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INTERNATIONAL A-LEVEL
BUSINESS
BU04

Unit 4 Business Decision Making

Mark scheme

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

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

Further copies of this mark scheme are available from oxfordaqaexams.org.uk

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How to mark

Aims

When you are marking your allocation of scripts your main aims should be to:

- recognise and identify the achievements of students
- place students in the appropriate mark band and in the appropriate part of that mark band (high, low, middle)
- record your judgements with brief notes, annotations and comments that are relevant to the mark scheme and make it clear to other examiners how you have arrived at the numerical mark awarded
- put into a rank order the achievements of students (not to grade them – that is done later using the rank order that your marking has produced)
- ensure comparability of assessment for all students, regardless of question or examiner.

Approach

It is important to be **open-minded** and **positive** when marking scripts.

The specification recognises the variety of experiences and knowledge that students will have. It encourages them to study business in a way that is relevant to them. The questions have been designed to give them opportunities to discuss what they have found out about business. It is important to assess the quality of **what the student offers**.

Assessment Objectives

This component requires students to:

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.
AO2	Apply knowledge and understanding to various business contexts to show how individuals and organisations are affected by and respond to issues.
AO3	Analyse issues within business, showing an understanding of the impact on individuals and organisations of external and internal influences.
AO4	Evaluate quantitative and qualitative information to make informed judgements and propose evidence-based solutions to business issues.

The marking grids

The specification has generic marking grids for each Assessment Objective that is customised with indicative content for individual tasks. These have been designed to allow assessment of the range of knowledge, understanding and skills that the specification demands.

Within each Assessment Objective there are three or four broad levels representing different levels of achievement. Do not think of levels as equivalent to grade boundaries.

The indicative content gives examples of the kind of things students might do that would exemplify the level. They are neither exhaustive nor required – they are simply indicative of what would appear at this level. You will find that they sometimes indicate areas of content that can be handled with increasing sophistication and subtlety. You will also find statements which only characterise work at the bottom or top of the range.

Depending on the part of the examination, the levels will have different mark ranges assigned to them. This will reflect the different weighting of Assessment Objectives in particular tasks and across the examination as a whole. You may be required to give different marks to bands for different Assessment Objectives.

Using the grids

These levels of response mark schemes are broken down into levels, each of which has descriptors. The descriptors for the level show the performance characteristics of the level. There is the same number of marks in each level for an individual Assessment Objective. The number of marks per level will vary depending upon the number of marks allocated to the various Assessment Objectives covered by a particular question.

Having familiarised yourself with the descriptors and indicative content, read through the answer and annotate it (as instructed below) to identify the qualities that are being looked for and that it shows. You can now check the levels and award a mark.

Step 1 Determine a level

Start at the lowest level of the mark scheme and use it as a ladder to see whether the answer meets the descriptors for that level. The descriptors for the level indicate the different qualities that might be seen in the student's answer for that level.

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

Step 2 Determine a mark

Once you have assigned a level you need to decide on the mark.

It is often best to start in the middle of the level's mark range and then check and adjust. If there is a lot of indicative content fully identifiable in the work you need to give the highest mark in the level. If only some is identifiable or it is only partially fulfilled, then give the lower mark.

The exemplar materials used during standardisation will also help. There will be an answer in the standardising materials that will correspond with each level of the mark scheme. This answer will have been awarded a mark by the lead examiner. You can compare the student's answer with the example to determine if it is of the same standard, better or worse than the example. You can then use this to allocate a mark for the answer based on the lead examiner's mark on the example.

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

In addition to the generic descriptors (presented in bold text), paper-specific indicative descriptors (presented in plain text) are provided as a guide for examiners. These are not intended to be exhaustive and you must credit other valid points.

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

Examiners are required to assign each of the students' responses to the most appropriate level according to its overall quality, then allocate a single mark within the level. When deciding upon a mark in a level examiners should bear in mind the relative weightings of the Assessment Objectives and be careful not to over/under credit a particular skill. For example, in question 12, 13 and 14 more weight should be given to AO4 than to AO1, AO2 and AO3. This will be exemplified and reinforced as part of examiner training.

Annotating scripts

You should write a summative comment at the end for each Assessment Objective and indicate the marks for each Assessment Objective being tested at the end of the answer in the margin in sequence. It is vital that the way you arrive at a mark should be recorded on the script. This will help you with making accurate judgements and it will help any subsequent markers to identify how you are thinking. Please do not write negative comments about students' work; this is unprofessional and it impedes a positive marking approach.

Section A **Total for this section: 36 marks**

Question	Part	Marking guidance	Total marks
1		A business operates in a rapidly changing market. The business wishes to grow. Its managers are deciding whether to undertake a SWOT analysis to help them choose a strategy. Assess the arguments for and against the use of SWOT analysis and make a judgement.	**12** **AO1 = 2** **AO2 = 2** **AO3 = 2** **AO4 = 6**

Examiners are reminded that AO1, AO2, AO3 and AO4 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives for this question. More weight should therefore be given to AO4 than AO1, AO2 and AO3.

Level	Marks	Descriptor
4	10 – 12	**An excellent response that focuses fully on the demands of the question** Likely to demonstrate sound, focused analysis and well-supported evaluation: • includes supported evaluation in a final conclusion and within response • includes well-focused analysis with clear, logical chains of reasoning • includes well-focused application to the given context • shows sound knowledge and understanding of business terminology and with few, if any, errors • is well-structured and well-focused on the question. A complete and coherent overall argument with a clear conclusion. The conclusion is arrived at through a balancing of arguments, with appropriate weight given to each argument and to the argument overall. Where there are crucial arguments, these are distinguished from less crucial ones.

3	**7 – 9**	**A good response that focuses on many of the demands of the question** Likely to demonstrate sound, focused analysis and some supported evaluation: • includes some reasonable, supported evaluation • includes analysis with some logical chains of reasoning • includes some good application to the given context • shows sound knowledge and understanding of business terminology and concepts with relatively few errors • is relatively well-structured and generally focused on the question. A relatively complete and coherent argument leading to an attempt to conclude. The content is detailed and correct and most of it is integrated. There is recognition of arguments and counter-arguments, but balance is not always present and the weight to be given to each argument is not always fully clear.
2	**4 – 6**	**A reasonable response which focuses on some of the demands of the question** Some reasonable analysis but generally unsupported evaluation: • there is likely to be some attempt to make relevant judgements but these have little support from arguments or do not address the question as a whole • includes some reasonable analysis but which might not be adequately developed or becomes confused in places • includes reasonable application to the given context • shows satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present. There is an attempt to answer the question. There is likely to be a conclusion but it has little support and response may lack balance. The content is largely correct, though there may be some gaps and lack of detail.
1	**1 – 3**	**A limited response that has little focus on the demands of the question** A limited response with some understanding. • includes attempted evaluation which is weak and unsupported • includes some limited analysis but it may lack focus and/or become confused • includes some limited application to the given context • includes some limited knowledge and understanding of business terminology and concepts but errors are likely.
	0	**No credit worthy material.**

The demands of this question are to:

- demonstrate knowledge and understanding of SWOT analysis
- develop arguments and analysis as to why SWOT analysis is useful in this context
- balance the arguments for with analysis of why SWOT may not be useful in this context
- assess whether the use of SWOT analysis will enable the business to achieve the objective of growth.

Indicative content

Possible arguments for:

- SWOT analysis should enable the business to better understand the position of the business and so enable it to make better strategic decisions
- SWOT analysis should identify whether there is the potential opportunity to increase its share of the existing market or target new markets
- SWOT analysis should identify weaknesses within the business or external threats that may prevent the strategy from being successful.

Possible arguments against:

- in a rapidly changing market the analysis may become quickly out of date leading to poor strategic decision-making
- a rapidly changing market means that data and information will be hard to collect accurately
- SWOT analysis may be biased and not an objective appraisal of the position of the business
- SWOT analysis may not provide sufficient information. Other methods such as Ansoff or Porter may be more useful
- SWOT analysis may provide information but will not guarantee that the business will be able to grow.

Depends on:

- the ability of the person(s) conducting the analysis. Are they experienced? Do they have good knowledge of the business and the market? Are they biased?
- the ability of the management to use the information effectively
- whether the rapidly changing nature of the market means the analysis is an inaccurate reflection of the position of the firm
- whether the SWOT analysis identifies a clear strategy which will enable the firm to grow.

No decision is right or wrong but should be assessed on the quality of the argument.

Accept other relevant content.

Question	Part	Marking guidance	Total marks
2		A major producer of electrical goods has experienced falling sales and has decided to focus on a strategy of new product development. Should the business borrow $100 million to finance this strategy? Assess the arguments for and against a decision to borrow $100 million. Justify your recommendation.	**12** **AO1 = 2** **AO2 = 2** **AO3 = 2** **AO4 = 6**

Examiners are reminded that AO1, AO2, AO3 and AO4 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives for this question. More weight should therefore be given to AO4 than AO1, AO2 and AO3.

Level	Marks	Descriptor
4	10 – 12	**An excellent response that focuses fully on the demands of the question** Likely to demonstrate sound, focused analysis and well-supported evaluation: • includes supported evaluation in a final conclusion and within response • includes well-focused analysis with clear, logical chains of reasoning • includes well-focused application to the given context • shows sound knowledge and understanding of business terminology and with few, if any, errors • is well-structured and well-focused on the question. A complete and coherent overall argument with a clear conclusion. The conclusion is arrived at through a balancing of arguments, with appropriate weight given to each argument and to the argument overall. Where there are crucial arguments, these are distinguished from less crucial ones.
3	7 – 9	**A good response that focuses on many of the demands of the question** Likely to demonstrate sound, focused analysis and some supported evaluation: • includes some reasonable, supported evaluation • includes analysis with some logical chains of reasoning • includes some good application to the given context • shows sound knowledge and understanding of business terminology and concepts with relatively few errors • is relatively well-structured and generally focused on the question. A relatively complete and coherent argument leading to an attempt to conclude. The content is detailed and correct and most of it is integrated. There is recognition of arguments and counter-arguments, but balance is not always present and the weight to be given to each argument is not always fully clear.

2	**4 – 6**	**A reasonable response which focuses on some of the demands of the question** Some reasonable analysis but generally unsupported evaluation: • there is likely to be some attempt to make relevant judgements but these have little support from arguments or do not address the question as a whole • includes some reasonable analysis but which might not be adequately developed or becomes confused in places • includes reasonable application to the given context • shows satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present. There is an attempt to answer the question. There is likely to be a conclusion but it has little support and response may lack balance. The content is largely correct, though there may be some gaps and lack of detail.
1	**1 – 3**	**A limited response that has little focus on the demands of the question** A limited response with some understanding. • includes attempted evaluation which is weak and unsupported • includes some limited analysis but it may lack focus and/or become confused • includes some limited application to the given context • includes some limited knowledge and understanding of business terminology and concepts but errors are likely.
	0	**No credit worthy material.**

The demands of this question are to:

- develop arguments and analysis as to why borrowing is the best source of finance in this context
- balance the arguments for with analysis of why borrowing may not be suitable in this context
- assess whether borrowing a large amount is the best way to finance the new product development for this business.

Indicative content

Possible arguments for:

- borrowing enables the management to use the money as they wish
- money may be borrowed at a low interest rate making future repayments easily affordable
- borrowing may be quicker than obtaining funds from other sources
- fast development of products is likely to be important in the electrical goods market.

Possible arguments against:

- borrowing large sums may create future liquidity problems for the business
- other sources of finance may be less risky to the business
- future interest rate changes may make borrowing more expensive over time.

Depends on:

- how confident the business feels that it can repay the loan in the future
- the financial position of the firm. Has it other sources of finance? Are financial institutions willing to lend to the business?
- is the business a plc? Could they raise funds from shareholders?
- how risky is the new product development? Is it likely to produce sufficient revenue to repay the loan?

No decision is right or wrong but should be assessed on the quality of argument.

Accept other relevant content.

Question	Part	Marking guidance	Total marks
3		A manufacturer has recently experienced a significant fall in demand. Should it retrench? Assess the arguments for and against it retrenching and make a judgement.	**12** **AO1 = 2** **AO2 = 2** **AO3 = 2** **AO4 = 6**

Examiners are reminded that AO1, AO2, AO3 and AO4 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives for this question. More weight should therefore be given to AO4 than AO1, AO2 and AO3.

Level	Marks	Descriptor
4	10 – 12	**An excellent response that focuses fully on the demands of the question** Likely to demonstrate sound, focused analysis and well-supported evaluation: • includes supported evaluation in a final conclusion and within response • includes well-focused analysis with clear, logical chains of reasoning • includes well-focused application to the given context • shows sound knowledge and understanding of business terminology and with few, if any, errors • is well-structured and well-focused on the question. A complete and coherent overall argument with a clear conclusion. The conclusion is arrived at through a balancing of arguments, with appropriate weight given to each argument and to the argument overall. Where there are crucial arguments, these are distinguished from less crucial ones.
3	7 – 9	**A good response that focuses on many of the demands of the question** Likely to demonstrate sound, focused analysis and some supported evaluation: • includes some reasonable, supported evaluation • includes analysis with some logical chains of reasoning • includes some good application to the given context • shows sound knowledge and understanding of business terminology and concepts with relatively few errors • is relatively well-structured and generally focused on the question. A relatively complete and coherent argument leading to an attempt to conclude. The content is detailed and correct and most of it is integrated. There is recognition of arguments and counter-arguments, but balance is not always present and the weight to be given to each argument is not always fully clear.

2	**4 – 6**	**A reasonable response which focuses on some of the demands of the question** Some reasonable analysis but generally unsupported evaluation: • there is likely to be some attempt to make relevant judgements but these have little support from arguments or do not address the question as a whole • includes some reasonable analysis but which might not be adequately developed or becomes confused in places • includes reasonable application to the given context • shows satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present. There is an attempt to answer the question. There is likely to be a conclusion but it has little support and response may lack balance. The content is largely correct, though there may be some gaps and lack of detail.
1	**1 – 3**	**A limited response that has little focus on the demands of the question** A limited response with some understanding. • includes attempted evaluation which is weak and unsupported • includes some limited analysis but it may lack focus and/or become confused • includes some limited application to the given context • includes some limited knowledge and understanding of business terminology and concepts but errors are likely.
	0	**No credit worthy material.**

The demands of this question are to:

- demonstrate clear knowledge and understanding of the term 'retrench'
- develop arguments and analysis as to why retrenchment is appropriate in this context
- balance the analysis with arguments as to why the business should not retrench in this context
- assess whether a strategy to retrench is the best response to a significant fall in demand.

Indicative content

Possible arguments for:

- retrenchment should reduce the fixed costs of the business enabling it to be profitable with a reduced level of demand
- retrenchment is a logical response to the change in market conditions
- retrenchment prevents the business from becoming unprofitable, making survival more likely
- retrenchment may enable the business to survive and develop new products.

Possible arguments against:

- retrenchment may be unnecessary if fall in demand is temporary
- retrenchment may lead to expensive redundancy costs
- retrenchment may lead to loss of economies of scale leading to the remaining business becoming unprofitable.

Depends on:

- whether the collapse in demand is expected to be for a long or short period
- how expensive the costs of retrenchment will be, such as redundancy payments
- whether the business can produce other products to compensate for the fall in demand
- whether there are alternative products (competitors) for customers, should demand recover.

No decision is right or wrong but should be assessed on the quality of argument.

Accept other relevant content.

Section B **Total for this section: 44 marks**

Question	Part	Marking guidance	Total marks
4		Explain the value to OP of protecting its intellectual property. **Indicative content** Understanding the meaning of intellectual property – that copying can lead to legal action. Explaining that this can protect the unique features of a product to maintain competitive advantage. Being the sole source of a product should lead to increased profits. **A good response** is likely to explain that IP protection is likely to restrict supply to the market, decreasing competition and increasing profits for OP. Applies IP to the given context. **A reasonable response** is likely to explain that IP protection is likely to restrict supply to the market and should increase profits. **A limited response** is likely to explain that IP protection should prevent copying of the product.	**3** **AO1 = 2** **AO2 = 1**

<table>
<tr><th>Question</th><th>Part</th><th>Marking guidance</th><th>Total marks</th></tr>
<tr><td>5</td><td></td><td>Using the data in Table 1, calculate the Net Present Value of the new printing machine over its first 4 years of operation (2023–2026).

<table>
<tr><th>Year</th><th>Cash in ($000's)</th><th>Cash out ($000's)</th><th>Net Profit ($000'S)</th><th>Discount Factor @ 3.5%</th><th>Present Value ($000'S)</th></tr>
<tr><td>2022</td><td>0</td><td>200</td><td>(200)</td><td>1.000</td><td>(200)</td></tr>
<tr><td>2023</td><td>100</td><td>100</td><td>-</td><td>0.966</td><td>-</td></tr>
<tr><td>2024</td><td>150</td><td>100</td><td>50</td><td>0.933</td><td>46.65</td></tr>
<tr><td>2025</td><td>175</td><td>100</td><td>75</td><td>0.902</td><td>67.65</td></tr>
<tr><td>2026</td><td>200</td><td>100</td><td>100</td><td>0.871</td><td>87.1</td></tr>
<tr><td colspan="5">Net Present Value</td><td>1.4</td></tr>
</table>

Up to 2 marks for correct procedure. Calculating Present Values and deducting original investment to give Net Present Value (AO1).

Up to 3 marks for using data accurately. Correct calculation of Net Profit Values = 1 mark. Correct Calculation of Present Values = 1 mark. Correct calculation of Net Present Value = 1 mark.

If 1.4 is written, award 4 marks.

If $1400 or 1400 only is written, award 5 marks.

OFR applies. If correct procedure and data demonstrated, but final calculation is wrong award 4 marks.

Further guidance: use own figure rule (OFR).</td><td>5

AO1 = 2
AO2 = 3</td></tr>
</table>

Question	Part	Marking guidance	Total marks
6		Using **Table 2**, calculate OP's Gross Profit for an order of 5000 copies from the supplier in Asia. 1 mark = correct formula = Revenue – Cost of Sales 1 mark for applying data correctly. Revenue (Price) = $15. Cost per unit = $2 + $1 (delivery charge per unit) = $3. $15 – $3 =$12 gross profit per unit. $12 x 5000 = $60 000 If $60 000 or 60 000 only is written award 2 marks. OFR applies. Correct procedure and data, but wrong final calculation = 1 mark. Further guidance: use own figure rule (OFR).	**2** **AO1 = 1** **AO2 = 1**

Question	Part	Marking guidance	Total marks
7		Explain **one** benefit to OP of Canada being in a trading agreement with the USA. **Indicative content** Understanding the meaning of a trading agreement. Recognising the easy access to markets without tariffs, quotas or other protectionist measures. Using Figure 1 to show that most sales are to countries within the trading agreement. Application to OP. Easy access to wealthy US market leads to higher demand. **A good response** is likely to explain that the trading agreement should enable OP to increase sales and profits, using the data for example in Figure 1 effectively. **A reasonable response** is likely to explain that the trading agreement is likely to increase sales for OP, but data in Figure 1 not used effectively. **A limited response** is likely to explain the benefit of a trading agreement.	**4** **AO1 = 2** **AO2 = 2**

Question	Part	Marking guidance	Total marks
8	1	Analyse the potential benefits to OP of having its products printed in Asia.	**9** **AO1 = 2** **AO2 = 2** **AO3 = 5**

Examiners are reminded that AO1, AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives for this question.

Level	Marks	Descriptor
3	7 – 9	**A good response that focuses on many of the demands of the question** • includes well-focused analysis with logical chains of reasoning • includes well-focused application to the given context • shows sound knowledge and understanding of business terminology and concepts with few, if any, errors • is well-structured.
2	4 – 6	**A reasonable response which focuses on some of the demands of the question** • includes reasonable analysis but the analysis might not be fully developed or may lack some accuracy in places • includes reasonable application to the given context • focuses on issues that are relevant to the question, showing satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present.
1	1 – 3	**A limited response that has little focus on the demands of the question** A limited response with some understanding that may: • include some limited analysis but lacks focus and development • include some limited application to the given context • include some limited knowledge and understanding of business terminology and concepts but some errors are likely.
	0	**No credit worthy material.**

The demands of this question are to:

Develop arguments that analyse the benefits to OP of sourcing the products from the business in Asia.

Use the case study material to support the analysis.

Indicative content

- Supplies from Asia are significantly cheaper – GPM per unit = $12, compared to $5 from Toronto.
- Supplier in Asia can increase production to meet increased levels of demand easily.
- Local Toronto supplier will currently struggle to meet increased levels of orders.
- Asian supplier may generate more profit which can be used to achieve key objectives.
- Asian supplier may enable OP to be able to access new markets more easily.

Accept other valid answers.

A good response is likely to use the material in the case study to develop valid arguments as to why OP should source their products from the supplier in Asia.

A reasonable response is likely to include valid arguments with some use of the material in the case study.

A limited response is likely to include a basic explanation as to why OP should source their products from the supplier in Asia.

Question	Part	Marking guidance	Total marks
8	2	Analyse the potential problems to OP of having its products printed in Asia.	**9** **AO1 = 2** **AO2 = 2** **AO3 = 5**

Examiners are reminded that AO1, AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives for this question.

Level	Marks	Descriptor
3	7 – 9	**A good response that focuses on many of the demands of the question** • includes well-focused analysis with logical chains of reasoning • includes well-focused application to the given context • shows sound knowledge and understanding of business terminology and concepts with few, if any, errors • is well-structured.
2	4 – 6	**A reasonable response which focuses on some of the demands of the question** • includes reasonable analysis but the analysis might not be fully developed or may lack some accuracy in places • includes reasonable application to the given context • focuses on issues that are relevant to the question, showing satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present.
1	1 – 3	**A limited response that has little focus on the demands of the question** A limited response with some understanding that may: • include some limited analysis but lacks focus and development • include some limited application to the given context • include some limited knowledge and understanding of business terminology and concepts but some errors are likely.
	0	**No credit worthy material.**

The demands of this question are to:

Develop arguments that analyse the problems to OP of sourcing the products from the business in Asia.

Use the case study material to support the analysis.

Indicative content

- Supplies from Asia will be vulnerable to exchange rate changes.
- Supplies from Asia are outside trading bloc. Potential for tariffs and other protectionist measures to be imposed.
- Harder to control quality of production. Will rely on more digital communication rather than face-to-face with local supplier.
- Supplier in Asia may not be compatible with the key objective to employ workers from ethnic minority backgrounds.
- Longer lead time from Asia may hinder OP's ability to respond to changes in level of demand.

Accept other valid answers.

A good response is likely to use material in the case study to develop valid arguments detailing the problems of using the business in Asia to supply its products.

A reasonable response is likely to include valid arguments with some use of the material in the case study.

A limited response is likely to a basic explanation of the problems of sourcing the products from the supplier in Asia.

Question	Part	Marking guidance	Total marks
8	3	With reference to your analysis, recommend whether OP should have its products printed in Asia. You should justify your recommendation.	**12** **AO2 = 2** **AO3 = 4** **AO4 = 6**

Examiners are reminded that AO2, AO3 and AO4 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives for this question. More weight should therefore be given to AO4 than AO2 and AO3.

Level	Marks	Descriptor
4	10 – 12	**An excellent response that focuses fully on the demands of the question** Likely to demonstrate sound, focused analysis and well-supported evaluation: • includes supported evaluation in a final conclusion and within response • includes well-focused analysis with clear, logical chains of reasoning • includes well-focused application to the given context • shows sound knowledge and understanding of business terminology and with few, if any, errors • is well-structured and well-focused on the question. A complete and coherent overall argument with a clear conclusion. The conclusion is arrived at through a balancing of arguments, with appropriate weight given to each argument and to the argument overall. Where there are crucial arguments, these are distinguished from less crucial ones.
3	7 – 9	**A good response that focuses on many of the demands of the question** Likely to demonstrate sound, focused analysis and some supported evaluation: • includes some reasonable, supported evaluation • includes analysis with some logical chains of reasoning • includes some good application to the given context • shows sound knowledge and understanding of business terminology and concepts with relatively few errors • is relatively well-structured and generally focused on the question. A relatively complete and coherent argument leading to an attempt to conclude. The content is detailed and correct and most of it is integrated. There is recognition of arguments and counter-arguments, but balance is not always present and the weight to be given to each argument is not always fully clear.

2	**4 – 6**	**A reasonable response which focuses on some of the demands of the question** Some reasonable analysis but generally unsupported evaluation: • there is likely to be some attempt to make relevant judgements but these have little support from arguments or do not address the question as a whole • includes some reasonable analysis but which might not be adequately developed or becomes confused in places • includes reasonable application to the given context • shows satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present. There is an attempt to answer the question. There is likely to be a conclusion but it has little support and response may lack balance. The content is largely correct, though there may be some gaps and lack of detail.
1	**1 – 3**	**A limited response that has little focus on the demands of the question** A limited response with some understanding. • includes attempted evaluation which is weak and unsupported • includes some limited analysis but it may lack focus and/or become confused • includes some limited application to the given context • includes some limited knowledge and understanding of business terminology and concepts but errors are likely.
	0	**No credit worthy material.**

The demands of this question are to:

Use the analysis from 8.1 and 8.2 to develop a balanced argument regarding the decision as to whether to have the products printed in Asia.

Evaluate the strength of each argument.

Provide justified reasons behind the choice of the decision.

Indicative content

- Does the Asian supplier employ many ethnic minority workers? Can OP persuade the Asian supplier to adopt their key objective?
- How important is profit to OP? If they are in a strong financial position then they may be able to help Q&B to finance the investment in new equipment.
- Customers buy their products because of their ethical stance. If they buy from Asia will this undermine their competitive advantage?
- How much impact will exchange rate changes have on the cost of the supply of the materials?
- How much impact will sourcing the goods from outside the trading block have on OP? Will the uncertainty regarding tariffs affect the decision on the source of supply?
- The attitude towards risk. Are Joe and Nancy risk averse or willing to use an unproven supplier?
- The key objective of OP is to encourage and support ethnic minority communities. Having a close relationship with their suppliers is important in achieving this aim. Staying with Q&B may achieve this aim rather than maximising profits.

No decision is right or wrong but should be assessed on the quality of the argument.

Accept other valid answers.

Assessment Objective Grid

	AO1	AO2	AO3	AO4	Total
Section A					
1	2	2	2	6	**12**
2	2	2	2	6	**12**
3	2	2	2	6	**12**
Section B					
4	2	1			**3**
5	2	3			**5**
6	1	1			**2**
7	2	2			**4**
8.1	2	2	5		**9**
8.2	2	2	5		**9**
8.3		2	4	6	**12**
Unit Total	**17**	**19**	**20**	**24**	**80**