

**OXFORD**

INTERNATIONAL  
AQA EXAMINATIONS

---

# INTERNATIONAL AS **BUSINESS** **BU02**

Unit 2 Managing Operations, Human Resources and Finance

---

Mark scheme

January 2021

---

Version: 1.0 – Final Mark Scheme



2 1 1 X B U 0 2 / 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](http://oxfordaqaexams.org.uk)

#### **Copyright information**

OxfordAQA retains the copyright on all its publications. However, registered schools/colleges for OxfordAQA are permitted to copy material from this booklet for their own internal use, with the following important exception: OxfordAQA cannot give permission to schools/colleges to photocopy any material that is acknowledged to a third party even for internal use within the centre.

Copyright © 2021 Oxford International AQA Examinations and its licensors. All rights reserved.

## 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: 17 marks

Question	Part	Marking guidance	Total marks
1		Which of the following statements is true?  <b>Answer C:</b> Productivity is measured by dividing outputs by inputs.	1  AO1 = 1

Question	Part	Marking guidance	Total marks
2		Using <b>Figure 1</b> , identify which of the following statements is correct.  <b>Answer B:</b>  <b>V</b> is the break-even point and at 6000 units of output the business is making a profit.	1  AO1 = 1

Question	Part	Marking guidance	Total marks						
3		The rent paid by a business increases. The impact of this on cash inflows, cash outflows and working capital is:  <b>Answer D:</b>	1  AO1 = 1						
		<table border="1"> <tr> <td>Cash Inflows</td> <td>Cash Outflows</td> <td>Working Capital</td> </tr> <tr> <td>No change</td> <td>Increase</td> <td>Decrease</td> </tr> </table>	Cash Inflows	Cash Outflows	Working Capital	No change	Increase	Decrease	
Cash Inflows	Cash Outflows	Working Capital							
No change	Increase	Decrease							

Question	Part	Marking guidance	Total marks
4		<p>Explain <b>one</b> difficulty of introducing Kaizen to a business.</p> <p><b>Indicative content</b></p> <ul style="list-style-type: none"> <li>• Kaizen often requires good two-way communication which may not be present in the business and therefore might not work.</li> <li>• Kaizen can take time to embed into the culture of a workforce and therefore may take time to see the benefits and return on investment.</li> <li>• Workers may resist the idea, seeing it as an extra burden to their workload and revert back to their old ways.</li> <li>• Workers may resist the idea if they fear that the improvements could result in job losses.</li> <li>• A culture of trust between staff and managers is often needed for Kaizen to work effectively. This might need to be developed before the introduction of Kaizen for it to work effectively.</li> </ul> <p>Credit valid alternative content.</p> <p><b>Good response – 3 marks</b> Links the challenge of Kaizen to the context of introducing it to a business.</p> <p><b>Reasonable response – 2 marks</b> Explains a challenge of Kaizen to a business in general but does not go on to link it to the context of 'introducing'.</p> <p><b>Limited response – 1 mark</b> Identifies relevant points but with no explanation and no context.</p>	<p><b>3</b></p> <p><b>AO1 = 1</b> <b>AO2 = 2</b></p>

Question	Part	Marking guidance	Total marks
5		<p>Explain <b>one</b> reason why a new business might lease its machinery rather than buy it.</p> <p><b>Indicative content</b></p> <ul style="list-style-type: none"> <li>• Leasing rather than buying machinery results in lower start-up capital needed which can be difficult for a new business to raise.</li> <li>• If the machinery breaks down the leasing company will have to fix or replace the item which reduces the running costs for the start-up company which is important during its first years while it is building their sales.</li> <li>• The new business might be able to afford to lease a better quality of machinery which they could not afford to buy resulting in a better-quality product/service increasing the likelihood of sales in their first years.</li> <li>• If technology is changing rapidly, it may be easier to upgrade to newer/better equipment via leasing.</li> </ul> <p>Credit valid alternative content.</p> <p><b>Good response – 3 marks</b> Links the benefit of leasing to the context of a new business.</p> <p><b>Reasonable response – 2 marks</b> Explains a benefit of leasing to a business in general but does not go on to link it to that of a new business.</p> <p><b>Limited response – 1 mark</b> Identifies relevant points but with no explanation and no context.</p>	<p><b>3</b></p> <p><b>AO1 = 1</b> <b>AO2 = 2</b></p>



Question	Part	Marking guidance	Total marks																
6		<p>With reference to <b>Table 1</b>, calculate the gross profit variance. State whether the gross profit variance is adverse or favourable.</p> <table border="1" data-bbox="389 454 1262 768"> <thead> <tr> <th></th> <th>Budget \$</th> <th>Actual \$</th> <th>Variance \$</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>82 000</td> <td>80 500</td> <td></td> </tr> <tr> <td>Cost of Sales</td> <td>63 100</td> <td>64 200</td> <td>1100 Adverse</td> </tr> <tr> <td>Gross Profit</td> <td>18 900</td> <td>16 300</td> <td>2600 Adverse</td> </tr> </tbody> </table> <p>Calculates the gross profit for Budget and Actual (1 mark) Calculates the gross profit variance (1 mark) States that the gross profit variance is adverse (1 mark)</p> <p>OR</p> <p>Calculates the revenue variance (1 mark). Calculates the actual costs of sales (1 mark)</p> <p>Use OFR</p> <p>If states correct answer of 2600 Adverse all 3 marks are awarded.</p>		Budget \$	Actual \$	Variance \$	Revenue	82 000	80 500		Cost of Sales	63 100	64 200	1100 Adverse	Gross Profit	18 900	16 300	2600 Adverse	<p><b>3</b></p> <p>AO1 = 1 AO2 = 2</p>
	Budget \$	Actual \$	Variance \$																
Revenue	82 000	80 500																	
Cost of Sales	63 100	64 200	1100 Adverse																
Gross Profit	18 900	16 300	2600 Adverse																

Question	Part	Marking guidance	Total marks
7		<p>Explain <b>one</b> reason why the introduction of worker directors might improve employee motivation.</p> <p><b>Indicative content</b></p> <ul style="list-style-type: none"> <li>• A worker director is elected to the governing board of a business to represent the interests of the employees in decision-making.</li> <li>• Workers may feel more motivated as they feel they are being recognised in the decision making them feel they belong (Maslow).</li> <li>• The worker-director will be influencing decision-making and might make better decisions in the interests of the workers. This could improve working conditions, relationships etc and lead to an increase in workforce motivation.</li> </ul> <p>Credit valid alternative content.</p> <p><b>Good response – 3 marks</b> Links the benefit of worker-directors to explain how it might improve worker motivation.</p> <p><b>Reasonable response – 2 marks</b> Explains a benefit of worker-directors to a business in general but does not go on to link it to worker motivation.</p> <p><b>Limited response – 1 mark</b> Identifies relevant points but with no explanation and no context.</p>	<p><b>3</b></p> <p><b>AO1 = 1</b> <b>AO2 = 2</b></p>

Question	Part	Marking guidance	Total marks								
8		<p>This financial data relates to TAC plc for the year 2019–2020.</p> <table> <tr> <td>Revenue</td> <td>\$26 960 million</td> </tr> <tr> <td>Dividends paid</td> <td>\$269 million</td> </tr> <tr> <td>Gross Profit Margin</td> <td>35.0%</td> </tr> <tr> <td>Operating Profit Margin</td> <td>12.8%</td> </tr> </table> <p>Calculate TAC's gross profit for the year 2019–2020 in \$ million.</p> <p>Answer: <b>\$9436</b> million or 9436 or 9436 million (2 marks)</p> <p>Attempts calculation/writes formula <math>26\,960 \times 35\%</math> (1 mark)</p>	Revenue	\$26 960 million	Dividends paid	\$269 million	Gross Profit Margin	35.0%	Operating Profit Margin	12.8%	<p><b>2</b></p> <p><b>AO1 = 1</b> <b>AO2 = 1</b></p>
Revenue	\$26 960 million										
Dividends paid	\$269 million										
Gross Profit Margin	35.0%										
Operating Profit Margin	12.8%										

## Section B

Total for this section: 27 marks

Question	Part	Marking guidance	Total marks
9		An entrepreneur is advised to produce a cash flow forecast for his start-up business. Analyse <b>one</b> reason why he might benefit from this and <b>one</b> difficulty he might have when producing the cash flow forecast.	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	<b>A good response that focuses on many of the demands of the question</b> <ul style="list-style-type: none"> <li>• includes well-focused analysis with logical chains of reasoning</li> <li>• includes well-focused application to the given context</li> <li>• shows sound knowledge and understanding of business terminology and concepts with few, if any, errors</li> <li>• is well-structured.</li> </ul>
2	4 – 6	<b>A reasonable response which focuses on some of the demands of the question</b> <ul style="list-style-type: none"> <li>• includes reasonable analysis but the analysis might not be fully developed or may lack some accuracy in places</li> <li>• includes reasonable application to the given context</li> <li>• 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.</li> </ul>
1	1 – 3	<b>A limited response that has little focus on the demands of the question</b> A limited response with some understanding that may: <ul style="list-style-type: none"> <li>• include some limited analysis but lacks focus and development</li> <li>• include some limited application to the given context</li> <li>• include some limited knowledge and understanding of business terminology and concepts but some errors are likely.</li> </ul>
	0	<b>No credit worthy material.</b>

The focus of this question is to analyse one benefit and one difficulty of preparing a cash flow forecast for a start-up business.

**Indicative content includes:**

**Benefits**

- At the planning stage, the start-up business will be spending money on resources and materials which it will not yet be able to sell, outflows will be high and inflows will be low. He will need to ensure that the business has enough working capital in the business to manage this investment. Producing a cash flow forecast will enable him to identify any periods of negative cash flow and plan for this.
- If he produces a cash flow forecast he may be able to gain external investment to fund the investment.
- A cash flow forecast will help the start-up business to see if it will be able to pay suppliers and employees. If it cannot afford to pay these the business will fail.

**Difficulties**

- There is no historic data on which to base predictions and therefore the cash flow forecast may be accurate.
- A new business could be too optimistic about their predicted sales and expenses and may not reach their sales targets making the cash flow forecast inaccurate.
- The forecast is done at a point in time, costs can vary, its rent may increase, again making the cash flow forecast unreliable.

Credit valid alternative content.

Question	Part	Marking guidance	Total marks
10		Analyse <b>two</b> benefits to a global business of having a more diverse workforce.	<b>9</b> 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	<b>A good response that focuses on many of the demands of the question</b> <ul style="list-style-type: none"> <li>• includes well-focused analysis with logical chains of reasoning</li> <li>• includes well-focused application to the given context</li> <li>• shows sound knowledge and understanding of business terminology and concepts with few, if any, errors</li> <li>• is well-structured.</li> </ul>
2	4 – 6	<b>A reasonable response which focuses on some of the demands of the question</b> <ul style="list-style-type: none"> <li>• includes reasonable analysis but the analysis might not be fully developed or may lack some accuracy in places</li> <li>• includes reasonable application to the given context</li> <li>• 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.</li> </ul>
1	1 – 3	<b>A limited response that has little focus on the demands of the question</b> A limited response with some understanding that may: <ul style="list-style-type: none"> <li>• include some limited analysis but lacks focus and development</li> <li>• include some limited application to the given context</li> <li>• include some limited knowledge and understanding of business terminology and concepts but some errors are likely.</li> </ul>
	0	<b>No credit worthy material.</b>

The focus of this question is to analyse why businesses might focus on creating a diverse workforce. A diverse workforce is a workforce which consists of employees from a range of backgrounds, ages, skills etc.

**Indicative content:**

- increased brand image and increased talent pool as the business will be seen as a progressive business and will attract a higher calibre of employees
- having employees from a wide range of cultural backgrounds who speak different languages can make it easier for the business to expand globally
- employees are more likely to feel comfortable in a culture where equality and diversity is a priority. This can increase employee morale and motivation, increasing staff retention and productivity
- a diverse range of experiences and skills within a business allows employees to learn from each other and encourages innovation which can give a business a competitive advantage
- should reduce risk of negative media attention and adverse publicity.

Credit valid alternative content.

Question	Part	Marking guidance	Total marks
11		<p>Some manufacturers use a labour-intensive approach to their operations.</p> <p>Analyse <b>one</b> advantage and <b>one</b> disadvantage of a labour-intensive approach.</p>	<p><b>9</b></p> <p><b>AO1 = 3</b> <b>AO2 = 3</b> <b>AO3 = 3</b></p>

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><b>A good response that focuses on many of the demands of the question</b></p> <ul style="list-style-type: none"> <li>• includes well-focused analysis with logical chains of reasoning</li> <li>• includes well-focused application to the given context</li> <li>• shows sound knowledge and understanding of business terminology and concepts with few, if any, errors</li> <li>• is well-structured.</li> </ul>
2	4 – 6	<p><b>A reasonable response which focuses on some of the demands of the question</b></p> <ul style="list-style-type: none"> <li>• includes reasonable analysis but the analysis might not be fully developed or may lack some accuracy in places</li> <li>• includes reasonable application to the given context</li> <li>• 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.</li> </ul>
1	1 – 3	<p><b>A limited response that has little focus on the demands of the question</b></p> <p>A limited response with some understanding that may:</p> <ul style="list-style-type: none"> <li>• include some limited analysis but lacks focus and development</li> <li>• include some limited application to the given context</li> <li>• include some limited knowledge and understanding of business terminology and concepts but some errors are likely.</li> </ul>
	0	<b>No credit worthy material.</b>

The focus of this question is to analyse **one** advantage and **one** disadvantage of labour-intensive production.

**Indicative content:**

**Advantages**

- A benefit of using labour-intensive production is that products can be altered to suit the customer. This allows the business to be able to customise its products which can add value to the product and increase profit margins for the business.
- Another benefit is that the products could fetch a premium price as they have a unique selling point being 'handmade', thus adding value to the product and increasing profits for the business.
- Any mistakes in the production process are normally easily noticed and rectified.
- Expensive machinery is not necessary as work is done by hand.
- May enable more flexible production with use of overtime.

**Disadvantages**

- The quality of the products can differ depending on the expertise of the worker.
- Generally, workers need to be skilled and this can take time and money to train the workers.
- Skilled labour is more expensive than machine operators who work on capital intensive production so labour costs will be higher.
- Labour intensive production is likely to require more management time to motivate employees.

Credit valid alternative content.



## Section C

Total for this section: 36 marks

Question	Part	Marking guidance	Total marks
12		<p>A car manufacturer wants to increase its profit and has decided to use a Just In Time approach to production.</p> <p>Assess the arguments for and against this decision and make a judgement.</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><b>An excellent response that focuses fully on the demands of the question</b></p> <p>Likely to demonstrate sound, focused analysis and well-supported evaluation:</p> <ul style="list-style-type: none"> <li>• includes supported evaluation in a final conclusion and within response</li> <li>• includes well-focused analysis with clear, logical chains of reasoning</li> <li>• includes well-focused application to the given context</li> <li>• shows sound knowledge and understanding of business terminology and with few, if any, errors</li> <li>• is well-structured and well-focused on the question.</li> </ul> <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><b>A good response that focuses on many of the demands of the question</b></p> <p>Likely to demonstrate sound, focused analysis and some supported evaluation:</p> <ul style="list-style-type: none"> <li>• includes some reasonable, supported evaluation</li> <li>• includes analysis with some logical chains of reasoning</li> <li>• includes some good application to the given context</li> <li>• shows sound knowledge and understanding of business terminology and concepts with relatively few errors</li> <li>• is relatively well-structured and generally focused on the question.</li> </ul> <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><b>2</b></p>	<p><b>4 – 6</b></p>	<p><b>A reasonable response which focuses on some of the demands of the question</b></p> <p>Some reasonable analysis but generally unsupported evaluation:</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• includes some reasonable analysis but which might not be adequately developed or becomes confused in places</li> <li>• includes reasonable application to the given context</li> <li>• shows satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present.</li> </ul> <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><b>1</b></p>	<p><b>1 – 3</b></p>	<p><b>A limited response that has little focus on the demands of the question</b></p> <p>A limited response with some understanding.</p> <ul style="list-style-type: none"> <li>• includes no evaluation or attempts evaluation but this is unsupported</li> <li>• includes some limited analysis but it may lack focus and/or become confused</li> <li>• includes some limited application to the given context</li> <li>• includes some limited knowledge and understanding of business terminology and concepts but errors are likely.</li> </ul>
	<p><b>0</b></p>	<p><b>No credit worthy material.</b></p>

The focus of this question is to assess the arguments for and against the car manufacturer introducing a Just In Time approach to increase its profit. A judgement should be made as to whether this decision is correct for the car manufacturer.

### **Indicative Content**

Possible arguments for:

- there is less space needed to hold inventory, both materials and finished goods (cars) are made to order. As a finished car is large this will save on a significant amount of space needed which will reduce costs for the business and thus increase profit margins
- as inventory is only obtained when it is needed it means that less working capital is held up in inventory
- cars depreciate quickly, producing to order means that the cars are sold straightaway and won't lose value meaning the business increases its profit margins
- emphasis is on getting the work done right first time so there should be less wastage, reducing overall costs for the business, increasing profit.

Possible arguments against:

- if a mistake is made during the production of the cars, for example, a car part gets broken this might cause a delay in the production of the cars as no buffer inventory is held and could delay the delivery of the cars. This could increase costs and decrease profit margins
- if inventory is not delivered on time the whole production could be delayed which could mean staff not being able to work and increased costs for the business, decreasing profit
- customers will have to wait for their cars, there will be no inventory of cars to buy from and this might deter them from buying if they want a car quickly
- JIT reduces ability to negotiate bulk-buying discounts, raising material cost. Frequent deliveries likely to increase cost of delivery reducing profit margins.

Overall, JIT production relies heavily on good relationships with suppliers and a culture of continuous improvement. If the business has these then JIT production would allow the business to reduce its costs and increase profit. However, if the business cannot rely on its suppliers and its workforce to get it right first time they will not have inventory leftover to rely on, resulting in delays in production which could prove costly for the business, defeating their objective of decreasing costs.

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 business has an objective of increasing customer satisfaction. It has decided to switch from a local supplier to a cheaper overseas supplier in order to reduce prices.</p> <p>Assess the arguments for and against the business switching suppliers to increase customer satisfaction and make a judgement.</p>	<p><b>12</b></p> <p><b>AO1 = 2</b>  <b>AO2 = 2</b>  <b>AO3 = 3</b>  <b>AO4 = 5</b></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><b>An excellent response that focuses fully on the demands of the question</b></p> <p>Likely to demonstrate sound, focused analysis and well-supported evaluation:</p> <ul style="list-style-type: none"> <li>• includes supported evaluation in a final conclusion and within response</li> <li>• includes well-focused analysis with clear, logical chains of reasoning</li> <li>• includes well-focused application to the given context</li> <li>• shows sound knowledge and understanding of business terminology and with few, if any, errors</li> <li>• is well-structured and well-focused on the question.</li> </ul> <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><b>A good response that focuses on many of the demands of the question</b></p> <p>Likely to demonstrate sound, focused analysis and some supported evaluation:</p> <ul style="list-style-type: none"> <li>• includes some reasonable, supported evaluation</li> <li>• includes analysis with some logical chains of reasoning</li> <li>• includes some good application to the given context</li> <li>• shows sound knowledge and understanding of business terminology and concepts with relatively few errors</li> <li>• is relatively well-structured and generally focused on the question.</li> </ul> <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><b>A reasonable response which focuses on some of the demands of the question</b></p> <p>Some reasonable analysis but generally unsupported evaluation:</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• includes some reasonable analysis but which might not be adequately developed or becomes confused in places</li> <li>• includes reasonable application to the given context</li> <li>• shows satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present.</li> </ul> <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><b>A limited response that has little focus on the demands of the question</b></p> <p>A limited response with some understanding.</p> <ul style="list-style-type: none"> <li>• includes no evaluation or attempts evaluation but this is unsupported</li> <li>• includes some limited analysis but it may lack focus and/or become confused</li> <li>• includes some limited application to the given context</li> <li>• includes some limited knowledge and understanding of business terminology and concepts but errors are likely.</li> </ul>
	0	<p><b>No credit worthy material.</b></p>

The focus of this question is to assess the arguments for and against the business switching suppliers to increase customer satisfaction and make a judgement as to whether they were right to switch suppliers if they want to achieve increased customer satisfaction.

**Indicative Content:**

Possible arguments for:

- could be cheaper due to favourable exchange rates or lower labour costs in a different country which could increase customer satisfaction rates in terms of value for money
- more competitive in terms of quality and innovation. Widening the supply chain means more choice which could result in better quality and innovation.

Possible arguments against:

- it could be more difficult to monitor the quality of the products when using an overseas supplier
- transport times will be longer therefore the business will need to plan in advance to make sure that they get their orders on time, there is more likely to be delays in shipment when using an overseas supplier and this could impact on customer satisfaction rates
- communication issues due to the supplier being in a different time zone and/or speaking a different language.

Overall, as long as the challenges of operating a global supply chain are managed then the business could source better quality products at a lower price which would ultimately meet their objective. The business would need to make sure they compared their current supplier with their potential suppliers to assess whether the move is worth the extra risk.

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 business needs to improve labour productivity within the next three months. It is considering whether to consult its employees on the best way to do this.</p> <p>Assess the arguments for and against the business consulting with its employees and make a judgement.</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><b>An excellent response that focuses fully on the demands of the question</b></p> <p>Likely to demonstrate sound, focused analysis and well-supported evaluation:</p> <ul style="list-style-type: none"> <li>• includes supported evaluation in a final conclusion and within response</li> <li>• includes well-focused analysis with clear, logical chains of reasoning</li> <li>• includes well-focused application to the given context</li> <li>• shows sound knowledge and understanding of business terminology and with few, if any, errors</li> <li>• is well-structured and well-focused on the question.</li> </ul> <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><b>A good response that focuses on many of the demands of the question</b></p> <p>Likely to demonstrate sound, focused analysis and some supported evaluation:</p> <ul style="list-style-type: none"> <li>• includes some reasonable, supported evaluation</li> <li>• includes analysis with some logical chains of reasoning</li> <li>• includes some good application to the given context</li> <li>• shows sound knowledge and understanding of business terminology and concepts with relatively few errors</li> <li>• is relatively well-structured and generally focused on the question.</li> </ul> <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><b>2</b></p>	<p><b>4 – 6</b></p>	<p><b>A reasonable response which focuses on some of the demands of the question</b></p> <p>Some reasonable analysis but generally unsupported evaluation:</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• includes some reasonable analysis but which might not be adequately developed or becomes confused in places</li> <li>• includes reasonable application to the given context</li> <li>• shows satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present.</li> </ul> <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><b>1</b></p>	<p><b>1 – 3</b></p>	<p><b>A limited response that has little focus on the demands of the question</b></p> <p>A limited response with some understanding.</p> <ul style="list-style-type: none"> <li>• includes no evaluation or attempts evaluation but this is unsupported</li> <li>• includes some limited analysis but it may lack focus and/or become confused</li> <li>• includes some limited application to the given context</li> <li>• includes some limited knowledge and understanding of business terminology and concepts but errors are likely.</li> </ul>
	<p><b>0</b></p>	<p><b>No credit worthy material.</b></p>



The focus of this question is to assess the arguments for and against the business consulting with its employees and make a judgement as to whether it will increase productivity.

**Indicative Content:**

Possible arguments against:

- consultation takes time as the business needs to meet with workers to take their ideas and opinions. They could always disagree with the final decision and then may feel dissatisfied reducing productivity. As they need to increase productivity within the next three months they may not have time to consult
- according to Herzberg, if the hygiene factors eg pay and working conditions are not satisfied workers would not be motivated, therefore the business should investigate into these factors first
- Taylor would argue that workers need to be closely supervised and given orders therefore he would not agree that consultation would motivate workers
- consultation works best with a skilled workforce
- workers may only have been concerned with their own personal interests and therefore may not suggest what is right for the business as a whole which results in the consultation being a waste of time.

Possible arguments for:

- Herzberg – consultation could improve relationships with colleagues and therefore could help to satisfy a hygiene factor and at the same time give workers a sense of empowerment, leading to higher motivation and higher productivity, meeting the objective
- consultation could allow for workers to have their belonging and esteem needs by giving them a sense of connection and recognition, helping them to work their way up Maslow's hierarchy and become increasingly motivated thus more productive
- improved decision-making. Workforce might come up with new ideas to meet deadlines.

Overall, it depends on the workforce and their skill. A skilled workforce would respond well to being consulted and possibly come up with new ways of working to make them more efficient. However, some workers would not respond well to this type of approach and the process can be lengthy which would waste time when trying to meet a tight deadline of three months.

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

**Assessment Objective Grid**

	<b>AO1</b>	<b>AO2</b>	<b>AO3</b>	<b>AO4</b>	<b>Total</b>
<b>Section A</b>					
<b>1</b>	1				<b>1</b>
<b>2</b>	1				<b>1</b>
<b>3</b>	1				<b>1</b>
<b>4</b>	1	2			<b>3</b>
<b>5</b>	1	2			<b>3</b>
<b>6</b>	1	2			<b>3</b>
<b>7</b>	1	2			<b>3</b>
<b>8</b>	1	1			<b>2</b>
<b>Section B</b>					
<b>9</b>	3	3	3		<b>9</b>
<b>10</b>	3	3	3		<b>9</b>
<b>11</b>	3	3	3		<b>9</b>
<b>Section C</b>					
<b>12</b>	2	2	3	5	<b>12</b>
<b>13</b>	2	2	3	5	<b>12</b>
<b>14</b>	2	2	3	5	<b>12</b>
<b>Unit Total</b>	<b>23</b>	<b>24</b>	<b>18</b>	<b>15</b>	<b>80</b>