



A Level **Business**

7132/3

Report on the examination

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Summary

Overall performance compared to last year

This year's paper proved to be highly accessible, with very few instances of students not attempting questions. The case study was notable in having less financial data than in previous years, however, there was still plenty of scope for students to use the quantitative data provided to help them to build their arguments. Many of the most successful responses used market data to help build arguments on questions 1, 2, 3 and 5. There were very few instances of students leaving out questions entirely. It was good to see previous years' advice being followed, notably in students tackling the questions in the order they are presented – always to be encouraged- and also in ensuring context is offered within responses.

Areas/skills where students excelled

It was clear to see that many students had understood the need to develop arguments in the context of the business. This was especially evident for questions 4 and 5, where the case study provided plenty of issues that could be easily accessed. The best responses showed a willingness to choose which issues could best be developed into sophisticated arguments which remained fully focused on the question asked. A further point to note was that many students showed a really strong grasp of network analysis, allowing them to build very strong responses to question 3.

Topics/skills where students struggled

Lewin's force field model proved to be an area of weakness for a substantial minority of students. What was evident was that while some students had no recollection of Lewin's work, most could remember some of the terminology but failed to show an understanding of the mechanics of the model. The best A Level Business students tend to demonstrate a real understanding of the workings of models and theories instead of simply recalling some of the key terminology – a phenomenon that was also noticeable on Paper 2's question relating to Herzberg's theory.

A notable number of students added 'counterpoints' at the end of their arguments, probably in an attempt to add an evaluative element to their analysis. For a few, this was effective, but for many, they were simply adding generic issues ; for example, attempting to evaluate by generically stating that an argument is based on forecast data and this may be wrong. By comparison, explaining why, in this particular context (moving into a new geographical market) forecasts may be less reliable than those relating to an existing market, can add quality to a response.

Assessment objectives

AO	Common student errors
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	Lewin's force field analysis was frequently only superficially understood – evidenced by use of terminology without showing a full grasp of the mechanics of the model. Another error was evident at times on question 5, where internal weaknesses were sometimes mis-labelled as threats to the business.
AO2 Apply knowledge and understanding to various business contexts to show how individuals and organisations are affected by and respond to issues	Question 2 saw some students focusing on the proposed Vietnamese operations – which was not the focus of the question. Question 6 proved to be hard for weaker students to generate application. Though some did manage to build arguments that were driven by large or small context, others did struggle to do this.
AO3 Analyse issues within business, showing an understanding of the impact on individuals and organisations of external and internal influences	The one area for analysis on the paper which proved trickiest was in exploring the Human Resource consequences of redundancies.
AO4 Evaluate quantitative and qualitative information to make informed judgements and propose evidence-based solutions to business issues	The most common weakness relating to AO4 was a lack of balance in evaluation. It was rare to find students genuinely weighing up their arguments. Too many simply decided which argument was stronger and restated this asserting that this was the most important issue.

Question 1

General feedback

A question which caused problems for some, this examined a model that has been on the specification since its inception. Some 'for' change responses simply explained why the business needed to change with no reference to Lewin or the terminology of the model. These were limited responses. A number of students did successfully identify forces driving change (or referred, acceptably) to for change or 'push' factors. Analysis of restraining forces proved rarer. Unfortunately, some misidentified negative driving forces – notably a shrinking European market, as restraining forces.

The very best responses picked up on the word 'now' in the question and were able to show that Lewin's model suggests that these forces are changing all the time and change will occur only once the driving forces outweigh the restraining forces.

Student A

0 1 Use Lewin's force field model to analyse why VBM is making major changes now. [12 marks]

KU VBM is making major changes now due to the fact that legal and environmental concerns have increased and are acting as increasingly powerful driving forces for change. According to Lewin's force field model, change should occur when driving forces outweigh restraining forces. Therefore, VBM has been forced to consider which is the more prominent force.

ARG When considering the extensive change in European legislation, which directly impacts VBM due to their basis being in Europe, in order to continue operation in adherence with the law, VBM too must make extensive changes. Due to the fact that

must make extensive changes. Due to the fact that this legislation will be enacted in Europe within the next 10 years, VGM will only retain their European market if they adapt, and quickly enough to avoid strategic drift. Ultimately, the driving forces for change, being predominantly legal, are strong and likely outweigh any

DEV restraining forces due to their obligatory and legal nature.

VGM do have forces that are restrictive toward enacting such major changes, yet in comparison

these are surmountable and likely of lower importance.

Extra space **ARG** These restraining forces include the internal conflict within the organisation, where directors have expressed contradicting views regarding customer and staff loyalty. Whilst these views are significant and going against them may cause disruption, they are not legally necessary to follow, and thus constitute a weaker force. This means that, in this case, VGM must acknowledge the importance of the driving forces against the restraining forces, and Lewin's force field analysis

DEV would therefore push them toward major and instantaneous change.

Clear understanding of LFFA sound knowledge and application of VGM's situation. Very clearly focused on the 'now' in the question Good response. L3 = 12

Examiner commentary

The strength of this response was its unerring focus on the question being asked – particularly the word 'now.' This answer has explained why this was the moment that the driving forces began to outweigh the restraining forces which had previously prevented change.

Examiner tip

Notice the 'DEV' annotation next to the word 'restraining' – that indicates a well-developed argument and therefore by this stage the answer has achieved Level 3. If you struggle to finish the paper on time – produce just one argument for 12 mark questions and you can still access top level marks.

Student B

0 1 Use Lewin's force field model to analyse why VBM is making major changes now. **[12 marks]**

A Lewin's force field model is used by when making a decision to assess ^{its} ~~the~~ pros and cons. **?**
Each ~~pro~~ ^{advantage} and ~~con~~ ^{disadvantage} is given a number from 1-3 to show its significance, at the end both sides are calculated to see which outcome will be better suited to the company.

Flawed understanding

KU ~~Some~~ VBM are making major changes now because of the decline in sales of their diesel-powered vehicles in the European market. This ~~is~~ because of the new legislation which will cause diesel-powered vehicles' owners to pay a daily fee to enter low emission zones. As a result VBM are planning to open a new factory in Vietnam, this allows the company to expand to a new market with less restrictions, this will increase the companies revenue and help generate ~~recovery~~ sales lost from the decline in the European market. Also ^a retrenchment plan has been developed, this is where the company will close certain branches/location to ~~for~~ cost cutting or to focus on increased quality. This will save the company huge money

ARG

add allow them to reinvest into the growing Extra space electric market. The EV market has grown significantly over the past years with huge companies like Tesla growing exponentially over the past 20 years. This will allow the company to grow further and increase revenue and as a result increase profits.

However, opening a new factory abroad will

KU come with huge costs and risks that may affect the company's cash flow. The HR director stated that the new workforce will take two months longer

NFF than initially expected. This delay may result in financial loss and also training the workers will be costly. The factory itself will also have costs that the company will have to recoup from sales. Also, the redundancies due to the retrenchment plan may cause a decline in

KU sales due to a bad public image and may cause the company to lose customers to competitors.

L1

L1 = 4 - lacks understanding of Lewin, it does explain well, why there are arguments in favour of doing what they have done, but without clearly inferred understanding of the theory, this stays at L1

Do not write outside the box

Examiner commentary

A response from a student who understands how to develop arguments and has a sound knowledge of many business concepts, however, there is no clear understanding of Lewin's model shown. Given the importance to the question of this theory, the response is only going to be considered limited given the lack of knowledge of the key concept being examined.

Examiner tip

Remind yourself of theories while revising, but ensure that as the course progresses over two years, you work hard to develop a clear understanding of the theory – revision is for reminding you of what you once knew well – not trying to understand something for the first time.

Question 2

General feedback

The major flaw evident in student responses to this question was in addressing the marketing activities demand. Only the best answers explicitly explored the impact on actual marketing activities. Reasonable responses usually managed to link retrenchment to the marketing area, often by suggesting that the company's brand reputation may be tarnished, but without going on to explore actions that could be taken as a result.

This seems to have been an apt time for students to have recalled their knowledge of the marketing mix and explore how a 'P' may need to be adjusted as a result of the retrenchment and change of product being sold. Once more, a little theory can help to add structure to a student's response.

Student A

5

0 2 Analyse the impact of the proposed retrenchment on VBM's marketing activities in Europe. [12 marks]

Do not write outside the box

One impact of the proposed retrenchment on VBM's marketing activities in Europe would be a bad reputation for VBM's brand. This is because closing the 3 factories will lead to 5000 redundancies. That will lead to the remaining staff having low job security because so many staff have been redundant at once which could lower the motivation

(NFF) of the workforce ~~it~~ it may put potential employees in the future to stay away from working for VBM.

(KU) Another impact would be a new opportunity for VBM. This is because they will change their marketing strategy to only sell electric ~~car~~ vehicles instead of petrol and diesel. If they are able to develop an electric ~~car~~ vehicle that the customers want and it can lead to a competitive advantage over competitors and an increase in sales revenue. But because they are diversifying their products it may not be successful.

simplicistic development

L1

Doesn't develop points made (brand damage and change product aspect of mix), shows some understanding of retrenchment L1 = 3

over ▶

0 5

IB/C Jan25/7132/3

Examiner commentary

This response is a good example of not developing points – two valid points were identified, but explanation of why these points were important and the impact of these on the specifics of the company's marketing activities was now a feature.

Examiner tip

Try to be very clear in addressing what the question is asking – in this example there is significant drift away from the focus on marketing.

Student B

0 2

Analyse the impact of the proposed retrenchment on VBM's marketing activities in Europe.

[12 marks]

outside the
box

KU ~~Ret~~ VBM's plan for retrenchment will negatively impact their Brand image and therefore make marketing activities more difficult. The retrenchment means that there will be 5000 redundancies, this means that the business is likely to experience negative backlash leading to a decrease in the business's reputation. This means that VBM's marketing activities in Europe will become increasingly difficult as their brand image will hold negative connotations. Therefore making it more difficult for VBM to Market and push their brand image positively and successfully to customers who now feel less trusted and enthusiastic around the business meaning marketing ~~will~~ is likely to be unsuccessful.

ARG

KU VBM's plan for retrenchment can positively impact their marketing activities in Europe. VBM's sales have fallen ~~due~~ in Europe, ~~because of~~ Due to increased environmental concerns. Retrenchment will help for the business to change this as they are adjusting their strategy to selling electric vehicles. As a result these customers' needs and expectations are now being met by VBM's new products leading to

Extra space VBM being able to market their product
With the environmental consideration ~~at the~~
ARG ~~at~~ at the forefront therefore the business
will be able to successfully demonstrate to
customers ~~that they are taking~~ Corporate
Social responsibility in order to encourage
these customers to purchase from VBM which
is likely due to the shift in focus in their
Marketing to what the customers want (environmental
consideration). Allowing them to market their product
DEV more effectively as it is in line with what customers
want and need overall making the marketing activities
in Europe more successful.

2nd argument is well developed, and plausible,
just leaves me a little unconvinced by the
consumer reaction. Enough for Level 3, but just
below default L3=10

Examiner commentary

A good answer because there is clarity over what should be included. There is a focus in both paragraphs on the marketing consequences of the decision to retrench.

Examiner tip

Analytical questions will often show you where to start your chain of logic and where to finish your chain – in this case start with an aspect of VBM's retrenchment and finish at a change to VBM's marketing activities. Maintaining focus on the question throughout is the only way to achieve top level analysis.

Question 3

General feedback

The question explicitly asked for Appendix C data to be used and there was an expectation that the expected duration of the project would be calculated. This enabled the data to be used to support the premise that the factory could be opened within a year. Almost all students recognised the need to provide a two-sided response – finding arguments from the case study to suggest that a year might not be feasible.

Evaluation on this question tended to be somewhat simplistic, without weighing up the relative merits of the two sides of argument, and simply choosing one or other perspective. A worryingly high minority of students showed no understanding of network analysis but were able to pick up some marks by exploring qualitative issues that may cause delays to the factory construction. However, without accurate use of Appendix C data, responses were not likely to achieve a level 3 or 4 mark.

Student A

0 3 VBM's Operations Director believes that the new factory could be opened in a year.
Do you agree?
Justify your view by using the data in **Appendix C** and other information provided. [16 marks]

On one hand, the factory could be opened in a year. This is because the ^{CPP}network analysis is well laid out. Also, it can be argued that ~~the~~ VBM operations director is well experienced. However, Appendix C, clearly tells us that the expected duration exceeds 12 months, as it adds

Do not write outside this box

✗ up to 24 months. This means that to complete project in half the expected time, workers must be highly skilled. Therefore, this heavily depends on workforce ability to work really fast and with minimal mistakes

(NFF)

Rep of other point.

On the other hand, the factory could not be opened in 1 year. This is because the critical path analysis which shows the least amount of time it takes exceeds 24 months. On top

(KU)

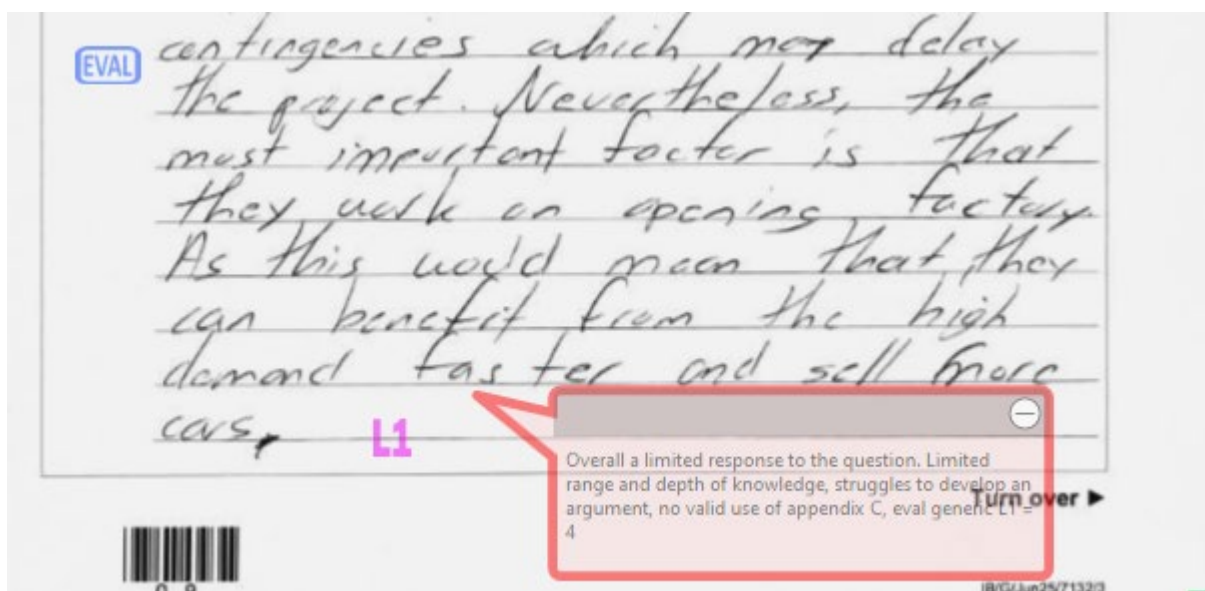
uses some 'other information'

(ARG)

of that, the HR director predicts that an extra 3 months in total will have to be added. This is because it will be harder to recruit as they're not familiar with Vietnam. So, this Furthermore, this also depends on the workforce laws in Vietnam and other laws which Extra space may protect the environment.

Do not write outside the box

To conclude, the evidence suggests that, the factory is unlikely to be opened in 1 year, as critical path analysis is not always correct. It heavily depends on experience of the person making it. However, there may also be unforeseen



Examiner commentary

This answer illustrates the problems of not using data well. The question explicitly asks for the use of Appendix C – that use must be accurate. This response makes errors in interpreting the data and therefore the arguments developed are flawed.

Examiner tip

Accurate knowledge of theories and models is expected, and you should expect a range of these to be examined each year. Your knowledge cannot be crammed into the month before your A levels – once again, try to ensure you understand theories and models and they are covered over the duration of your course, then remind yourself of them as you revise.

0 3 VBM's Operations Director believes that the new factory could be opened in a year.

Do you agree?

Justify your view by using the data in **Appendix C** and other information provided.

[16 marks]

VBM can open the new factory in Vietnam within a year because the critical path ~~total duration~~ is expected to be A, C, E, H [✓] which is expected to be complete in 11 months [✓]. Therefore, this is less than the target which is 12 months. The project to complete the Vietnam factory is within the deadline, meaning that the operations manager is likely to be correct. There is a float time of 2 months on activity G, meaning that the director and the construction team has

some flexibility in order to absorb any potential delays that may happen, especially as they have little experience in building and operating in Vietnam. Therefore, as long as VBM work efficiently and promptly, the new factory can be opened.

On the other hand, ~~VBM~~ VBM has no experience in Vietnam which can bring unexpected challenges. This is because, delays can occur along the process especially as VBM have little understanding of recruitment and legislation as well as needing to train staff to use technology in the new factory. Therefore,

while activity G has float of 2 months which means that training may still happen in the expected duration, activity A which is on the critical path can't experience delays otherwise the target for 12 months may not be met especially as 11 months is so close to the target duration. Furthermore,

DEV activity B has float of 2 months which means they may still be able to recruit. However, as the network analysis is based on ~~assessments~~ ~~estimations~~

BAL Extra space it can be equally as unlikely that the new factory can open within a year.

Overall, ~~the~~ ^{new} factory is unlikely to open in a year because delays can occur in the recruitment and training process that may exceed float time. However it depends on the ~~the~~ degree of efficiency VBM can operate at as they are expected to complete in 11 months which is just before the deadline, assuming everything goes as to plan. Most importantly, ~~it depends on~~ the HR director has allowed an extra month for recruitment and training will take ^{2 months} longer which means VBM ~~will~~ ^{may not} meet its deadline as the new duration is exactly 12 months since the new critical path is B, G, H.

L4

Its an excellent answer, with excellent use of CPA, AND builds strong arguments relating to validity of duration estimates in context. Evaluation showed valid judgement and balance = Level 4 default = 15

Turn over ►

0 9

IB/G/Jun25/7132/3

Examiner commentary

The first part of the answer may not look lengthy but is founded on some hard work that has gone on in the background – correct calculations based on the Appendix C data. Instead of describing the appendix, this student has used the data in an analytical way by manipulating

the diagram in order to show a clear understanding of its consequences on the question asked – the likelihood of finishing the factory 12 months.

Examiner tip

Avoid simply describing data – that is not a skill being examined at A Level. Instead take the data and manipulate it – in other words do some calculations based on that data to discover what it is telling you in relation to the question asked.

Question 4

General feedback

This proved to be a highly accessible question, with many students able to find context to support arguments related to the Human Resource challenges involved in both areas. This type of question – asking which of two options presents the biggest challenge - requires analysis of both. Considering only why one might be hard but also might be easy is a structure that does not fully address the demands of the question.

Student A

0 4

VBM has major Human Resource challenges such as:

- recruitment and training for the factory in Vietnam
- managing redundancies in Europe.

Which of these **two** challenges is likely to be harder to manage effectively?

Justify your view.

[16 marks]

On one hand managing redundancies in Europe would be very hard as the need to ~~the~~ manage the redundancy effectively is ~~very~~ greatly important as it plays a huge part on VBM's brand image. It is stated that VBM's sales in Europe have already ~~started~~ declining due to environmental concerns hence the additional bad publicity could have a significant impact on VBM's sales. This means in order to not suffer a massive loss to PR VBM would have to ensure the redundancies are kept quiet and employees are kept satisfied. If the employees aren't satisfied when leaving they could ~~make~~ ^{cause} ~~communication~~ such as going on strike and local media which could snowball into a big issue. ~~Therefore~~ ^{However} keeping employees satisfied when being made redundant could warrant the need for hefty sums of compensation however VBM can not afford this as they plan to use the costs saved from the retirement for their new factories.

Do not write outside the box

V
 New country
 training of employees

G
 external factors
 like ethics
 gov legislation

KU

lacks some specifics

ARG

On the other hand
recruitment and training in Vietnam could prove to
be difficult as VBM has 100 years in experience

Turn over ►

KU

a bit of a list
and rather
vague

Manufacturing in Europe while they have no stated
experience in developing countries like Vietnam. Along
with the recruitment and training difficulties ~~BF~~VBM
would also have to deal with many other factors
such as language barriers, difference in cultures
as well as ~~the~~ infrastructure needed. This could
cause significant problems for VBM as they have
no experience dealing with these issues and may
require additional assistance such as new bilingual
management to insure effective communication ~~or an~~

ARG

Extra space the building of roads to the warehouse
for staff and goods which ~~it~~ would all cost
money as well as add delay to the end time
of the project. $\hookrightarrow$

EVAL

This issue is not
really
developed

In conclusion I believe recruitment
training ~~for~~ for the workers in Vietnam would be
most difficult to manage effectively as although
the ~~it~~ public reaction to the recruitment in Europe
could pose as a difficulty when managing effectively
the fact that VBM has so much experience in
dealing in Europe would offset this fact in comparison
to Vietnam where they have no experience even
in a country ~~it~~ similar to Vietnam. However this
depends on external factors such as government
legislation and government pushback as the recruitment
could pose a massive threat.

L2



1 2

Args for both but generally quite vague on specific difficulties and why they
are hard to manage. Conclusion makes sense but not enough to move to
good. L2 = 8

IB/CA m25/7132/3



Examiner commentary

As can be seen by the annotations on the script, the issue preventing this answer from moving to higher levels was a lack of specifics. Use of the case study could have been clearer and fuller, leaving the arguments put forward under-developed.

Examiner tip

A critical part of your exam is to develop as deep an understanding of this business as you can in the time allowed. Really grasping the key issues facing the business in detail will improve the quality of responses. It is well worth spending 15 minutes at the start of the exam reading carefully and making notes on the case study to help you to understand the context in which questions 1-5 are set.

Student B

0 4	VBM has major Human Resource challenges such as: • recruitment and training for the factory in Vietnam • managing redundancies in Europe. Which of these two challenges is likely to be harder to manage effectively? Justify your view. [16 marks]	Do not write outside the box
	on the one hand, effective management of recruitment and training in Vietnam may prove to be more difficult, due to VBM's lack of experience outside of the European market. Due to this lack of experience, it will be likely very time consuming and difficult to do this in Vietnam. This is because the HR department will have to complete extensive research on the recruitment be and employment legislation that	

(ARG)

exists in Vietnam, which is likely to be different to European law, and they must ensure that they do so carefully, which will likely be highly time-consuming. As well as this, VGM have had no previous operation in Vietnam, meaning their brand is not likely to be known there, reducing

(ARG)

the ease of recruitment through established brand reputation. Both this necessity to study Vietnamese legislation, as well as advertise the need for recruitment, may be extremely difficult to manage effectively as they require

(DEV)

time, lots of time, finance, and skill to ensure a meticulous and mistake free approach to recruitment. Training may also be difficult

to manage effectively, once again due to the lack of experience VGM have in Vietnam. It may therefore be necessary for the HR department to learn about the cultural differences as well as legal differences, as this may impact which leadership styles and organisational cultures are most productive in order to train ~~effectively~~ staff effectively. Ultimately, recruitment and training may prove to be of more difficulty for VGM's HR department ~~that~~ due to the need for

(DEV)

Extra space more experience and research to be carried out.

Do not write
outside this
box

KU

EVAL

However, this depends on the previous level of experience within the HR department in operating in overseas - specifically Vietnamese - markets. If there are employees with prior international experience, this task may prove to be less time-consuming and easier to readily manage effectively.

KU

On the other hand, managing redundancies in Europe may prove to be a more difficult task for VGM. This is because of the potential for the generation of bad publicity. Therefore the HR department have a difficult task of making employees redundant, whilst maintaining the

ARG

public narrative of loyalty toward employees. Doing this correctly is important, ~~and~~ because if VGM generate a narrative of disloyalty around their brand, this will hinder hopes of re-establishing a strong, positive brand image in the electric car market. This therefore places more pressure on VGM to manage redundancies to the highest possible standard. This may include providing adequate redundancy payouts, for example. Due to the need for 5000 redundancies to be made, this would be very costly to VGM. Not only is this cost financial, but it is also costly in time consumption. This is because, making 5000 people redundant will require a lot of time and resources from the HR department. As a result, these redundancies may be more difficult to manage effectively as they ~~are~~ must be done carefully as to avoid bad publicity.

DEV

outside the box

However, this depends on the nature of the employees being made redundant. For example, if these redundancies are largely composed of ~~lower~~ staff of lower salaries and authority, redundancy payouts will be smaller, and the impact may ultimately be reduced. This could ultimately reduce the ~~on~~ ^{and finance} necessity to spend as much time on enacting these redundancies.

EVAL

4

ultimately, whilst both tasks will be difficult for the HR department to manage, the most difficult is likely to be recruitment and training in Vietnam. This is due to the lack of experience VGM has outside of the European market, which will mean that extensive research is necessary. However, this depends on how much recruitment is needed,

EVAL

considering only one factory is being opened.

EVAL

L4

Excellent response which considers both challenges. Sound judgements at various points all wrapped up well at the end. Stays fully focused throughout. L4 above default = 16

Examiner commentary

Here we see useful evaluative additions to arguments – because they are contextualised. We also see examples of well-developed arguments.

Examiner tip

Before starting a new paragraph, re-read the question to ensure that what you are about to write really is fully focused on the question set in the context of the case study.

Question 5

General feedback

As the concept of a 'threat' is an aspect of SWOT analysis, students were expected to limit their responses to consideration of external factors. This proved to be highly accessible with most students able to analyse the threat carried by legislation. Plenty of other external issues were identified by students who recognised that to address the demands of the question, an alternative biggest threat needed to be considered. A few students were able to recognise that many of the external issues were inter-connected and were credited for this.

Student A

05 To what extent do you agree that VBM's biggest threat is changes in legislation? [20 marks]

One one hand, I agree. This is because the introduction of low emission zones through legeslations has decreased the overall demand of diesel-powered vehicles. This is shown in App backed by appendix B as a diesel-powered car's sales has is decreased b. forecasted to decrease by 48% in 11 years. This is a threat

Do not write outside the box

KU

ARG

within the SWOT analysis as it may lead to Stronger buyer power (Porter's five forces). This refers to the power of customers being able to demand for better price or quality. This can lead to less revenue for VBM as prices may fall. This means that profit margins decrease. Legislations can cause VBM to lose progress as and market share

DEV

as electric cars rise in demand. As seen in table 2 diesel vehicles market share has fallen by 20% in 4 years. This could result in less influence. This can be avoided if VBM goes under product development more faster or they ~~move~~ offshore to Vietnam fully.

Do not write outside the box

On the other hand, threat of competitive rivalry is the biggest threat. This theory is from Porter's five forces and refers to the competition a business has. ^{KU} As seen in the case study several competitors have gone under product development to take advantage of the shifting marketing. This quick approach has led to VBM's competitors to obtain a large amount of market share in the future.

Extra space

Turn over ►

16

Do not write outside the box

allowing them to gain a competitive advantage. ¶ If VBM take too long to change a barrier to entry may soon lead to VBM to struggle. However, it depends on if VBM tries to adapt to a cost leadership as that may create a unique selling point.

ARG

adds nothing

Handwritten response on lined paper:

To conclude, legeslations are the biggest threat to VBM. This is because without the changes to legeslations the market would not have been forecasted to go under alot of change. It depends on if competitors still haven't full established themselves. The most

Important factor is that VBM goes through risk-bearing economies as it will allow them to spread risk.

Labels: EVAL (blue), NFF (green), L4 (pink)

Barcode: 1 6

Examiner comment box (red border):

A real attempt to answer the question, perhaps the evaluation can be criticised for a lack of balance, sitting between L3 and L4 due to one w dev arg.....nudge into bottom of level 4 for 13

IB/Q/Jun25/7132/3

Examiner commentary

A well-structured response that recognises that to decide whether legislation is the biggest threat, its importance must be analysed and then compared with another threat before reaching a decision of which is the greater threat.

This response has added 'counterpoints' at the end of each argument, however these have not added to the quality of the response as they are overly speculative – not building clearly in information contained in the case study.

Examiner tip

As strange as it may sound to say it – the main goal of this paper is to answer the questions asked. The questions are not likely to be ones you have answered before, or if they are, the context will be new to you. Therefore, in the exam, you will need to think and work on, how to structure a response that actually answers the question.

0 5

To what extent do you agree that VBM's biggest threat is changes in legislation?

[20 marks]

Do not write
outside the
box

Legislations are rules set by governments that KU ~~comp~~ business have to obey. ~~for~~ if they fail to comply they may get fined or sued.

KU On one hand ^{change in} legislation is the biggest threat to VBM as it affects the market significantly. VBM's ~~best~~ sales of diesel-powered vehicles had historically been a huge part of their success. However new legislation of low emission zones where diesel-powered vehicles' ~~owned~~ owners will have to pay fines will ~~be not~~ reduce ~~the~~ impact the diesel market that VBM has had success in.

ARGKU

Customers will ~~not~~ no longer purchase them as they will be a huge inconvenience which will completely destroy the diesel-vehicle market. VBM will suffer in sales ~~and~~ which will reduce their revenue. "VBM's sales in Europe have fallen due to increased environmental concerns", this may lead to shareholders selling their shares ~~and reducing~~ because the decline in sales of VBM. This will affect the value of the company and cause it to have to scale down ~~and~~ or make huge cost-cutting. VBM have developed a retrenchment plan ~~and have~~ which has resulted in plenty of factory closures and 5000 redundancies. This shows that the legislation has caused the

slight confusion here regarding sale of shares but theme of argument is about loss of sales so the overall flow of the arg is ok

ARG

tempted by w
dev - trying to
assess scale and
immediacy
Not quite there



company to take huge steps down. In conclusion, legislation
have blocked to company from making sales of diesel vehicles
which will be the biggest factor in reduced sales.
According to Table A, if Norway will ban diesel-
powered vehicles in 2025, this shows how VBM
European market share is dropping significantly.

KU

On the other hand, VBM biggest threat is
the rise in electric vehicles. With restrictions to
diesel engines, electric vehicles market has grown
rapidly. In 2019 electric car sales market share
was just 8%, however in 2020 it is forecasted
to have a 56% market share. The steep increase
in electric vehicles is mirrored by the decline in
petrol and diesel cars. Simultaneously the diesel
cars have decreased by 38% from 2013 to 2019.
This signifies the biggest threat to VBM is
the growth of electric vehicles. Also, VBM started
to work on developing electric vehicles 5 years ago
Extra space and have not yet released a electric-powered
vehicles. Compared to its competitors, who are
selling large volumes of electric vehicles, this will
reduce their market share and as a result their
return.

ARG

In conclusion, I believe that the biggest threat
to VBM is the growth in electric vehicles. Over the

outside the
box

1995 few years ^{start} Tesla has ^{grown} ~~grew~~ significantly due to high performance of the revenue of the company. Competition from markets abroad like BYD are exporting cheap electric cars from China that are competitive price. The move towards EVs show how the world is more environmentally conscious and that has affected VW's sales due to consumers environmental concerns.

EVAL

L3

Clear args developed - one nearly well developed. Clear conclusion but not balanced. L3 = 12

Do not write outside the box

Examiner commentary

Another well-structured reasonable response to the question set. However, as with the previous response, the conclusion falls short of what is required to reach level 4 or 5 as it does not include a sense of balancing the two sides of the argument.

Examiner tip

The conclusions that you write at the end of responses to questions 3 to 6 should weigh up the two sides of the argument in order to reach a judgement, not simply choose one side and state why that is important.

Question 6

General feedback

The final question on this paper proved demanding. This may be due to fatigue as students reached the end of the paper, poor time management or the challenge of the question itself. Many students were able to find reasons why managing capacity can be harder for large and/or multinational businesses; fewer could explain why the challenge may be harder, or at least equally difficult, for smaller firms. Too often inaccurate assertions, particularly that small businesses are likely to be start-ups, undermined arguments put forward by students. Evaluation also proved tricky, though often as a result of weak arguments. It was good to see students trying to illustrate their answers with examples of businesses or scenarios.

Student A

06

Effective capacity management involves ensuring a business has the right level of capacity in the right place to match demand.

To what extent is effective capacity management always harder for large, multinational businesses than small businesses?

[24 marks]

Effective capacity management is always harder for a large multinational business than a small business. As a large multinational business means there is a variety of franchises and stores which need to maintain the correct capacity. This means that they the demand wanted

and needed can continuously change within each market and area as for Pandora there is high levels of jewelry that is each individually attractive to markets within a large range of countries. This can include the change of trends meaning demand will immediately fluctuate causing capacity, levels of certain jewelry needed to decrease replacing a shortage whilst other jewelry may come in season causing capacity to

19

limited argument

have to meet at a ^{level} ~~best~~ to meet the demand and successfully meet customer wants.

identifies predictability of demand as an issue - not fully convinced that is scale related, but the issue may or may not relate to large businesses

However this will depend on the business in particular on a large business such as McDonalds has continuously the same demand due to products remaining the same and being constant within many markets.

Do not write outside the box

Effective capacity management may be harder for a small business rather than a large multinational. As for a small business the right level of capacity must be met to ensure unit costs do not continuously rise when waste takes place. This means that for a small business the level of capacity needed must specifically match demand or waste may cause a decrease of profits on the costs taken to

20

— true for large as well as small

produce and store product will not be met if sales do not occur. This therefore means the business will experience diseconomies of scale due to unit costs being high and overheads being low reflecting the large effect it has on a small business.

Do not write outside the box

KU

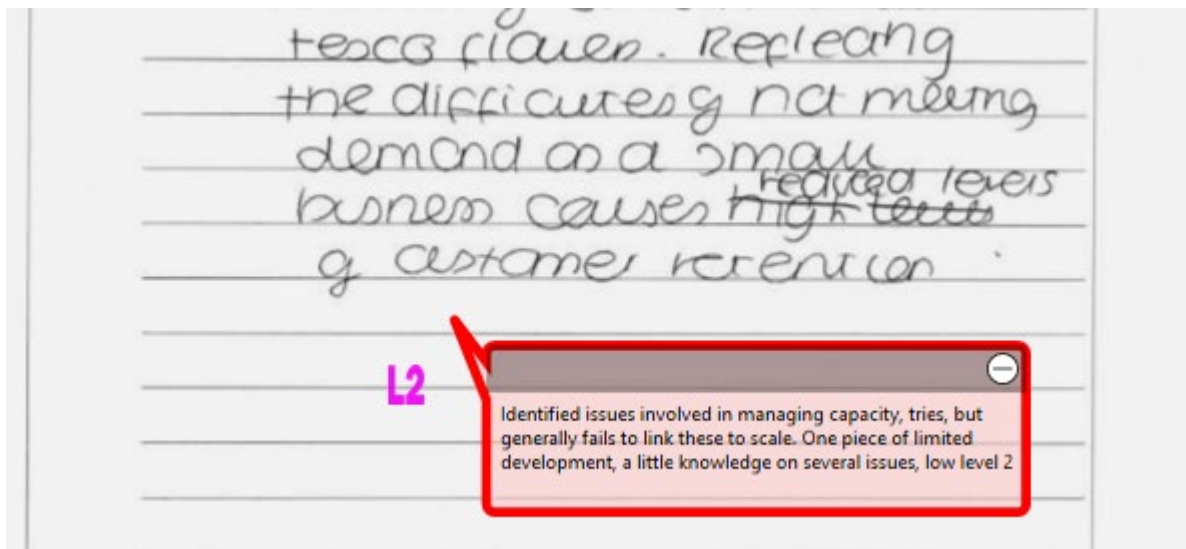
However this will depend on the way in which capacity inventory is received for a small business. As the use of just in time allows demand to be continuously met such as a wedding dress shop as the product is ordered based on demand meaning waste is highly reduced.

Overall, I strongly believe effective capacity management has a larger effect on a small business as this will create difficulties if ~~the~~ stock is ~~exhausted~~ ^{not at} stock or not at

Do not write
outside the
box

~~environmental issues and unethical causing the~~
~~small business to~~ ^{not} ~~meet~~ ^{supply}
~~on this will~~ the right
time as demanded as
this can cause the customer
to become disappointed with
service reflecting the small
business such as a florist to
have the competition
(threat of substitution) on

EVAL



Examiner commentary

This is a response that focuses on just one aspect of the questions asked. There is exploration of why capacity management may be difficult, but the response does not succeed in linking these issues to the scale of the business involved. Therefore, one of the key demands of the question has not been met.

Examiner tip

Extended response questions worth the most marks are likely to contain several different aspects, all of which need to be considered to provide a good or excellent response. In this case, both capacity management and scale are at the heart of the question. Be clear on what ideas you are needing to link in order to fully answer the whole question that has been set.

06

Effective capacity management involves ensuring a business has the right level of capacity in the right place to match demand.

To what extent is effective capacity management always harder for large, multinational businesses than small businesses?

[24 marks]

KU

ARG

NFF

On one hand capacity management is ~~harder~~ harder for large ^{BD} multinational businesses as the ^{NFF} degree to which this capacity management is important for a business increases in proportion to the size of the company. One example of this could be BPM. If BPM continued to produce as much as previous years they would have massive amounts of excess inventory held up in Europe despite demand the reducing rapidly. This is evident in the whopping 35% projected decrease in market share loss in European markets. For a smaller business this may not be a big of a deal however for a massive corporation like VBSM this would most likely result in hundreds of thousands of ~~thousands~~ cash held up in inventory which would massively impact cash flow levels. ~~How~~ In comparison to a smaller company where this may just be viewed as inefficient. However this depends on the accuracy of the 2025 forecast as forecasts are hard to predict especially in a rapidly changed industry like the car business. However there is good reason to believe this is accurate as in the year from 2015 to

not fully
focused on the
Q

Do not write
outside the
box

2019 share fell by 20% so the 15 period
fell on the same time frame is to be seen
as accurate.

KU

On the other hand capacity management
is could be harder for small businesses as
big operations often have dedicated teams for
capacity management which would predict demand
in that year and adjust capacity accordingly.
This is often a very difficult one predicting demand
is hard as there are many multiple factors that
go into demand. For example a local bakery may
make the uniform amount of pastries a day
compared to a hotel who has technology that tracks

ARG

would aid in finding out how many pastries
need to be produced limiting wastage and
hence saving costs. These technology and people are
often expensive to implement hence big operations
with large capital may find it easier to
implement. However this is not always the case
as there are some outliers that this advanced
technology may not be able to predict when a
local bakery with connections to the local community
may be able to recognise and capitalise on such
as a school fundraiser event where kids have
Extra space to bring food to sell. The technology
of big operations will not have the ability

to detect this hence there are some outliers for this technology.

In conclusion I believe capacity management is easier for larger businesses as the ability to spend massive resources and capital on these systems and time to help manage this capacity management would far outweigh smaller operations. Although another factor against large businesses is that they often operate in very markets and hence have much more room for error as the management is far more complicated the ~~experience~~ benefit of the experience curve large businesses would benefit from by raising their capacity for ~~the~~ much longer than smaller businesses would once again overshadow the smaller businesses.

Throwing in a few extra ideas at the end. Lack development.

L4

First arg uses the case study and is ok linking to VBM but is vague when referring the same issue to a smaller company. Second argument is well developed. Tries hard to show the differences.

Conc has some support, but attempt to balance introduces undeveloped new points. L4 = 17

Do not write outside the box

Examiner commentary

A good response to the question showing sound understanding and the ability to develop arguments. The key issue to illustrate here is within the conclusion, where new issues have been introduced – issues which were not developed earlier in the answer. This is a bad habit since the issues raised within a response must be well developed in order to achieve a level 5 mark.

Examiner tip

In your conclusion, your job is to weigh up the arguments that you put forward earlier in your answer. Adding new issues will harm the quality of your overall response – do not be tempted to add issues that popped into your head later in the exam since these will not have been fully analysed in the body of your answer – reducing the overall quality of the response.

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