

OXFORD

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INTERNATIONAL A-LEVEL **BUSINESS**

BU04

Unit 4 Business Decision Making

Mark scheme

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2 3 1 X B U 0 4 / 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 question 12, 13 and 14 more weight should be given to AO4 than to AO1, AO2 and AO3. This will be exemplified and reinforced as part of examiner training.

Annotating scripts

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

Section A

Total for this section: 36 marks

| Question | Part | Marking guidance | Total marks |
|----------|------|---|--|
| 1 | | <p>To achieve sales growth, a producer of a successful range of sports clothing is deciding whether to adopt a strategy of market penetration.</p> <p>Assess the arguments for and against adopting this strategy 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> |

| | | |
|-----------------|---------------------|---|
| <p>3</p> | <p>7 – 9</p> | <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 this question are to:

- demonstrate knowledge of the term, market penetration
- analyse why this could be the best way to achieve sales growth
- balance the argument with alternative strategies
- judge whether a strategy of market penetration is the best way to achieve the objective of sales growth.

Indicative content

- Market penetration involves selling more of the same products to the same market. This is a relatively low-risk strategy that may be achieved through successful implementation of the marketing mix.
- The business is already successful which suggests that it understands the needs of the consumer in this market and so can adjust its marketing strategy appropriately.
- The business is likely to know the existing competition and how to compete against these rivals.
- Sports clothing is a heavily promoted product that attracts consumers with disposable income.
- Other strategies may be more risky such as developing new products or entering new markets.

However

- The market may be saturated and therefore very difficult/expensive to sell more products into.
- Penetration strategy ignores the potential of product development, market development or diversification which may be more profitable.
- Use of Ansoff's Matrix may ignore external influences on market conditions.
- Sports clothing has established brands from which it will be hard to gain sales.
- Rival businesses may retaliate to strategy.
- Diversification may allow the business to enter a rapidly growing and profitable market.

Depends on

- Market conditions remaining stable so that there is further demand for the products.
- Can the business provide adequate support/finance for the strategy to be successful?
- Whether there are better opportunities for the business to grow through product development, market development or diversification.
- Level of competition in the sports clothing market.
- Future growth potential of the sports clothing market.
- The management's attitude to risk. Do they wish to adopt a low-risk strategy with market penetration or high-risk with diversification?

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

Accept other relevant content.

| Question | Part | Marking guidance | Total marks |
|----------|------|---|--|
| 2 | | <p>A business is receiving negative publicity due to supplying an overseas government which has experienced regular complaints of corruption. The managing director wants the business to supply another large order to this government. Is this a good idea?</p> <p>Assess the arguments for and against supplying another large order 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 this question are to:

- understand the meaning of corruption and the impact of negative publicity
- analyse the potential impact of negative publicity on the performance of the business
- balance the argument with reasons why a business may not be concerned with its reputation
- assess whether the business should continue to supply goods to an unethical customer.

Indicative content

- The business is operating within the law.
- The business needs to make a profit to survive. Not supplying is likely to see one of their rivals gain the order.
- Supplying the order supports employment in the business and prosperity in the local community.

However

- Negative publicity is likely to damage the reputation of the business and may affect future sales to other customers.
- Poor reputation may demotivate employees and deter good candidates from applying to future positions.
- Media exposure may lead the government to intervene and prevent the completion of the order.

Depends on

- Whether the business is well-known to the public. Does the business have a reputation that it needs to protect?
- What are the objectives of the firm? Is it to profit-maximise or does it have ethical concerns?
- The strength of the protests. Are they likely to cause temporary or long-term damage?

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

Accept other relevant content.

| Question | Part | Marking guidance | Total marks |
|----------|------|---|--|
| 3 | | <p>A business is introducing new technology which will involve restructuring the organisation. Some employees will be resistant to this change. The finance director thinks coercion is the best way to overcome this resistance.</p> <p>With reference to Kotter and Schlesinger's model, assess whether coercion is the best way for this business to overcome resistance to change. Justify your view.</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.

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| 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 this question are to:

- understand the meaning of coercion in the context of Kotter and Schlesinger
- analyse why coercion may be the best way to overcome resistance to the changes
- balance the arguments with reasons why other approaches may be more appropriate
- provide a fully-justified judgement as to the best way to overcome the resistance to change.

Indicative content

- Resistance to change may stem from fear of the unknown, inertia, previous experience of change, lack of trust in the management.
- The management may educate and communicate the reasons for the changes effectively.
- The workforce may participate and be involved in the change process.
- The workforce may be given training and support to facilitate the change.
- The management may negotiate and/or bargain with the workforce.
- The workforce may be coerced into accepting the changes.

However

- Education, communication, negotiation and participation is likely to take time.
- External economic environment may be an important factor in the proposed changes.
- Changes in technology are an inevitable element in working conditions.
- Failure to adopt the technology may make the business uncompetitive and lead to job losses.

Overall it depends on

- The strength of the workforce – is it heavily unionised?
- Can the employees be easily replaced?
- The attitude of the management. Is it autocratic – wishing to force the changes through? Or is it democratic – willing to negotiate and bargain?
- The financial position of the business. Can it afford to compensate the workforce for the changes?

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

Accept other relevant content.

Section B

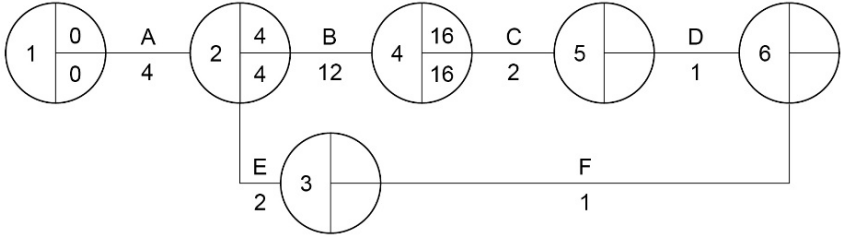
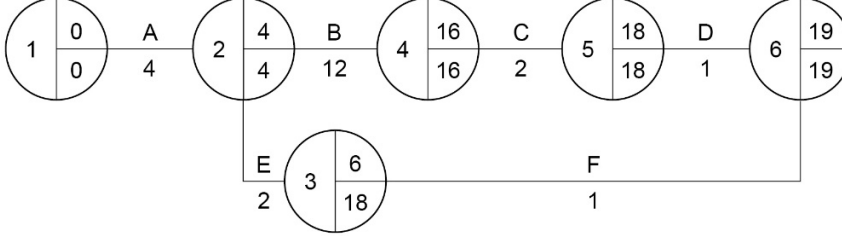
Total for this section: 44 marks

| Question | Part | Marking guidance | Total marks |
|----------|------|--|--|
| 4 | | <p>Fabio and Paola have different leadership styles.</p> <p>Explain one problem that this may cause BC.</p> <p>A good response will use the case study to link the different leadership styles (Fabio is consultative, Paola tells employees what to do) to confusion and probable demotivation amongst creative, design employees.</p> <p>A reasonable response will recognise that Paola's style may be inappropriate for a skilled workforce such as the designers at BC, but not comment on the consultative style of Fabio.</p> <p>A limited response will state what is meant by a leadership style.</p> <p>1 mark = understanding the meaning of leadership style (AO1).</p> <p>Up to 2 marks for application to BC.</p> <p>Likely to reduce vertical communication between Paola and the designers. Less involvement in decision-making likely to de-motivate the skilled employees and lead to lower productivity. Paola's leadership style has led to experienced employees leaving (AO2).</p> | <p>3</p> <p>AO1 = 1 AO2 = 2</p> |

| Question | Part | Marking guidance | Total marks |
|----------|------|---|--|
| 5 | | <p>Using Table 2, calculate the sales per employee at BC in 2022.</p> <p>Correct formula = Sales Revenue/Number of employees = 1 mark.(AO1)</p> <p>$\\$10\,000,000/20 = \\$500\,000 = 2$ marks.</p> <p>If only \$500 000 or 500 000 written, award 2 marks.</p> <p>Correct formula but incorrect application of data/incorrect calculation = 1 mark.</p> <p>OFR applies</p> | <p>2</p> <p>AO1 = 1 AO2 = 1</p> |

| Question | Part | Marking guidance | Total marks |
|----------|------|---|--|
| 6 | | <p>Using Table 2, calculate the labour turnover for BC in 2022.</p> <p>Correct formula = Number of employees leaving/Average number of employees x 100 (AO1) = 1 mark.</p> <p>$8/20 \times 100 = 40\% (AO2) = 2$ marks.</p> <p>If only 40%, award 2 marks.</p> <p>If only 40 is written, award 1 mark.</p> <p>OFR applies</p> | <p>2</p> <p>AO1 = 1 AO2 = 1</p> |

| Question | Part | Marking guidance | Total marks |
|----------|------|--|--|
| 7 | | <p>BC's labour turnover in 2022 was different from the industry average.</p> <p>Explain one benefit of this difference to BC.</p> <p>A good response will compare the labour turnover at BC to the industry average. Specific benefits to BC will be explained.</p> <p>A reasonable response will compare the labour turnover at BC to the industry average. Generic benefits will be explained.</p> <p>A limited response will identify that the labour turnover at BC is different to the industry average. No development of any benefits.</p> <p>Understanding the meaning of labour turnover/stating correct formula (AO1) = 1 mark.</p> <p>If candidate considers 40% to be high then benefits include the introduction of new ideas and processes from new employees. New ideas important in design nature of the business. New employees may be recruited at a lower cost than staff leaving. New employees may have better IT/technology skills than departing workers. Up to 2 marks for developed explanation (AO2).</p> <p>OFR. If candidate miscalculates and considers labour turnover to be low then credit benefits of low figure. Stable workforce may improve communication and teamwork within the business. Stable workforce may enable consistency and motivate the employees. Up to 2 marks for developed explanation (AO2).</p> | <p>3</p> <p>AO1 = 1 AO2 = 2</p> |

| Question | Part | Marking guidance | Total marks |
|----------|------|--|--|
| 8 | | <p>Using the information in Table 3, fully complete the network diagram below.</p>  <p>State whether BC can be ready for the show in 17 weeks' time.</p> <p>Activities require a minimum of 19 weeks so BC will not be ready in time for the show</p>  <p>Correct completion of Node 3 (EST = 6, LFT = 18) = 2 marks.</p> <p>Correct completion of Node 5 (EST = 18, LFT = 18) and Node 6 (EST = 19, LFT = 19) = 1 mark.</p> <p>Stating that BC will not be ready for show in 17 weeks = 1 mark.</p> <p>If candidate correctly completes all the diagram but does not state whether BC will be ready in time = 3 marks.</p> | <p>4</p> <p>AO1 = 2 AO2 = 2</p> |

| Question | Part | Marking guidance | Total marks |
|----------|------|---|------------------------------------|
| 9 | 1 | Analyse the potential benefits to BC of entering the market in China. | 9 AO1 = 2 AO2 = 2 AO3 = 5 |

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

| Level | Marks | Descriptor |
|-------|-------|---|
| 3 | 7 – 9 | <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 this question are to:

- use evidence from the case study to analyse the benefits that BC will gain from entering the market in China.

Indicative content

- Market growth for residential interior design is 9% in China compared to 3% in EU – 3 × faster.
- Growth rate of target market (millionaires) is 31% in China compared to 9% in EU – 3.4 × faster.
- Forecast GDP growth is 5% in China compared to 1.5% in EU.
- Overall economic and market conditions look more favourable in China compared to EU.
- Fabio is motivated and keen to exploit an easier market opportunity.
- Developing a new market may be more profitable than competing in their existing market.
- Developing a new market should spread risk if the market in the EU struggles in the future.

Accept other relevant content.

| Question | Part | Marking guidance | Total marks |
|----------|------|---|------------------------------------|
| 9 | 2 | Analyse the potential problems to BC of entering the market in China. | 9 AO1 = 2 AO2 = 2 AO3 = 5 |

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

| Level | Marks | Descriptor |
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| 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 this question are to:

- use evidence from the case study to analyse the problems BC may experience from entering the market in China.

Indicative content

- Understanding the needs of clients in China may be difficult. This may require time and expense in the form of market research.
- Trading terms and conditions and relevant legislation will need to be learnt.
- Overall BC will need to adapt to the culture in China.
- Interior design is a fashion-based industry which can be volatile and difficult to predict.
- BC needs to embrace digital technology to remain competitive.
- BC understands the EU market which is a less risky opportunity to develop.
- Developing a market overseas introduces uncertainty from exchange rate changes and possible protectionist measure.
- BC may be unaware of existing businesses in the Chinese market that may retaliate to their entry into the market.

Accept other relevant content.

| Question | Part | Marking guidance | Total marks |
|----------|------|---|-------------------------------------|
| 9 | 3 | With reference to your analysis, recommend whether BC should enter the market in China. You should justify your recommendation. | 12 AO2 = 2 AO3 = 4 AO4 = 6 |

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

| Level | Marks | Descriptor |
|-------|---------|--|
| 4 | 10 – 12 | <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 this question are to:

- balance the arguments for and against entering the market in China
- provide a fully justified recommendation as to whether BC should enter the market in China.

Indicative content

- Decision is dependent on the strategy that the business wishes to pursue. Is it seeking expansion into a new market or improving its service provision into an existing market?
- Attitude to risk. Entering the Chinese market is more risky but may be more rewarding. Concentrating on the EU may be easier due to familiarity with conditions but less rewarding due to the level of competition.
- Stability of the business. Labour Turnover of 40% is high, meaning that a lot of time and resources are spent recruiting new employees. This may distract the management from effectively planning future growth strategy.
- BC is sensitive to effective recruitment. Sales per employee is high (\$500 000). Paola's leadership style may make it hard for the business to be efficient if the designers are de-motivated by her leadership style.
- Ownership objectives. Fabio favours entering the market in China. Paola recognises the internal weakness of the business, in terms of not keeping up with technological developments. Currently Fabio (67% shares) has more influence, but he may wish to encourage Paola for the future of the business.
- The business should stabilise the workforce before entering the market in China. Fabio and Paula need to recognise that motivated employees are essential to the success of the business.
- Currently BC will not be able to meet the Shanghai Show deadline and use the event to launch the business into the market.
- Paola is keen to bring about rapid change. But this risks de-stabilising the business as employees struggle to cope with the pace of change.
- BC needs to improve its use of technology, otherwise it will become increasingly uncompetitive.

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

Accept other valid answers.

Assessment Objective Grid

| | AO1 | AO2 | AO3 | AO4 | Total |
|-------------------|------------|------------|------------|------------|--------------|
| Section A | | | | | |
| 1 | 2 | 2 | 2 | 6 | 12 |
| 2 | 2 | 2 | 2 | 6 | 12 |
| 3 | 2 | 2 | 2 | 6 | 12 |
| Section B | | | | | |
| 4 | 1 | 2 | | | 3 |
| 5 | 1 | 1 | | | 2 |
| 6 | 1 | 1 | | | 2 |
| 7 | 1 | 2 | | | 3 |
| 8 | 2 | 2 | | | 4 |
| 9.1 | 2 | 2 | 5 | | 9 |
| 9.2 | 2 | 2 | 5 | | 9 |
| 9.3 | | 2 | 4 | 6 | 12 |
| Unit Total | 16 | 20 | 20 | 24 | 80 |