

Oxford Revise | Edexcel GCSE Business | Answers

Chapter 23 Ethics, the environment and business

23.1 Award 1 mark for the correct answer: **B** Looking after the well-being of employees.

A and **C** are not correct because they are environmental considerations, and **D** is not correct because a business ignoring pressure group activity may not be acting ethically or in an environmentally friendly way.

23.2 Award 1 mark for each correct answer: **A** Sourcing materials locally and **D** Using less packaging.

B and **E** are not correct because they are ethical considerations, and **C** is not correct because it may be a consequence of responding to ethical or environmental considerations, but it is not a consideration in itself.

23.3 Award 1 mark for identifying one way, plus up to 2 further marks for explaining this way. Here is an example of a 3-mark answer:

- *Pressure group activities can affect the way a business promotes its products (1).*
- *For example, if a pressure group campaigns for environmentally friendly packaging, a business might emphasise that it has adopted sustainable packaging in its promotional campaigns (1).*
- *This helps the business align with consumer expectations and improve its public image (1).*

23.4 Award 1 mark for identifying one way, plus up to 2 further marks for explaining this way. Here is an example of a 3-mark answer:

- *Stakeholders can be negatively affected by environmentally damaging business activity (1).*
- *For example, local people may experience health problems if business activity results in too much noise, air or water pollution (1).*
- *Employees can also be forced to ignore environmental legislation to meet business targets or risk losing their jobs (1).*

23.5 Award up to 6 marks. First identify the correct level, and then decide whether the answer falls towards the bottom of the level or towards the top of the level and award marks accordingly.

Level	Marks	Explanation
1	1–2	<ul style="list-style-type: none"> • The answer demonstrates elements of knowledge and understanding of business concepts and issues. It contains limited business terminology. • The answer attempts to explore business information and/or issues. It contains limited connections between points.

2	3–4	<ul style="list-style-type: none"> The answer demonstrates mostly accurate knowledge and understanding of business concepts and issues. It includes appropriate use of business terminology in places. The answer explores business information and/or issues. It contains interconnected points with chains of reasoning, although some of the logic may be inconsistent.
3	5–6	<ul style="list-style-type: none"> The answer demonstrates accurate knowledge and understanding of business concepts and issues throughout. It includes appropriate use of business terminology. The answer explores business information and/or issues. It contains detailed interconnected points with logical chains of reasoning.

Relevant points that could be included

- Ethical considerations involve businesses acting in a way that is generally seen as morally correct and in line with moral principles. For example, ethical considerations can influence how much a business pays its suppliers, ensuring it pays a fair price for the raw materials it receives.
- Businesses often have to trade off profit in return for meeting ethical aims and objectives. For example, paying a fair price to suppliers can mean a business is paying more for goods or services than its competitors. If these higher costs are not passed on to the consumer in the form of higher prices, it will lead to lower profit.

23.6 Award 1 mark for stating one product that Baby Panda will manufacture out of bamboo. The answer must apply to the case study. For example:

Socks (1)

23.7 Award 1 mark for correct working and 1 mark for the correct answer:

$$£40 - £25.99 = £14.01$$

$$(£14.01 \div £25.99) \times 100 (1)$$

Answer: 53.91% (1)

23.8 Award 2 marks for linked points that apply to the case study. Award 1 mark if the points are not linked or do not apply to the case study. Here is an example of a 2-mark answer:

- Baby Panda could sacrifice profit to increase the volume of sustainably made baby clothes sold (1).*
- It could reduce the price of the bamboo baby clothes, making them more affordable to a wider range of customers (1).*

23.9 Award up to 12 marks. First identify the correct level, and then decide whether the answer falls towards the bottom of the level or towards the top of the level and award marks accordingly.

Level	Marks	Explanation
1	1–4	<ul style="list-style-type: none"> The answer demonstrates elements of knowledge and understanding of business concepts and issues. It contains limited business terminology. The answer contains limited application of knowledge and understanding of business concepts and issues to the case study. The answer attempts to explore business information and/or issues. It contains limited connections between points. The answer draws a conclusion, which is supported by general assertions drawn from limited evaluation of business information and issues.
2	5–8	<ul style="list-style-type: none"> The answer demonstrates mostly accurate knowledge and understanding of business concepts and issues. It includes appropriate use of business terminology in places. The answer contains sound application of knowledge and understanding of business concepts and issues to the case study, although there may be some inconsistencies. The answer explores business information and/or issues. It contains interconnected points with chains of reasoning, although some of the logic may be inconsistent. The answer draws a conclusion, which is based on sound evaluation of business information and issues.
3	9–12	<ul style="list-style-type: none"> The answer demonstrates accurate knowledge and understanding of business concepts and issues throughout. It includes appropriate use of business terminology. The answer contains detailed application of knowledge and understanding of business concepts and issues to the case study throughout. The answer explores business information and/or issues. It contains detailed interconnected points with logical chains of reasoning. The answer draws a valid and well-reasoned conclusion, which is based on thorough evaluation of business information and issues.

Relevant points that could be included

- Products are the goods and/or services that a business sells to its customers. Baby Panda sells goods: designer clothes for babies.
- Manufacturing its baby clothes from bamboo means that Baby Panda is responding to environmental considerations, and acting in a way that reduces the negative impact the business has on the environment. This could provide Baby Panda with a competitive advantage as a sustainable brand, appealing to environmentally conscious customers.
- If customers are price sensitive, Baby Panda may not benefit from manufacturing products out of bamboo unless it is willing to trade off profit. Its baby clothing will be over 50% more expensive than

its competitors' clothing, and sales, and sales revenue, may decline if customers are unwilling to pay the higher prices.

- Baby Panda makes designer clothes for babies, which means it is targeting a high-income market that is unlikely to be price sensitive. Many consumers are also happy to pay higher prices to purchase products that align with their environmental values.

23.10 Award 1 mark for a correct definition. For example:

A merger occurs when two or more businesses agree to join together to operate as one (1).

23.11 Award 1 mark for the correct answer: Year 4.

23.12 Award 2 marks for linked points that apply to the case study. Award 1 mark if the points are not linked or do not apply to the case study. Here is an example of a 2-mark answer:

- *Banning single-use plastics in its shops and restaurants supports Waltzer Ltd's environmentally friendly brand (1).*
- *It enables the business to highlight a range of environmentally friendly practices in its promotional campaigns to attract environmentally conscious customers (1).*

23.13 Award up to 9 marks. First identify the correct level, and then decide whether the answer falls towards the bottom of the level or towards the top of the level and award marks accordingly.

Level	Marks	Explanation
1	1–3	<ul style="list-style-type: none"> • The answer contains limited application of knowledge and understanding of business concepts and issues to the case study. • The answer attempts to explore business information and/or issues. It contains limited connections between points. • The answer contains a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made.
2	4–6	<ul style="list-style-type: none"> • The answer contains sound application of knowledge and understanding of business concepts and issues to the case study, although there may be some inconsistencies. • The answer explores business information and/or issues. It contains interconnected points with chains of reasoning, although some of the logic may be inconsistent. • The answer contains a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made.
3	7–9	<ul style="list-style-type: none"> • The answer contains detailed application of knowledge and understanding of business concepts and issues to the case study throughout. • The answer explores business information and/or issues. It contains detailed interconnected points with logical chains of reasoning.

		<ul style="list-style-type: none"> The answer contains a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made.
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Relevant points that could be included

- Stock market flotation will allow Sandcastles and Waltzers Ltd to raise finance by selling shares in the business to the public. The £2.2 million raised will not need to be repaid, and the business can decide when to make dividend payments and how much they will be.
- Stock market flotation is a complex process and exposes a company to risks, such as the risk of a takeover. The owners of Sandcastles and Waltzers Ltd will also lose some control because the shareholders will own part of the company.
- Sandcastles and Waltzers Ltd should choose stock market flotation. Becoming a public limited company will enable the business to raise all the finance it needs to fund growth in one go.

23.14 Award up to 12 marks. First identify the correct level, and then decide whether the answer falls towards the bottom of the level or towards the top of the level and award marks accordingly.

Level	Marks	Explanation
1	1–4	<ul style="list-style-type: none"> The answer demonstrates elements of knowledge and understanding of business concepts and issues. It contains limited business terminology. The answer contains limited application of knowledge and understanding of business concepts and issues to the case study. The answer attempts to explore business information and/or issues. It contains limited connections between points. The answer draws a conclusion, which is supported by general assertions drawn from limited evaluation of business information and issues.
2	5–8	<ul style="list-style-type: none"> The answer demonstrates mostly accurate knowledge and understanding of business concepts and issues. It includes appropriate use of business terminology in places. The answer contains sound application of knowledge and understanding of business concepts and issues to the case study, although there may be some inconsistencies. The answer explores business information and/or issues. It contains interconnected points with chains of reasoning, although some of the logic may be inconsistent. The answer draws a conclusion, which is based on sound evaluation of business information and issues.
3	9–12	<ul style="list-style-type: none"> The answer demonstrates accurate knowledge and understanding of business concepts and issues throughout. It includes appropriate use of business terminology.

		<ul style="list-style-type: none"> • The answer contains detailed application of knowledge and understanding of business concepts and issues to the case study throughout. • The answer explores business information and/or issues. It contains detailed interconnected points with logical chains of reasoning. • The answer draws a valid and well-reasoned conclusion, which is based on thorough evaluation of business information and issues.
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Relevant points that could be included

- After the merger, Sandcastles and Waltzers Ltd will operate 33 sites on the south coast and the east coast of England. Larger businesses tend to be able to negotiate cheaper prices with suppliers, so Sandcastles and Waltzers Ltd should benefit from lower costs, leading to higher profits.
- Sandcastle Ltd has experienced falling profit for the last three years, which will make financing the merger challenging. Its internal sources of finance are limited, because it does not have enough retained profit and it is reluctant to sell assets.
- If Sandcastle Ltd can finance the merger, then it seems likely that it will lead to higher profits for Sandcastles and Waltzers Ltd. It should turn to external source of finance. Selling shares will enable Sandcastles and Waltzers Ltd to raise the necessary finance without adding the cost of paying back a loan to the cash-flow forecast.