

OXFORD

INTERNATIONAL
AQA EXAMINATIONS

INTERNATIONAL AS **BUSINESS**

BU02

Unit 2 Managing Operations, Human Resources and Finance

Mark scheme

January 2020

Version: 1.0 Final Mark Scheme

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.

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Level of response marking instructions

Level of response mark schemes are broken down into levels, each of which has a descriptor. The descriptor for the level shows the average performance for the level. There are marks in each level.

Before you apply the mark scheme to a student's answer read through the answer and annotate it (as instructed) to show the qualities that are being looked for. You can then apply the mark scheme.

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 descriptor for that level. The descriptor for the level indicates the different qualities that might be seen in the student's answer for that level. If it meets the lowest level then go to the next one and decide if it meets this level, and so on, until you have a match between the level descriptor and the answer. With practice and familiarity you will find that for better answers you will be able to quickly skip through the lower levels of the mark scheme.

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 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, ie if the response is predominantly 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. The descriptors on how to allocate marks can help with this. The exemplar materials used during standardisation will help. There will be an answer in the standardising materials which 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 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.

Indicative content in the mark scheme is provided as a guide for examiners. It is not intended to be exhaustive and you must credit other valid points. Students do not have to cover all of the points mentioned in the Indicative content to reach the highest level of the mark scheme.

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

Section A

Total for this section: 17 marks

Question	Part	Marking guidance	Total marks
1		<p>Which of the following measures working capital?</p> <p>Current assets – current liabilities Current cash + profits Current liabilities – current receivables Current payables – current liabilities</p> <p>Answer A: (Current assets – current liabilities)</p>	<p>1</p> <p>AO1 = 1</p>
2		<p>Statement 1: ‘According to Taylor, employees are not motivated by pay.’ Statement 2: ‘According to Herzberg, basic pay is a hygiene factor.’</p> <p>Which of the following is correct:</p> <p>Answer D: (Statement 1 is false. Statement 2 is true)</p>	<p>1</p> <p>AO1 = 1</p>
3		<p>The financial position of a company in 2019 is shown as follows:</p> <p>sales revenue \$495 550 gross profit margin 5.6% net profit margin 1.8%</p> <p>What is the net profit of the company?</p> <p>Answer A: (\$8919.90)</p>	<p>1</p> <p>AO1 = 1</p>

<p>4</p>	<p>Explain one way logistics management can help a manufacturer to be more competitive.</p> <p>Indicative content</p> <ul style="list-style-type: none"> • Ensuring deliveries are made on time or quicker of supplies and to customers. • Negotiating prices with suppliers reducing costs and allowing to reduce prices of offerings. • Developing good relations with suppliers to use a JIT process allowing the business to improve service to customers and reduce costs. • Providing value for money when comparing with competitors prices. <p>Good Response 3 marks</p> <p>Links the explanation to how the benefit will allow a manufacturer to be more competitive. For example, logistics management could mean that the business can negotiate lower prices with its suppliers which can reduce its direct costs and allow it to reduce its prices to customers making it more competitive.</p> <p>Reasonable Response 2 marks</p> <p>Explains relevant points but does not fully link explanations to say why the offered benefit will make the manufacturer more competitive. For example, it may be argued that better logistics management could allow the manufacturer to save time on delivery to its customers but not link this to how this will improve its competitiveness.</p> <p>Limited Response 1 mark</p> <p>Identifies relevant points with no explanation or development. Eg states what logistics management is but not how it can help a manufacturer compete.</p>	<p>3</p> <p>AO1 = 1 AO2 = 2</p>
<p>5</p>	<p>A business re-orders when its inventory level reaches 350 units. Use Figure 1 above to calculate the lead time. Show your working. (3)</p> <p>Attempts the calculation or shows some knowledge of lead time but does not draw the re-order line or get the correct answer (1 mark)</p> <p>Draws or calculates the re-order level/weekly usage but does not state the lead time (1 mark)</p> <p>States the correct lead time (2 weeks) (3mark) If the candidate gives the correct answer of 2 weeks all 3 marks will be awarded.</p>	<p>3</p> <p>AO1 = 1 AO2 = 2</p>

		Note: if the candidate states wrong units ie days 2 marks will be awarded.	
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<p>6</p>	<p>A cinema has a maximum capacity of 300 seats. Last night it sold 129 seats. What was its capacity utilisation?</p> <p>43% capacity utilisation.</p> <p>Answer = 43%</p> <ul style="list-style-type: none"> • 1 mark for correct formula • 1 mark for calculating the capacity utilisation <p>Note: if the candidate does not include the % only 1 mark awarded.</p>	<p>2</p> <p>AO1 = 1 AO2 = 1</p>
<p>7</p>	<p>Explain one consequence of poor customer service for a start-up in a competitive industry. (3)</p> <p>Indicative content</p> <ul style="list-style-type: none"> • Customers are not satisfied and do not return leading to a decrease in sales and less able to compete in a saturated marketplace. • Damaged reputation results in lack of new customers leading to lack of sales which could result in the business not being able to survive. <p>Good Response 3 marks</p> <p>Links the consequence of poor customer service in the context of a start-up. For example, the industry is competitive, a new business is trying to establish itself in the market. Poor customer service will make this more difficult for them as it can damage their reputation which will prevent existing customers from returning and stop new customers from trying out the business leading to them finding it difficult to survive.</p> <p>Reasonable Response 2 marks</p> <p>Explains relevant consequences which are not in context but do not fully develop to say how the consequence impacts on the start-up. For example, they may say that customer demand will be influenced negatively by poor customer service but does not link this to the impact this will have on a start-up.</p> <p>Limited Response 1 mark</p> <p>Identifies relevant points with no explanation or development. Eg states what customer service is and/or offers a consequence but no explanation.</p>	<p>3</p> <p>AO1 = 1 AO2 = 2</p>

<p>8</p>	<p>Explain one way in which investment into capital intensive technology can improve the profit of a manufacturer. (3)</p> <p>Indicative content</p> <ul style="list-style-type: none"> • Capital intensive technology can work 24 hours a day, 7 days a week and therefore can increase the capacity utilisation of the manufacturer, reducing costs per unit and increasing profit margins. • Less human error can increase quality, meaning less re-works and defects which can save the manufacturer money and increase profit for the business. • Capital intensive machinery does not have to be paid to work and therefore labour costs should decrease increasing overall profit following the initial investment. <p>Good Response 3 marks</p> <p>Links the benefit of capital-intensive technology to the profit of the manufacturer. For example, capital intensive technology can work 24 hours a day, 7 days a week and therefore can increase the capacity utilisation of the manufacturer allowing economies of scale, reducing costs per unit and increasing profit margins.</p> <p>Reasonable Response 2 marks</p> <p>Explains benefits but do not fully develop these to say how the benefit will increase the profit of the business. For example, the students may explain that the technology will result in less re-works but not link this to profit.</p> <p>Limited Response 1 mark</p> <p>Identifies relevant points with no explanation or development. Eg states what capital-intensive technology is and/or offers a benefit but no explanation.</p>	<p>3</p> <p>AO1 = 1 AO2 = 2</p>
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Section B

Total for this section: 27 marks

Question	Part	Marking guidance	Total marks
9		Analyse the reasons why start-up businesses often have poor cash flow. (9)	9 AO1 = 3 AO2 = 3 AO3 = 3

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 <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.

The focus of this question is why start-up businesses can have poor cash flow.

Indicative content includes:

- A start-up business may not be able to access the same sources of finance as an established business such as retained profit or a bank loan.
- A start-up business often has large start-up costs which might have used its cash and left little cash/working capital to help with the running of the business.
- It takes time for a start-up business to establish themselves in the market, therefore sales (inflows) might be slow and running costs will still need to be paid.

Credit valid alternative content.

A good response will analyse why a business experiences poor cash flow, and links this to a start-up business. For example, it takes time for a start-up business to establish themselves in the market, therefore sales (inflows) might be slow and running costs will still need to be paid resulting in inflows being less than outflows and a poor cash flow.

A reasonable response may analyse some of the reasons for poor cash flow in general but not link it to a start-up business. For example, they may offer that poor sales might result in poor cash flow but not link this to a start-up business explaining why start-ups might have poor sales.

A limited response may show understanding of the reasons of poor cash flow.

Question	Part	Marking guidance	Total marks
10		Analyse how a trade union can improve the performance of a business. (9)	9 AO1 = 3 AO2 = 3 AO3 = 3

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	<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.

The focus of this question is to analyse how recognising a trade union can improve the performance of the business. Performance can be interpreted in a number of ways including profit, sales, productivity, growth (award for other correct interpretations).

Indicative content includes:

- Protect and improve the real incomes of their members
- Provide or improve job security
- Protect workers against unfair dismissal and other employer related issues
- Lobby for better working conditions.

Credit valid alternative content.

A good response will analyse the benefits of trade unions and explain how this will enable the business to improve their performance. For example, providing or improving job security will keep workers satisfied and can, in turn, reduce labour turnover allowing for the business to reduce costs and increase performance in terms of profit.

A reasonable response may analyse some of the benefits of a trade union but not explain how this will improve the performance of the business. For example, they may explain that the business may benefit from more engaged workers due to better working conditions but not link this to the performance of the business.

A limited response may show understanding of trade unions.

Question	Part	Marking guidance	Total marks
11		Analyse how effective recruitment and selection can decrease the costs of a business. (9)	9 AO1 = 3 AO2 = 3 AO3 = 3

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	<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.

The focus of this question is to analyse how effective recruitment can result in a decrease in costs for the business.

Indicative content includes:

- Less training needed for the workforce due to recruiting the right employees with the right skills
- Less labour turnover/less future recruitment costs
- Employees who are effective in their job /happy increased morale/motivation/productivity.

Credit valid alternative content.

A good response will analyse the effects of effective recruitment and selection and link this to how it can decrease the costs of a business.

A reasonable response may analyse some of effects on a business, but not explain how this will impact on the costs of the business.

A limited response may show an understanding of recruitment and selection.

Section C

Total for this section: 36 marks

Question	Part	Marking guidance	Total marks
12		<p>A public limited company has decreasing profits and has decided to switch to a cheaper supplier of its major components.</p> <p>Assess the arguments for and against this decision and make a judgement. (12)</p>	<p>12</p> <p>AO1 = 2 AO2 = 2 AO3 = 3 AO4 = 5</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 showing sound knowledge and understanding of business terminology and with few, if any, errors is well structured and well-focused. <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 showing sound knowledge and understanding of business terminology and concepts with relatively few errors is well-structured and generally focused. <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 evaluation but this has little support from arguments or does 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, 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 no evaluation or attempts evaluation but this is 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.

The demands of the question are to decide whether the business should move to a cheaper supplier for one of its **major** components in order to try to increase profits.

Indicative Content

Switching to a cheaper supplier

Possible Arguments Against:

- Quality could be reduced and as this is a major component this could have a significant impact on the quality of the product which could result in lower sales and decrease the profit even further.
- Reliability could be compromised such as delivery times meaning the major component may not be delivered on time and this could stop production, leading to increased costs and lower profit.

Possible Arguments For:

- The new supplier is less expensive and as this is a major component we can assume that it carries a significant cost so switching should reduce direct costs and increase gross profit.
- The business is a PLC and therefore needs to consider their shareholders in their decisions so switching suppliers will improve short term return for shareholders.

Overall, it depends on:

- The industry the business is in, if the business is in a highly competitive industry the risk of switching suppliers and losing customers might be too great.
- If the supplier is as reliable and of as good a quality as the existing supplier this should not be an issue.
- Switching suppliers may be risky in the short term but if managed correctly could be beneficial for the long-term profitability of the business.

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

Question	Part	Marking guidance	Total marks
13		<p>A retailer operating in countries worldwide has been losing sales and has decided to use a more centralised structure.</p> <p>Assess the arguments for and against this decision and make a judgement. (12)</p>	<p>12</p> <p>AO1 = 2 AO2 = 2 AO3 = 3 AO4 = 5</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 • showing sound knowledge and understanding of business terminology and with few, if any, errors • is well structured and well-focused. <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 • showing sound knowledge and understanding of business terminology and concepts with relatively few errors • is well-structured and generally focused. <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 evaluation but this has little support from arguments or does 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, 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 no evaluation or attempts evaluation but this is 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.

The demands of this question are to decide whether a centralised structure will help a retailer operating worldwide to overcome its falling sales.

Indicative Content

Switching to a centralised structure

Possible Arguments for:

- As decision making is centralised there is better standardisation, for example marketing/branding decisions will be made centrally and consistently across all retailers making sure the marketing messages are consistent, strengthening the brand on a global scale.
- A centralised structure will likely have a head office which has specialist staff making decisions, these will likely be more qualified to make important decisions for the branches of the business and more effective in increasing sales.
- Decisions can usually be made more quickly allowing the business to react quicker to competitor actions to help increase sales and be more competitive.

Possible Arguments Against:

- A centralised structure will take decision making power away from the individual branches which could de-motivate the managers and result in a decrease in productivity.
- Decision making is less likely to take into account the local competitors ie local culture and tastes and therefore may not meet the local markets' needs.
- Less flexibility and speed of response to local issues makes the business less responsive to local needs.

Overall, it depends on:

- Why the business is losing sales as to whether a centralised structure is suitable.
- If the falling sales are due to inconsistencies across the business, a centralised structure may be the answer.
- If the fall in sales is due to the business not being responsive to local competitors and needs then a centralised structure will not solve the problem. Local research and training of local managers may be the answer.
- Ultimately, research will need to be conducted to identify why the business is losing sales and a decision made on the structure which suits the issues.

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

Question	Part	Marking guidance	Total marks
14		<p>A manufacturer has won a large order from a new customer. It has decided to outsource this new contract.</p> <p>Assess the arguments for and against this decision and make a judgement. (12)</p>	<p>12</p> <p>AO1 = 2 AO2 = 2 AO3 = 3 AO4 = 5</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 • showing sound knowledge and understanding of business terminology and with few, if any, errors • is well structured and well-focused. <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 • showing sound knowledge and understanding of business terminology and concepts with relatively few errors • is well-structured and generally focused. <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 evaluation but this has little support from arguments or does 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, 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 no evaluation or attempts evaluation but this is 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.

The demands of the question are to decide whether the business should outsource the new contract or grow the business organically to fulfil the new order.

Indicative Content

Outsource

Possible Arguments for:

- If the business is currently operating at maximum capacity this would be a quick way to fulfil the order to meet the customer needs.
- It will not involve capital outlay.
- Can be flexible to meet the business needs.

Possible Arguments against:

- The sub-contractor may not be of the right standard and may damage the reputation of the business.
- The sub-contractor will take a percentage of the revenue gained from the new contract.

Keep the order in house

Possible Arguments for:

- The quality is in control of the business.
- Increasing capacity will help to gain more orders as they will be able to increase their capacity.

Possible Arguments Against:

- The business will need to find the capital to fund the extra capacity or organise shifts to fulfil the order.
- This may take a longer time than simply out-sourcing.

Overall, it depends on:

- the new customer and whether it is likely to bring in repeat orders.
- The business must analyse the potential of the order to assess whether a short-term investment will bring long term benefits for the company through repeat custom or being able to fulfil future new orders.

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