3	Analyse how the ownership structure of Bell Ltd might have contributed to the success of its strategic decision making.
			[9 marks]

Marks for this question: AO1 = 2, AO2 = 3, AO3 = 4

Level	The student will typically demonstrate:	Marks
3	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: <ul style="list-style-type: none"> demonstrates a depth and range of knowledge and understanding of issues in the question demonstrates analysis which is well-developed and is applied effectively to the context. 	7–9
2	A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: <ul style="list-style-type: none"> demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question demonstrates analysis which is developed and is applied to the context. 	4–6
1	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: <ul style="list-style-type: none"> demonstrates a limited range and depth of knowledge and understanding of issues in the question demonstrates analysis with little development and with mainly descriptive application to the context. 	1–3

The demands of the question are:

- To analyse ways in which being a private limited company fully owned by family might have contributed to the success of strategic decisions.

Indicative content / answers may include:

- 100% ownership by family sees a controlling interest with this group so the family will collectively have the final say.
- This small group of people should be able to communicate effectively ensuring decisions are clear and decisive. No other shareholders to consider or discuss with.
- Each owner is also a manager, this will allow better understanding e.g. of day to day issues, customer needs and employee issues.
- Family members are likely to have a long-term view. Strategic decisions looking at the long term may need to forego short term gain for the longer gain, this is more likely when shareholders have a bond with the business in such a way.
- The case contrasts with it being a plc and this could form an argument to contrast the more short-term perspective of some shareholders in plc.
- Strategic decisions can be made quickly in current structure as there are fewer people to communicate with than there would be in plc.

0	2	4	Should businesses always stop the production of products classified as ‘dogs’ in the Boston Matrix?
			Justify your view.
			[16 marks]

Marks for this question: AO1 = 2, AO2 = 3, AO3 = 4, AO4 = 7

Level	The student will typically demonstrate:	Marks
4	<p>An excellent response overall that is fully focused on the key demands of the question.</p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • demonstrates a depth and range of knowledge and understanding that is precise and well-selected in relation to issues in the question • demonstrates analysis throughout which is well-developed, is applied effectively to the context and considers a balanced range of the issues in the question • makes judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole throughout. 	13–16
3	<p>A good response overall that focuses on many of the demands of the question.</p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • demonstrates a depth and range of knowledge and understanding of issues in the question • demonstrates analysis which is well-developed, applied effectively to the context and considers a range of issues in the question • makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole throughout. 	9–12
2	<p>A reasonable response overall that focuses on some of the demands of the question.</p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question • demonstrates analysis which is developed, applied to the context and considers some of the issues in the question • makes judgements or provides solutions which are built on analysis, but lack balance and not fully focused on the question as a whole. 	5–8
1	<p>A limited response overall with little focus on the demands of the question.</p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • demonstrates a limited range and depth of knowledge and understanding of issues in the question • demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question • makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole. 	1–4

The demands of the question are:

- to demonstrate understanding of elements of the Boston Matrix
- to analyse the cases for and against ceasing production
- to judge under what circumstances the ceasing of production may or may not be the correct decision
- for **all** businesses.

Indicative content:

The Boston Matrix is a tool to analyse a business' product portfolio with the 'dog' product being a product with low market share in a low growth market (Speckles described as this in the case).

Gains from/reasons for ceasing production of a 'dog' include:

- it may be at the end of product life cycle – further extension strategies may be pointless and costly
- new entrants to the market may have eroded the product's position, it may no longer be possible to compete
- has the market as a whole changed/declined, if so, getting out of the market may be timely
- could allow the business to focus on other products that have more prospects
- money saved could fund research and development into new products.

Keeping a 'dog' going may be valid:

- if the product is a distinct niche
- if the product has little need for support/further investment, then no need to remove it
- if there is any prospect of the market picking up again in the future (e.g. vinyl records)
- if the 'dog' has a place in the business' wider product portfolio.

Overall it will depend on:

- the situation in the market
- the strategic direction of the business
- how the product portfolio fits together.

Arguments referencing the case are relevant, but the focus is on **all** businesses.

0	3	.	1	Using Table 2 calculate the employee retention rate for Chillax Ltd in 2020.	[2 marks]
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Marks for this question: AO1 = 1 AO2 = 1

Correct answer: 90% (**2 marks**)

$$\frac{\text{Employees staying all year}}{\text{Number of employees at the start of the year}} \times 100$$

$$\frac{162}{180} \times 100 = 90\%$$

2 marks for correct answer

1 mark for formulae or definition, demonstrating understanding of employee retention

0	3	.	2	Analyse how Chillax Ltd benefits from its focus on quality.	[6 marks]
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Marks for this question: AO1 = 2, AO2 = 2, AO3 = 2

Level	The student will typically demonstrate:	Marks
3	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: <ul style="list-style-type: none"> • demonstrates a good knowledge and understanding of issues in the question • demonstrates analysis which is well-developed and is applied effectively to the context. 	5–6
2	A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: <ul style="list-style-type: none"> • demonstrates a reasonable knowledge and understanding of issues in the question • demonstrates analysis which is developed and is applied to the context. 	3–4
1	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: <ul style="list-style-type: none"> • demonstrates a limited knowledge and understanding of issues in the question • demonstrates analysis with little development and with mainly descriptive application to the context. 	1–2

The demands of the question:

- How Chillax benefits from focus on quality
- in a service sector context provided by the case of Chillax.

Indicative content / answers may include:

- luxury health spa means customer expectations will be high so high quality in all aspects will be important and could encourage customer loyalty
- in this case Chillax is keen to encourage employees to provide high quality service to customers, paying attention to quality at every stage will enhance this further
- customer feedback is gathered frequently suggesting this is monitoring opinion about service quality this information will help improve and meet customer needs and potentially attract new customers
- quality may empower and enrich employees again possibly improving elements of customer service, and a relevant part of how staff are managed in this business may improve staff retention.

Accept other relevant answers.

0	3	3	Analyse why employee engagement at Chillax Ltd is high.	[9 marks]
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Marks for this question: AO1 = 2, AO2 = 3 and AO3 = 4

Level	The student will typically demonstrate:	Marks
3	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: <ul style="list-style-type: none"> demonstrates a depth and range of knowledge and understanding of issues in the question demonstrates analysis which is well-developed and is applied effectively to the context. 	7–9
2	A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: <ul style="list-style-type: none"> demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question demonstrates analysis which is developed and is applied to the context. 	4–6
1	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: <ul style="list-style-type: none"> demonstrates a limited range and depth of knowledge and understanding of issues in the question demonstrates analysis with little development and with mainly descriptive application to the context. 	1–3

The demands of the question are:

- to demonstrate an understanding of employee engagement
- to analyse reason(s) why employee engagement is high specifically at Chillax Ltd.

Indicative content:

- Employee engagement is the extent to which employees feel passionate about their jobs, are committed to the organization.
- Chillax has a focus on quality – achieved through employee/customer interaction this will be rewarding for staff and possibly help staff be engaged.
- Chillax's customers expect high levels of service this is supported through processes of feedback etc a culture that may increase employee engagement.
- This business is one where employee interaction with customers is vital – staff being key to success.
- The business has employee engagement as a priority – this shows a particularly inclusive culture/soft HR/consultation etc. This could help motivate staff, potentially improving effort (productivity) and reducing unit costs, linking through to profitability.
- There seems to be a deliberate policy to engage and consult and therefore employees are likely to feel more engaged with the business.

Accept other relevant arguments.

0	3	4	To what extent should all businesses be concerned if they have high rates of labour turnover?
			[16 marks]

Marks for this question: AO1 = 2, AO2 = 3, AO3 = 4, AO4 = 7

Level	The student will typically demonstrate:	Marks
4	<p>An excellent response overall that is fully focused on the key demands of the question.</p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> demonstrates a depth and range of knowledge and understanding that is precise and well-selected in relation to issues in the question demonstrates analysis throughout which is well-developed, is applied effectively to the context and considers a balanced range of the issues in the question makes judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole throughout. 	13–16
3	<p>A good response overall that focuses on many of the demands of the question.</p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> demonstrates a depth and range of knowledge and understanding of issues in the question demonstrates analysis which is well-developed, applied effectively to the context and considers a range of issues in the question makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole throughout. 	9–12
2	<p>A reasonable response overall that focuses on some of the demands of the question.</p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question demonstrates analysis which is developed, applied to the context and considers some of the issues in the question makes judgements or provides solutions which are built on analysis, but lack balance and not fully focused on the question as a whole. 	5–8
1	<p>A limited response overall with little focus on the demands of the question</p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> demonstrates a limited range and depth of knowledge and understanding of issues in the question demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole. 	1–4

The demands of the question are:

- to judge the extent to which high labour turnover could be a problem (or not)
- for **all businesses**.

Answers may include:

Labour turnover is the proportion of employees that leave a business in a given year.

High labour turnover can be problematic:

- increasing the costs associated with recruitment and selection and induction and training as staff leave and are needing to be replaced
- there is a loss of corporate knowledge and personal contacts with clients
- there can be disruption to teams and the social aspects of work as colleagues leave (Maslow)
- in some sectors there are skills shortages and staff may be harder to replace.

May be less of an issue:

- bringing in new ideas to the business
- some businesses may have a seasonal/transient workforce e.g. leisure industry where labour turnover will always be high – and is possibly an irrelevant measure
- businesses that require skills that are plentiful may not have an issue with turnover – lower skilled e.g. roles that students have; summer work etc.

The effect to which labour turnover will be an issue will depend on:

- the situation in the sector/the labour market – the skills available
- the nature of the business/industry
- the way the business manages the staff and the replacement process.

Judgement should be supported with prior arguments.