

OXFORD

INTERNATIONAL
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INTERNATIONAL A-LEVEL **BUSINESS**

BU03

Unit 3: Business Strategy

Mark scheme

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2 3 1 X B U 0 3 / M S

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 some questions 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: 40 marks

Question	Part	Marking guidance	Total marks
1	1	<p>Using Table 1, calculate the Operating Profit Margin for LS for the year ending 31/12/2022.</p> <p>12.5 or 13 (3 marks)</p> <p>Operating profit = Revenue - Cost of Sales - Expenses = 240–160–50 = 30 (1)</p> <p>Operating Profit Margin = Operating Profit / Revenue × 100 = 30/240*100 (1)</p> <p>Further guidance: use own figure rule (OFR)</p>	<p>3</p> <p>AO1 = 1 AO2 = 2</p>

Question	Part	Marking guidance	Total marks
1	2	<p>With reference to the experience curve, analyse how LS may have benefited from its experience of manufacturing solar panels.</p> <p>Indicative content</p> <p>Unit costs of production would have decreased as the business becomes more experienced in producing the solar panels. This experience may have led to changes in production that improved the quality of the solar panels produced, therefore, reducing wastage and improving efficiency. The improvement in efficiency would have led to a decrease in unit costs allowing LS to increase profits or reduce selling price.</p> <p>Accept any other valid content.</p> <p>Good response 4 marks Candidate is able to analyse how the experience curve would affect LS and applies the theory to the case study provided.</p> <p>Reasonable response 3–2 marks Candidate is able to analyse how the experience curve may benefit a business, but is unable to effectively apply this to LS.</p> <p>Limited response 1 mark Candidate shows some understanding of the experience curve.</p>	<p>4</p> <p>AO1 = 1 AO2 = 1 AO3 = 2</p>

Question	Part	Marking guidance	Total marks
1	3	Analyse two economies of scale that a larger manufacturer of solar panels than LS may benefit from.	9 AO1 = 2 AO2 = 1 AO3 = 6

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. More weight should therefore be given to AO3 than AO1 and AO2.

Level	Marks	Descriptor
3	7 – 9	<p>A good response that focuses on many of the demands of the question</p> <ul style="list-style-type: none"> • 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	<p>A reasonable response which focuses on some of the demands of the question</p> <ul style="list-style-type: none"> • 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	<p>A limited response that has little focus on the demands of the question</p> <p>A limited response with some understanding that may:</p> <ul style="list-style-type: none"> • 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 the question are:

- to show an understanding of two economies of scale
- to apply these to the case study
- to analyse how they may benefit a business larger than LS

Indicative content

Larger businesses are able to use economies of scale, which smaller competitors cannot. These are:

- purchasing – including raw materials used to produce solar panels
 - managerial
 - marketing – larger businesses can afford to run more extensive marketing campaigns, increasing their brand awareness, which LS is currently struggling to generate
 - technical – larger businesses may be able to utilise more capital-intensive production techniques which LS cannot afford
 - transportation – currently LS sells to 30 wholesalers. These deliveries may be small compared to competitors.
-
- economies of scale lead to the unit cost of production for solar panels to be reduced
 - LS's competitors are twice its size and, therefore, have greater economies of scale, enabling them to reduce selling price or increase profits.

Accept any other valid content.

Question	Part	Marking guidance	Total marks
1	4	<p>Should LS follow the business analyst's recommendation and sell directly to solar panel installation businesses rather than wholesalers?</p> <p>Assess the arguments for and against and make a judgement.</p>	<p>12</p> <p>AO1 = 2 AO2 = 2 AO3 = 2 AO4 = 6</p>

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	<p>An excellent response that focuses fully on the demands of the question</p> <p>Likely to demonstrate sound, focused analysis and well-supported evaluation:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>

3	7 – 9	<p>A good response that focuses on many of the demands of the question</p> <p>Likely to demonstrate sound, focused analysis and some supported evaluation:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>
2	4 – 6	<p>A reasonable response which focuses on some of the demands of the question</p> <p>Some reasonable analysis but generally unsupported evaluation:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>
1	1 – 3	<p>A limited response that has little focus on the demands of the question</p> <p>A limited response with some understanding:</p> <ul style="list-style-type: none"> • 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	<p>No credit worthy material.</p>

The demands of the question are:

- to analyse advantages and disadvantages of selling directly to the solar panel installation businesses rather than wholesalers
- to make a justified judgement as to LS's course of action.

Indicative content

In favour:

- previously the wholesalers would have taken a portion of the price charged to customers. Direct to customers means that LS gets to keep all the revenue paid by the solar panel installation businesses, therefore increasing profits
- LS will be in direct contact with the solar panel installation businesses and this will enable them to offer greater customer service, including advice and remedial action if anything disappoints the customer. This will improve the business' reputation for quality, enabling it to compete with larger businesses. This may also enable LS to charge a higher price
- contact with the solar panel installer also offers LS the possibility of relationship marketing. This will enable LS to better understand the customers' wants and needs, enabling LS to tailor their product and services accordingly. By better understanding and meeting customer needs the business is likely to develop a stronger positive brand image.

Against:

- it is likely that wholesalers currently advertise LS's products. In order to make solar panel installers aware of their products, LS will have to advertise directly to them. This will be an increase in costs, reducing profit
- in order to provide the higher level of customer care and relationship marketing, additional employees will be required. This will be an additional cost and reduce profits
- currently the business delivers to 30 wholesalers and LS will now have to deliver to 240 solar panel installers, requiring more deliveries, increasing transportation costs.
- it is unlikely that LS will be able to advertise as effectively to 240 solar panel installers as it did to 30 wholesalers. Therefore, there is likely to be a fall in the number of installers purchasing LS panels, resulting in a decrease in market share.

It depends upon:

- LS is currently running at a 12.5% (OFR) Operating Profit Margin compared to other businesses' 25%. Therefore, LS needs to adopt a strategy that enables it to compete with larger businesses and to generate a higher Operating Profit Margin – this appears an appropriate strategy
- the significance of the increase in costs due to the increase in administration, marketing and transportation.

Accept any other relevant content. No decision is right or wrong but should be assessed on the quality of the argument.

Question	Part	Marking guidance	Total marks
1	5	<p>LS is considering a takeover of ZQ.</p> <p>Using Table 2 and any other information, assess the arguments for and against the takeover and make a judgement.</p>	<p>12</p> <p>AO1 = 2 AO2 = 2 AO3 = 2 AO4 = 6</p>

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	<p>An excellent response that focuses fully on the demands of the question</p> <p>Likely to demonstrate sound, focused analysis and well-supported evaluation:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>
3	7 – 9	<p>A good response that focuses on many of the demands of the question</p> <p>Likely to demonstrate sound, focused analysis and some supported evaluation:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>

<p>2</p>	<p>4 – 6</p>	<p>A reasonable response which focuses on some of the demands of the question</p> <p>Some reasonable analysis but generally unsupported evaluation:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>
<p>1</p>	<p>1 – 3</p>	<p>A limited response that has little focus on the demands of the question</p> <p>A limited response with some understanding:</p> <ul style="list-style-type: none"> • 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.
	<p>0</p>	<p>No credit worthy material.</p>

The demands of the question are:

- to assess the benefits and disadvantages of LS taking over ZQ
- to use LS's key performance indicators and any other context
- to make a justified judgement as to whether the takeover of ZQ by LS should proceed.

Indicative content

- Organisational capacity. The combined business will have 70% more employees than previously. The combined business is expected to make 15% of the combined workforce redundant, therefore, the business can seek to lose employees that are less productive, reducing costs and improving efficiency. The combination of skills from LS and ZQ may lead to long-term innovation and sharing of experiences.
- Internal processes. ZQ has quickly developed new innovative products. Therefore, the combined business will be able to bring products to market faster than LS would otherwise be able to do. This may enable LS to use price skimming to increase revenue and potentially profits.
- Customer satisfaction rating. ZQ has an industry-leading reputation for quality. LS currently competes with larger businesses with a greater reputation for quality – the takeover of ZQ will therefore enable it to compete more effectively.
- LS is currently operating at an OPM significantly below that of larger businesses due in part to economies of scale. This inorganic growth can lead to economies of scale, enabling the combined business to more effectively compete.

However:

- organisational capacity. The 15% redundancies may cause a reduction in employee motivation due to Maslow's 'safety' level. In the long term this could lead to increased staff turnover, leading to the loss of skills
- the NPV of the takeover is \$0, which suggests that there is little financial value in the takeover. However, the NPV was calculated only on the first three years. It is likely that the benefits from the takeover will last longer than three years and if a longer time period was considered a positive NPV is probable.

It depends upon:

- the management of the human resources element of the takeover. It is likely that the impact of the takeover on employee motivation will be significant due to the redundancies and resistance to change. However, these can be overcome through the introduction of financial incentives or the wider use of Kotter's and Schlesinger's methods of overcoming barriers to change
- the interpretation of the NPV calculation. Is assuming that all benefits from the takeover be realised in the first three years reasonable?

Accept any other relevant content. No decision is right or wrong but should be assessed on the quality of the argument.

Section B

Total for this section: 40 marks

Question	Part	Marking guidance	Total marks
2	1	<p>Using Table 3, state whether the Krona is appreciating or depreciating against the Euro and calculate the percentage change in its value.</p> <p>The Swedish Krona is depreciating (1 mark) 10.6 or 10.58 (ignore + or -) (2 marks) Percentage change = $(0.093-0.104)/0.104 \times 100$ (1) Or Percentage change = $-0.011/0.104 \times 100$ (1)</p> <p>Further guidance: use own figure rule (OFR)</p>	<p>3</p> <p>AO1 = 1 AO2 = 2</p>

Question	Part	Marking guidance	Total marks
2	2	<p>Analyse one advantage to AL of Sweden and Italy being members of the same trading agreement.</p> <p>Indicative content</p> <ul style="list-style-type: none"> No tariffs or quotas will be applied to Italian goods being imported into Sweden. This will keep the costs down for AL Ltd, enabling them to charge a lower price or make a larger profit. Goods will not be stopped at the border, therefore, ingredients will be fresh when delivered to AL Ltd restaurants. <p>Accept any other valid content.</p> <p>Good response 4 marks Candidate shows understanding of theory of trading agreements and considers the advantage for AL Ltd.</p> <p>Reasonable response 2–3 marks Candidate shows some understanding of trading agreements but is unable to apply to case study or to explain advantage.</p> <p>Limited response 1 mark Limited understanding of trading agreements.</p>	<p>4</p> <p>AO1 = 1 AO2 = 1 AO3 = 2</p>

Question	Part	Marking guidance	Total marks
2	3	AL pays its Italian suppliers in Euros, but its customers pay in Swedish Krona. Analyse how this may affect AL Ltd's financial performance.	9 AO1 = 2 AO2 = 1 AO3 = 6

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. More weight should therefore be given to AO3 than AO1 and AO2.

Level	Marks	Descriptor
3	7 – 9	A good response that focuses on many of the demands of the question <ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • 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 the question are:

- to show an understanding of exchange rates
- linked to the case study
- to analyse how exchange may affect AL Ltd financial performance.

Indicative content

- The Krona may weaken against the Euro. Between 1/12/2018 and 1/12/2022 the value of the Krona in Euros fell from 0.104 to 0.093. Ingredients purchased in Italy in Euros will now cost more in Kronas, due to the decrease in the value of this currency. This increase in costs will decrease profits.
- Changing exchange rates will mean that the cost of the ingredients in different dishes will change. This may lead to AL Ltd having to change the price charged for different dishes. This will lead to costs associated with rewriting and calculating menus.
- Changing exchange rates will complicate planning as costs and profits are less certain. This increase in risk will make the business less willing to invest in new restaurants, slowing the growth of the business beyond its current eight sites.
- In order to purchase ingredients AL Ltd will have to exchange Krona for Euros. This exchange will have an associated commission cost, which will increase the total cost of the business and lead to a loss of profit.

Accept any other valid content.

Question	Part	Marking guidance	Total marks
2	4	Should AL centralise its human resource decisions? Assess the arguments for and against 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	<p>An excellent response that focuses fully on the demands of the question</p> <p>Likely to demonstrate sound, focused analysis and well-supported evaluation:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>
3	7 – 9	<p>A good response that focuses on many of the demands of the question</p> <p>Likely to demonstrate sound, focused analysis and some supported evaluation:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>

2	4 – 6	<p>A reasonable response which focuses on some of the demands of the question</p> <p>Some reasonable analysis but generally unsupported evaluation:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>
1	1 – 3	<p>A limited response that has little focus on the demands of the question</p> <p>A limited response with some understanding:</p> <ul style="list-style-type: none"> • 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	<p>No credit worthy material.</p>

The demands of the question are:

- to analyse the arguments for and against moving from a decentralised to centralised human resource function
- to make a justified judgement as to whether human resources should be centralised.

Indicative content

- If the human resource function is centralised then only a few employees at head office will require training in legislation rather than all the managers.
- Human resource specialists at head office will be knowledgeable in human resource legislation, reducing the chances of the business breaking laws, therefore reducing the chance of fines and brand damage.
- Enables restaurant managers to focus on developing menus and delivering dishes that meet their local customers' needs.

However:

- each restaurant has its own name – the reputational damage from one restaurant breaking human resource legislation will be limited to that restaurant; the others will be unaffected
- removing the human resource function for restaurant managers will be demotivating, according to Maslow self-esteem. This may result in poorer customer service
- each restaurant has its own culture. One way to reinforce a culture is to appoint individuals that already share that culture. If recruitment is based at AL Ltd's Head Office then employees may be recruited that do not fit the restaurant culture, potentially leading to a fall in customer satisfaction.

It depends upon:

- AL Ltd's business model is based around meeting local needs. A restaurant culture may be just as important as a tailored menu in meeting customer needs.

Accept any other relevant content. No decision is right or wrong but should be assessed on the quality of the argument.

Question	Part	Marking guidance	Total marks
2	5	Should AL accept Gresum's contract to supply ingredients? Assess the arguments for and against 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	<p>An excellent response that focuses fully on the demands of the question</p> <p>Likely to demonstrate sound, focused analysis and well-supported evaluation:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>
3	7 – 9	<p>A good response that focuses on many of the demands of the question</p> <p>Likely to demonstrate sound, focused analysis and some supported evaluation:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>

2	4 – 6	<p>A reasonable response which focuses on some of the demands of the question</p> <p>Some reasonable analysis but generally unsupported evaluation:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>
1	1 – 3	<p>A limited response that has little focus on the demands of the question</p> <p>A limited response with some understanding.</p> <ul style="list-style-type: none"> • 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	<p>No credit worthy material.</p>

The demands of the question are:

- to analyse the arguments for and against adopting Gresum's contract to provide ingredients.
- to make a justified judgement as to whether the Gresum contract should be accepted.

Indicative content

- AL Ltd will not have to pay for transporting ingredients from Italy to Sweden. Whilst the transportation costs will have to be paid by Gresum, due its bulk purchases, it will benefit from economies of scale that can then be passed on to AL Ltd. This may reduce costs for AL Ltd leading to increased profits.
- As Gresum is local to AL Ltd, it may be able to deliver ingredients to AL Ltd on short notice. This will mean that AL Ltd is less likely to run out of ingredients than if it continues to source them directly from Italy.
- AL Ltd will be able to reduce the amount of ingredients it holds, as it can rely on a local wholesaler to supply more regularly. This will reduce storage costs and reduce the amount of ingredients that are unused. This will reduce costs for AL Ltd and increase profit.

However:

- AL Ltd does not want to be viewed as a chain of restaurants and focuses on meeting the needs of its local customers. If all the restaurants have a narrow range of ingredients to choose from then it is likely that their menus will become similar and less able to meet the needs of local customers
- the chefs will become demotivated as they will consider that an important activity in their role has been removed (Maslow – self-esteem). This may lead to lower customer satisfaction as the chefs are less motivated to meet the needs of the local customers.

It depends upon:

- the quality of the ingredients supplied by Gresum. If the ingredients are of the same high quality as those supplied directly from Italy then the chefs can produce the same high quality dishes
- the narrow range of ingredients supplied by Gresum may prevent the chefs from producing dishes to meet the needs of their local customers. This may mean that the use of Gresum is against AL Ltd's current strategy and the contract should not be accepted.

Accept any other relevant content. No decision is right or wrong but should be assessed on the quality of the argument.

Assessment Objective Grid

	AO1	AO2	AO3	AO4	Total
Section A					
1.1	1	2			3
1.2	1	1	2		4
1.3	2	1	6		9
1.4	2	2	2	6	12
1.5	2	2	2	6	12
2.1	1	2			3
2.2	1	1	2		4
2.3	2	1	6		9
2.4	2	2	2	6	12
2.5	2	2	2	6	12
Unit Total	16	16	24	24	80