IQM3007

LEVEL 3 · CONTROLLED STAFF DOCUMENT

INTO QUALIFICATIONS

Business and Accounting

Component 1: Paper 1 - Business

STAFF ONLY · Mark scheme

Duration
2 hours

Total marks
100

Assessment window
Sample assessment

Assessment set
Set S of 2026

Audience
Staff only

Release timing
exam release

Exam date
_____

Assessment set ID
2026-S

STAFF ONLY · Use only this assessment-specific scheme and approved standardisation decisions.	
Assessment window Sample assessment	**Exam date** _____
Paper P1	**Assessment set** Sample 2026 · ID 2026-S

General marking principles

- Record every awarded mark in the corresponding OCR-readable annotation on the candidate response document.
- Credit equivalent valid answers only where the approved item-specific scheme permits them.
- Do not infer grade boundaries from raw marks; award boundaries are held in programme specifications.
- Section B final parts are alternatives; award one final 10-mark part only.

Mark only the prescribed route: five A questions, one B question with i and ii plus either iiiA or iiiB, and all three C questions. Follow the controlling assessment policy for excess responses; do not select highest-scoring answers without authority.
Use each item's stated analytic allocations. Credit accurate alternatives and distinct developed reasoning. Do not require indicative examples verbatim. Credit each response independently, including valid relevant reasoning repeated in a different selected question where it addresses that question.
AO1 means knowledge/understanding, AO2 contextual application, AO3 causal analysis. This paper does not allocate AO4 marks. Do not impose an unannounced conclusion, evaluation or balance requirement beyond the demands explicitly stated in a question.
For paired 10-mark analysis questions, each requested chain has a maximum of 5. Within each chain mark knowledge, application and analysis separately; weakness in one category does not automatically remove valid evidence in another. No negative marking. Total raw marks, not band labels.
All cases are constructed and self-contained. Plausible conditional reasoning is valid; do not credit invented facts as if supplied. Technical terminology earns credit when used accurately, not merely mentioned.

Item-specific marking guidance

Item ID	Question / requirement	Solution and allocation	Alternatives / notes	Max
A1	Mira owns and runs a bicycle repair shop as a sole trader. She plans to take in a second owner with capital and operate as an ordinary partnership in which both partners have unlimited liability. Analyse two possible effects of this change in ownership on Mira and the business.	Mark each of the two requested effects/chains out of 5: accurate relevant concept or mechanism (1, AO1); meaningful use of a specific context detail (1, AO2); developed causal analysis (up to 3, AO3). For analysis award 1 for a relevant cause-to-effect link, 2 for developing its business or stakeholder consequence, 3 for a further logically connected consequence, interaction or condition. Repetition is not development. Award the two chains independently; one chain can earn at most 5. Merely naming the organisation is not application. No evaluative judgement is required. Indicative content: Additional partner capital can finance repair equipment, increasing capacity and reducing waits, provided demand and trained labour exist. Shared ownership can bring complementary skills but requires agreement over decisions/profit sharing, potentially slowing action or reducing Mira's control. Both forms retain unlimited liability on the stated assumptions; do not assert that forming this partnership protects Mira's personal assets.	Credit other accurate, relevant responses. Indicative examples are not an exhaustive answer list.	10

Item ID	Question / requirement	Solution and allocation	Alternatives / notes	Max
A2	A small hotel relies on domestic leisure visitors and has a variable-interest-rate bank loan. In a constructed economy, interest rates rise while household disposable incomes fall. Analyse one effect of each change on the hotel's business activity.	Mark each of the two requested effects/chains out of 5: accurate relevant concept or mechanism (1, AO1); meaningful use of a specific context detail (1, AO2); developed causal analysis (up to 3, AO3). For analysis award 1 for a relevant cause-to-effect link, 2 for developing its business or stakeholder consequence, 3 for a further logically connected consequence, interaction or condition. Repetition is not development. Award the two chains independently; one chain can earn at most 5. Merely naming the organisation is not application. No evaluative judgement is required. Indicative content: Higher rates increase the cost of the existing variable-rate loan, reducing cash available for refurbishment or staffing and potentially affecting service capacity. Falling disposable income can reduce discretionary leisure bookings, lowering room revenue and prompting fewer shifts or price changes. Credit other valid chains, including an interaction, without assuming all income groups respond identically.	Credit other accurate, relevant responses. Indicative examples are not an exhaustive answer list.	10

Item ID	Question / requirement	Solution and allocation	Alternatives / notes	Max
A3	Dara Foods supplies chilled meals to local shops. Incorrect stock records cause shortages, and poorly coordinated delivery routes delay orders. It proposes shared digital stock records and route-planning software. Using Porter's value chain, analyse two ways these changes could affect competitiveness.	Mark each of the two requested effects/chains out of 5: accurate relevant concept or mechanism (1, AO1); meaningful use of a specific context detail (1, AO2); developed causal analysis (up to 3, AO3). For analysis award 1 for a relevant cause-to-effect link, 2 for developing its business or stakeholder consequence, 3 for a further logically connected consequence, interaction or condition. Repetition is not development. Award the two chains independently; one chain can earn at most 5. Merely naming the organisation is not application. No evaluative judgement is required. Indicative content: More accurate stock information can improve operations/inbound logistics coordination, reducing stockouts and helping reliable production; availability can retain shop customers. Better outbound logistics can reduce delivery delays or wasted mileage, improving freshness/service or cost competitiveness. Technology development is a supporting activity that can improve primary activities. Credit accurately located alternatives; the same benefit restated is not a second chain. Purchasing software does not itself guarantee advantage without accurate inputs and use.	Credit other accurate, relevant responses. Indicative examples are not an exhaustive answer list.	10

Item ID	Question / requirement	Solution and allocation	Alternatives / notes	Max
A4	A new exhibition team has skilled members, but they argue about roles and duplicate work. Its supervisor must meet a fixed opening date. Using Tuckman's model, analyse two ways the supervisor could help the team progress towards effective performance.	Mark each of the two requested effects/chains out of 5: accurate relevant concept or mechanism (1, AO1); meaningful use of a specific context detail (1, AO2); developed causal analysis (up to 3, AO3). For analysis award 1 for a relevant cause-to-effect link, 2 for developing its business or stakeholder consequence, 3 for a further logically connected consequence, interaction or condition. Repetition is not development. Award the two chains independently; one chain can earn at most 5. Merely naming the organisation is not application. No evaluative judgement is required. Indicative content: Role negotiation and agreed responsibilities can address storming conflict and support shared norms, reducing duplication and releasing time for exhibition tasks. Agreed work procedures/check-ins or constructive conflict resolution can build coordination and trust, supporting norming and subsequent performance. Credit other model-linked actions with distinct chains. Stages are a framework, not a guarantee of linear progress; merely naming stages is insufficient.	Credit other accurate, relevant responses. Indicative examples are not an exhaustive answer list.	10

Item ID	Question / requirement	Solution and allocation	Alternatives / notes	Max
A5	At a technical support centre, staff report that pay is fair but repetitive scripts give them little responsibility. Management is considering giving staff ownership of complex cases and recognising successful resolutions. Using Herzberg's two-factor theory, analyse one possible effect of each proposal on motivation and service.	Mark each of the two requested effects/chains out of 5: accurate relevant concept or mechanism (1, AO1); meaningful use of a specific context detail (1, AO2); developed causal analysis (up to 3, AO3). For analysis award 1 for a relevant cause-to-effect link, 2 for developing its business or stakeholder consequence, 3 for a further logically connected consequence, interaction or condition. Repetition is not development. Award the two chains independently; one chain can earn at most 5. Merely naming the organisation is not application. No evaluative judgement is required. Indicative content: Owning complex cases can increase responsibility/achievement, a motivator, encouraging persistence and better resolution; adequate skill/support affects this link. Recognition can make successful work feel valued and reinforce effort, potentially improving service, provided criteria are credible. Fair pay as a hygiene factor may reduce dissatisfaction but does not alone establish sustained motivation. Do not require the claim that every employee responds in the same way.	Credit other accurate, relevant responses. Indicative examples are not an exhaustive answer list.	10

Item ID	Question / requirement	Solution and allocation	Alternatives / notes	Max
A6	A national retailer currently requires branch managers to obtain head-office permission for every local promotion. It plans to let branches choose promotions within a common budget and brand policy. Analyse two possible effects of this decentralisation on the retailer.	Mark each of the two requested effects/chains out of 5: accurate relevant concept or mechanism (1, AO1); meaningful use of a specific context detail (1, AO2); developed causal analysis (up to 3, AO3). For analysis award 1 for a relevant cause-to-effect link, 2 for developing its business or stakeholder consequence, 3 for a further logically connected consequence, interaction or condition. Repetition is not development. Award the two chains independently; one chain can earn at most 5. Merely naming the organisation is not application. No evaluative judgement is required. Indicative content: Local managers can use knowledge of nearby customers and act more quickly, improving the relevance/timing of promotions and sales. Delegated authority can increase responsibility and motivation but variation between branches may weaken consistent brand presentation or make coordination harder. Credit either favourable or adverse effects with distinct causal chains; a common budget/policy limits, but does not eliminate, inconsistency.	Credit other accurate, relevant responses. Indicative examples are not an exhaustive answer list.	10
B1(i)	(i) Using Anthony's hierarchy, identify the level of each of Fenn's three stated planning decisions and explain how the annual plan links the five-year direction to daily work.	AO1, 3 marks: five-year expansion direction is strategic (1); annual site-output plan is tactical/management control (1); daily shift organisation is operational (1). AO2, 2 marks: the annual output targets translate expansion direction into site requirements (1), providing a basis for supervisors to schedule shifts/resources (1). Credit a similarly accurate contextual explanation.	Credit other accurate, relevant responses. Indicative examples are not an exhaustive answer list.	5

Item ID	Question / requirement	Solution and allocation	Alternatives / notes	Max
B1(ii)	(ii) Analyse two ways delegating routine purchasing authority to the experienced site managers could affect Fenn's performance.	Mark each of the two requested effects/chains out of 5: accurate relevant concept or mechanism (1, AO1); meaningful use of a specific context detail (1, AO2); developed causal analysis (up to 3, AO3). For analysis award 1 for a relevant cause-to-effect link, 2 for developing its business or stakeholder consequence, 3 for a further logically connected consequence, interaction or condition. Repetition is not development. Award the two chains independently; one chain can earn at most 5. Merely naming the organisation is not application. No evaluative judgement is required. Indicative content: Local approval can shorten delays and avoid idle production, improving delivery reliability. Using experienced managers' knowledge can improve purchase suitability or responsibility, but decentralised purchasing can lose bulk coordination or create inconsistent standards. Distinct supported positive or negative chains are valid.	Credit other accurate, relevant responses. Indicative examples are not an exhaustive answer list.	10
B1(iii)(A)	(iiiA) Use SWOT analysis to analyse how one internal factor and one external factor in the case could affect Fenn's expansion.	Mark each of the two requested effects/chains out of 5: accurate relevant concept or mechanism (1, AO1); meaningful use of a specific context detail (1, AO2); developed causal analysis (up to 3, AO3). For analysis award 1 for a relevant cause-to-effect link, 2 for developing its business or stakeholder consequence, 3 for a further logically connected consequence, interaction or condition. Repetition is not development. Award the two chains independently; one chain can earn at most 5. Merely naming the organisation is not application. No evaluative judgement is required. Indicative content: Internal strength: experienced rapid-customisation design team can differentiate products, supporting demand despite price competition. External threat: cheaper overseas competition can attract price-sensitive customers, reducing revenue available for expansion. Credit another accurately classified case factor with a developed chain. A condition external to the business is not an internal weakness merely because it has an adverse effect.	Credit other accurate, relevant responses. Indicative examples are not an exhaustive answer list.	10

Item ID	Question / requirement	Solution and allocation	Alternatives / notes	Max
B1(iii)(B)	(iiiB) Fenn is considering a geographic divisional structure in which each regional site is managed as a separate operating unit. Using Fayol's management functions, analyse two ways this structure could affect Fenn's management of expansion.	Mark each of the two requested effects/chains out of 5: accurate relevant concept or mechanism (1, AO1); meaningful use of a specific context detail (1, AO2); developed causal analysis (up to 3, AO3). For analysis award 1 for a relevant cause-to-effect link, 2 for developing its business or stakeholder consequence, 3 for a further logically connected consequence, interaction or condition. Repetition is not development. Award the two chains independently; one chain can earn at most 5. Merely naming the organisation is not application. No evaluative judgement is required. Indicative content: Organising: treating the three sites as divisions can clarify each experienced manager's responsibilities, reducing the founder's routine purchasing bottleneck and freeing time for expansion planning. Controlling/coordinating: divisional targets and reports can reveal site-level delays, enabling corrective action; inconsistent purchasing or duplicated resources may require common standards and communication across sites. Credit other developed chains using Fayol's functions. Each chain must connect a managerial function, the divisional arrangement and Fenn's expansion. Naming functions or asserting that divisions always improve performance is insufficient.	Credit other accurate, relevant responses. Indicative examples are not an exhaustive answer list.	10
B2(i)	(i) Explain the distinction between a group and a team. Apply the distinction to Luma's exhibition staff.	AO1, 3 marks: a group is a collection of interacting people (1); a team works towards a shared purpose with coordinated/interdependent contributions (1) and shared responsibility or complementary roles (1). Do not insist that groups can never share a purpose. AO2, 2 marks: Luma's specialists come together for an exhibition (1), but missing coordination/conflicting priorities show why a group may not yet function as an effective team (1).	Credit other accurate, relevant responses. Indicative examples are not an exhaustive answer list.	5

Item ID	Question / requirement	Solution and allocation	Alternatives / notes	Max
B2(ii)	(ii) Using Belbin's team roles, analyse how addressing two missing contributions could improve Luma's project delivery.	Mark each of the two requested effects/chains out of 5: accurate relevant concept or mechanism (1, AO1); meaningful use of a specific context detail (1, AO2); developed causal analysis (up to 3, AO3). For analysis award 1 for a relevant cause-to-effect link, 2 for developing its business or stakeholder consequence, 3 for a further logically connected consequence, interaction or condition. Repetition is not development. Award the two chains independently; one chain can earn at most 5. Merely naming the organisation is not application. No evaluative judgement is required. Indicative content: A coordinator contribution can clarify objectives, delegate appropriately and align specialist effort, reducing deadline conflict. A completer-finisher contribution can check final details, detect omissions and improve exhibition quality/reliability. Credit other accurately explained roles tied to the evidence. Roles describe useful contributions; do not require one separate employee for each role or a personality diagnosis.	Credit other accurate, relevant responses. Indicative examples are not an exhaustive answer list.	10
B2(iii)(A)	(iiiA) Using Adair's action-centred leadership model, analyse two ways the project leader could address the team's difficulties.	Mark each of the two requested effects/chains out of 5: accurate relevant concept or mechanism (1, AO1); meaningful use of a specific context detail (1, AO2); developed causal analysis (up to 3, AO3). For analysis award 1 for a relevant cause-to-effect link, 2 for developing its business or stakeholder consequence, 3 for a further logically connected consequence, interaction or condition. Repetition is not development. Award the two chains independently; one chain can earn at most 5. Merely naming the organisation is not application. No evaluative judgement is required. Indicative content: Attention to team needs, such as agreed communication and conflict handling, can improve cooperation and coordination of exhibition tasks. Attention to individual needs, such as recognising contributions or supporting a member's skill development, can improve confidence and effective specialist input. Credit distinct actions that connect task/team/individual needs; a successful response need not recommend equal time on all three.	Credit other accurate, relevant responses. Indicative examples are not an exhaustive answer list.	10

Item ID	Question / requirement	Solution and allocation	Alternatives / notes	Max
B2(iii)(B)	(iiiB) Using a named motivation theory from the module, analyse two ways recognition and responsibility could affect the motivation of Luma's specialists.	Mark each of the two requested effects/chains out of 5: accurate relevant concept or mechanism (1, AO1); meaningful use of a specific context detail (1, AO2); developed causal analysis (up to 3, AO3). For analysis award 1 for a relevant cause-to-effect link, 2 for developing its business or stakeholder consequence, 3 for a further logically connected consequence, interaction or condition. Repetition is not development. Award the two chains independently; one chain can earn at most 5. Merely naming the organisation is not application. No evaluative judgement is required. Indicative content: Herzberg: recognition of successful specialist work can support achievement and motivation; meaningful responsibility for an exhibition outcome can encourage ownership and persistence. Maslow: credible recognition may meet esteem needs; greater responsibility/development may support higher-order fulfilment. McGregor: a Theory Y approach can enable self-direction where commitment and support exist. Credit two distinct, accurately applied chains from one named syllabus theory. Do not assume needs must always follow a rigid sequence.	Credit other accurate, relevant responses. Indicative examples are not an exhaustive answer list.	10
B3(i)	(i) Explain the role of marketing in Oren's business, using two details from the case.	AO1, 3 marks: marketing identifies customer needs (1), develops/communicates an offering to meet them (1) and supports organisational objectives through customer exchange/relationships (1); credit equivalent wording, not only promotion. AO2, 2 marks: interviews identify convenience as a need (1); demonstrations/easier refill locations respond to understanding or access barriers (1). Credit other distinct accurate case applications.	Credit other accurate, relevant responses. Indicative examples are not an exhaustive answer list.	5

Item ID	Question / requirement	Solution and allocation	Alternatives / notes	Max
B3(ii)	(ii) Analyse two ways Oren's proposed demonstrations and easier refill locations could affect customer demand.	Mark each of the two requested effects/chains out of 5: accurate relevant concept or mechanism (1, AO1); meaningful use of a specific context detail (1, AO2); developed causal analysis (up to 3, AO3). For analysis award 1 for a relevant cause-to-effect link, 2 for developing its business or stakeholder consequence, 3 for a further logically connected consequence, interaction or condition. Repetition is not development. Award the two chains independently; one chain can earn at most 5. Merely naming the organisation is not application. No evaluative judgement is required. Indicative content: Demonstrations can reduce uncertainty about how refills work, increasing willingness to try and potentially repeat purchases. Convenient locations reduce time/effort costs, making refilling practical and improving retention or attracting customers previously deterred. Credit alternative distinct channels; environmental interest alone does not guarantee purchase.	Credit other accurate, relevant responses. Indicative examples are not an exhaustive answer list.	10
B3(iii)(A)	(iiiA) Analyse two possible consequences for Oren and its stakeholders of using the unsupported "zero environmental impact" claim.	Mark each of the two requested effects/chains out of 5: accurate relevant concept or mechanism (1, AO1); meaningful use of a specific context detail (1, AO2); developed causal analysis (up to 3, AO3). For analysis award 1 for a relevant cause-to-effect link, 2 for developing its business or stakeholder consequence, 3 for a further logically connected consequence, interaction or condition. Repetition is not development. Award the two chains independently; one chain can earn at most 5. Merely naming the organisation is not application. No evaluative judgement is required. Indicative content: Customers may be misled about product impacts; if the gap becomes apparent, lost trust can reduce repeat purchases and reputation. Employees/suppliers can face instability if orders fall, or Oren may need to incur correction/verification costs to restore credible standards. Credit a distinct properly explained ethical or commercial consequence. No specific statute or regulatory penalty is required; do not assume an invented legal finding.	Credit other accurate, relevant responses. Indicative examples are not an exhaustive answer list.	10

Item ID	Question / requirement	Solution and allocation	Alternatives / notes	Max
B3(iii)(B)	(iiiB) Analyse one way Oren's objectives could conflict with its supplier's needs and one way they could conflict with its employees' needs during expansion.	Mark each of the two requested effects/chains out of 5: accurate relevant concept or mechanism (1, AO1); meaningful use of a specific context detail (1, AO2); developed causal analysis (up to 3, AO3). For analysis award 1 for a relevant cause-to-effect link, 2 for developing its business or stakeholder consequence, 3 for a further logically connected consequence, interaction or condition. Repetition is not development. Award the two chains independently; one chain can earn at most 5. Merely naming the organisation is not application. No evaluative judgement is required. Indicative content: Expansion with uncertain refill demand can favour flexible orders while the supplier needs stable commitments, potentially causing negotiation delays or supply unreliability. Oren may want flexible staffing as locations open while employees need secure hours, creating dissatisfaction/turnover that can impair service. Credit other supported case-consistent conflicts and consequences. Separate stakeholder chains are required.	Credit other accurate, relevant responses. Indicative examples are not an exhaustive answer list.	10
C10	Use Mendelow's power-interest matrix to classify the large retail customer and the local campaign group on the evidence given. Explain an appropriate stakeholder-engagement approach for each.	Award up to 3 per stakeholder: accurate matrix classification (1, AO1); case evidence supporting it (1, AO2); engagement approach logically linked to the classification (1, AO3). Retail customer: high power/high interest, because it can cancel a valuable contract and requests working-condition evidence; manage closely through timely evidence and dialogue. Campaign group: high interest/lower direct power on the stated facts; keep informed and provide credible responses. Credit a justified alternative power judgement if the candidate explicitly explains a plausible route to influence rather than treating unprovided influence as an observed fact. Do not equate lower direct power with no legitimate interest.	Credit other accurate, relevant responses. Indicative examples are not an exhaustive answer list.	6

Item ID	Question / requirement	Solution and allocation	Alternatives / notes	Max
C11	Using Schein's model of organisational culture, analyse how two different levels of Sola's culture could contribute to employees working unpaid extra hours.	Award up to 4 for each of two distinct levels: accurately identify/explain level (1, AO1), specific evidence (1, AO2), then a causal link (1, AO3) developed to the unpaid-work consequence (1, AO3). Artefacts: fastest-team display or repeated meeting emphasis makes speed visibly rewarded, signalling priorities that encourage extra hours. Espoused values: management's expressed emphasis on fast delivery can legitimise prioritising deadlines over workload concerns. Underlying assumptions: employees take missing targets as unacceptable, making unpaid effort appear necessary rather than something to challenge. Any two levels can earn full marks; do not require all three. Distinguish the underlying belief from its visible expression.	Credit other accurate, relevant responses. Indicative examples are not an exhaustive answer list.	8
C12	Explain corporate social responsibility, then analyse one potential benefit and one potential difficulty for Sola of introducing independent workshop checks and paid training.	AO1, 3 marks: CSR concerns a business's responsibilities for the effects of its activities (1), including effects on people/society or the environment (1), beyond merely pursuing immediate owner profit and/or minimum compliance (1). Credit equivalent accurate explanation; no prescribed phrase required. For each requested benefit/difficulty, award case application (1, AO2) and analysis up to 3 (AO3): relevant cause-to-effect link (1), developed stakeholder/business consequence (2), further connected consequence, interaction or condition (3). Benefit example: independent checks can establish whether contracted workers are paid, enabling corrective action and credible evidence for the powerful retail customer, potentially protecting the supply relationship if findings are acted on. Difficulty example: checks and paid training raise initial cost and may remove staff time from production, putting pressure on margin/deadlines and conflicting with the speed-focused culture. A list of general CSR advantages earns no contextual credit. No final evaluation or recommendation is required; no separate AO4 marks.	Credit other accurate, relevant responses. Indicative examples are not an exhaustive answer list.	11