Solutions

Business answers are marked by **level of response** against the assessment objectives: award **AO1** knowledge, **AO2** application, **AO3** analysis and **AO4** evaluation.

Each answer shows the steps, then the **result**.

2.1

- Specific, Measurable, Achievable, Realistic, Time-bound (2 for all five; 1 for three or four)

2.2

- the idea that a business should act in the best interests of society and the environment, not only make profit (2 for a clear definition; 1 for a partial idea)

2.3

- an aim is a broad, long-term goal; an objective is a specific, measurable target that helps reach the aim (2 for a clear difference; 1 for a partial idea)

3.1

- *[3]* **AO1** 1 — name a benefit (clear targets; motivates staff; lets the firm measure progress). **AO2** up to 2 — develop it, e.g. a measurable, time-bound target lets managers check progress and act early if the firm falls behind (2 developed / 1 limited)

3.2

- *[8]* For **each** of two reasons: **AO1** 1 + **AO2** 1 + **AO3** up to 2. Example chains — *firm grows older/larger*: survival is secure
- it can now aim for growth or higher profit. *External change* (recession, new competitor): falling demand
- the firm switches back to a survival objective to protect cash. Maximum 4 per reason, 8 total

3.3

- *[12]* **AO1** 2 / **AO2** 2 / **AO3** 2 / **AO4** up to 6. **For** profit first: profit funds survival, investment and rewards owners; without it the firm closes. **Against**: CSR builds reputation, customer loyalty and staff motivation, and avoids fines or boycotts — which can raise long-run profit. Judgement: profit and CSR are not opposites; the right balance depends on the firm's size, market and stakeholders — a pure short-term profit focus can damage long-term success