

INTERNATIONAL A-LEVEL **BUSINESS**

BU04

Unit 4 Business Decision Making

Mark scheme

June 2024

Version: 1.0 Final



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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How to mark

Aims

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

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

Approach

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

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

Assessment Objectives

This component requires students to:

AO1	Demonstrate knowledge of terms, concepts, theories, methods and models to show an understanding of how individuals and organisations are affected by and respond to business issues.
AO2	Apply knowledge and understanding to various business contexts to show how individuals and organisations are affected by and respond to issues.
AO3	Analyse issues within business, showing an understanding of the impact on individuals and organisations of external and internal influences.
AO4	Evaluate quantitative and qualitative information to make informed judgements and propose evidence-based solutions to business issues.

The marking grids

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

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

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

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

Using the grids

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

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

Step 1 Determine a level

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

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

Step 2 Determine a mark

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

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

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

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

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

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

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

Annotating scripts

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

Section A

Total for this section: 36 marks

Question	Part	Marking guidance	Total marks
1		<p>A manufacturing business is experiencing overtrading. The Finance Director wants to reduce the range of products to overcome this issue. Is this a good idea?</p> <p>Assess the arguments for and against and make a judgement.</p>	<p>12</p> <p>AO1 = 2 AO2 = 2 AO3 = 2 AO4 = 6</p>

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

Level	Marks	Descriptor
4	10 – 12	<p>An excellent response that focuses fully on the demands of the question</p> <p>Likely to demonstrate sound, focused analysis and well-supported evaluation:</p> <ul style="list-style-type: none"> • includes supported evaluation in a final conclusion and within response • includes well-focused analysis with clear, logical chains of reasoning • includes well-focused application to the given context • shows sound knowledge and understanding of business terminology and with few, if any, errors • is well-structured and well-focused on the question. <p>A complete and coherent overall argument with a clear conclusion. The conclusion is arrived at through a balancing of arguments, with appropriate weight given to each argument and to the argument overall. Where there are crucial arguments, these are distinguished from less crucial ones.</p>

3	7 – 9	<p>A good response that focuses on many of the demands of the question</p> <p>Likely to demonstrate sound, focused analysis and some supported evaluation:</p> <ul style="list-style-type: none"> • includes some reasonable, supported evaluation • includes analysis with some logical chains of reasoning • includes some good application to the given context • shows sound knowledge and understanding of business terminology and concepts with relatively few errors • is relatively well-structured and generally focused on the question. <p>A relatively complete and coherent argument leading to an attempt to conclude. The content is detailed and correct and most of it is integrated. There is recognition of arguments and counter-arguments, but balance is not always present and the weight to be given to each argument is not always fully clear.</p>
2	4 – 6	<p>A reasonable response which focuses on some of the demands of the question</p> <p>Some reasonable analysis but generally unsupported evaluation:</p> <ul style="list-style-type: none"> • there is likely to be some attempt to make relevant judgements but these have little support from arguments or do not address the question as a whole • includes some reasonable analysis but which might not be adequately developed or becomes confused in places • includes reasonable application to the given context • shows satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present. <p>There is an attempt to answer the question. There is likely to be a conclusion but it has little support and response may lack balance. The content is largely correct, though there may be some gaps and lack of detail.</p>
1	1 – 3	<p>A limited response that has little focus on the demands of the question</p> <p>A limited response with some understanding:</p> <ul style="list-style-type: none"> • includes attempted evaluation which is weak and unsupported • includes some limited analysis but it may lack focus and/or become confused • includes some limited application to the given context • includes some limited knowledge and understanding of business terminology and concepts but errors are likely.
	0	No credit worthy material.

The demands of the question are:

- to explain the meaning of overtrading,
- to analyse the arguments for reducing the range of products in the given context,
- to analyse arguments against reducing the range of products to resolve the problem of overtrading,
- and provide a supported judgement on whether the business should reduce the range of products.

Indicative content

Arguments for

- Reducing the range of products may reduce the cost of materials which may reduce cash outflows for the business. This may improve the cash position of the business.
- Reducing the range of products may lead the business to produce more efficiently. If production is concentrated on fewer products then the employees may become more efficient in the process of making them.
- Improved efficiency may lead to lower cost per unit of output and a higher profit margin on each unit sold.
- Improved efficiency may improve the quality of the product, leading to improved reputation and brand image for the business.
- Reducing the range means the business can focus on its most profitable products, developing more competitive advantage in the markets that these products compete in.

Arguments against

- A reduced range of products may upset customers who may switch to competitors. Customers may be attracted to a business that supplies a variety of products.
- A reduced range of products may not improve the cash position of the business. Overtrading could be due to poor credit control.
- A reduced range of products may damage the image of the business. Customers may consider that the business has become more of a niche producer, rather than a major producer.
- A reduced range may increase risk as the business is relying on sales in fewer markets. Fewer products will mean increasing pressure for those products to do well.

Potential judgement

- The decision depends on whether consumers are attracted to the full range of products. Are there a few best-sellers?
- Is the situation of overtrading expected to be a long-term concern or a short-term issue?
- How competitive is the market that the business operates in? Is it easy for buyers to switch to alternative producers?
- Are there obvious products in the range that can be discontinued without affecting the remaining products?
- Is the product range the problem or does the business have other internal problems, such as poor cash flow management?

Credit valid alternative content.

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

Question	Part	Marking guidance	Total marks
2		<p>The Managing Director of a business is concerned about falling levels of labour productivity. The current leadership style is autocratic. He wants the leadership style in the business to change to become more consultative. Is this a good idea?</p> <p>Assess the arguments for and against and make a judgement.</p>	<p>12</p> <p>AO1 = 2 AO2 = 2 AO3 = 2 AO4 = 6</p>

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

Level	Marks	Descriptor
4	10 – 12	<p>An excellent response that focuses fully on the demands of the question</p> <p>Likely to demonstrate sound, focused analysis and well-supported evaluation:</p> <ul style="list-style-type: none"> • includes supported evaluation in a final conclusion and within response • includes well-focused analysis with clear, logical chains of reasoning • includes well-focused application to the given context • shows sound knowledge and understanding of business terminology and with few, if any, errors • is well-structured and well-focused on the question. <p>A complete and coherent overall argument with a clear conclusion. The conclusion is arrived at through a balancing of arguments, with appropriate weight given to each argument and to the argument overall. Where there are crucial arguments, these are distinguished from less crucial ones.</p>
3	7 – 9	<p>A good response that focuses on many of the demands of the question</p> <p>Likely to demonstrate sound, focused analysis and some supported evaluation:</p> <ul style="list-style-type: none"> • includes some reasonable, supported evaluation • includes analysis with some logical chains of reasoning • includes some good application to the given context • shows sound knowledge and understanding of business terminology and concepts with relatively few errors • is relatively well-structured and generally focused on the question. <p>A relatively complete and coherent argument leading to an attempt to conclude. The content is detailed and correct and most of it is integrated. There is recognition of arguments and counter-arguments, but balance is not always present and the weight to be given to each argument is not always fully clear.</p>

2	4 – 6	<p>A reasonable response which focuses on some of the demands of the question</p> <p>Some reasonable analysis but generally unsupported evaluation:</p> <ul style="list-style-type: none"> • there is likely to be some attempt to make relevant judgements but these have little support from arguments or do not address the question as a whole • includes some reasonable analysis but which might not be adequately developed or becomes confused in places • includes reasonable application to the given context • shows satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present. <p>There is an attempt to answer the question. There is likely to be a conclusion but it has little support and response may lack balance. The content is largely correct, though there may be some gaps and lack of detail.</p>
1	1 – 3	<p>A limited response that has little focus on the demands of the question</p> <p>A limited response with some understanding:</p> <ul style="list-style-type: none"> • includes attempted evaluation which is weak and unsupported • includes some limited analysis but it may lack focus and/or become confused • includes some limited application to the given context • includes some limited knowledge and understanding of business terminology and concepts but errors are likely.
	0	No credit worthy material.

The demands of the question are:

- to demonstrate an understanding of the different styles of leadership,
- to explain how leadership style may affect labour productivity in a business,
- to explain the limits of leadership style on the performance of a business,
- and provide a supported judgement on whether the business should change its leadership style.

Indicative content

Arguments for

- The current autocratic leadership style may be demotivating employees which is leading to lower labour productivity. The employees may resent being told how to work when they feel they have valid ideas to contribute to the business.
- The current autocratic leadership style may focus on self-interest, rather than the success of the business. Employees may concentrate on short-term personal targets rather than activities that may benefit the business in the long term.
- The current autocratic leadership style may not be appropriate for the workforce. The employees may be more knowledgeable on how best to work productively and at lower unit cost, but unable to explain these ideas to the management.

Arguments against

- Poor productivity may be due to financial constraints. The labour force may be unproductive due to lack of investment in machinery or technology.
- The business may still be making profit. Changing the leadership style may cause disruption and conflict within the business. Consultation may be resisted by the employees as they may not recognise the need for change.
- Labour productivity may be improved more easily by changing wages rather than leadership style. The employees may be more productive if wages are increased.
- The employees may be unable or unwilling to contribute to decision-making in the business. The employees may lack the skills or training to make meaningful contributions on how to improve labour productivity and reduce the unit costs of the business.
- A consultative leadership style may lead to slow decision making. Consultation with employees is likely to take time and delay changes that may be required.

Potential judgement

- The decision depends on the performance of rivals. Is their labour productivity better because they have a different leadership style, or have they invested in better machinery and production processes?
- How disruptive will the change in leadership style be? Will the employees be receptive to the change? Do the employees trust the management to implement any changes that are discussed?
- Is high labour productivity necessary for the long-term success of the business? The change in leadership style may be very costly in the short term. The change may lead to long-term success for the business.
- What are the objectives of the business? Can they achieve satisfactory profits with the current leadership style?

Credit valid alternative content.

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

Question	Part	Marking guidance	Total marks
3		<p>A growing business is struggling to recruit additional employees due to low unemployment rates in the economy. The Operations Director believes the business should offer higher wages. Is this a good idea?</p> <p>Assess the arguments for and against and make a judgement.</p>	<p>12</p> <p>AO1 = 2 AO2 = 2 AO3 = 2 AO4 = 6</p>

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

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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>

2	4 – 6	<p>A reasonable response which focuses on some of the demands of the question</p> <p>Some reasonable analysis but generally unsupported evaluation:</p> <ul style="list-style-type: none"> • there is likely to be some attempt to make relevant judgements but these have little support from arguments or do not address the question as a whole • includes some reasonable analysis but which might not be adequately developed or becomes confused in places • includes reasonable application to the given context • shows satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present. <p>There is an attempt to answer the question. There is likely to be a conclusion but it has little support and response may lack balance. The content is largely correct, though there may be some gaps and lack of detail.</p>
1	1 – 3	<p>A limited response that has little focus on the demands of the question</p> <p>A limited response with some understanding:</p> <ul style="list-style-type: none"> • includes attempted evaluation which is weak and unsupported • includes some limited analysis but it may lack focus and/or become confused • includes some limited application to the given context • includes some limited knowledge and understanding of business terminology and concepts but errors are likely.
	0	No credit worthy material.

The demands of the question are:

- to analyse arguments in favour of increasing wages,
- to analyse arguments against increasing wages,
- and provide a supported judgement as to whether the business should increase wages.

Indicative content

Arguments for

- In the short term, higher wages may attract more recruits enabling higher output leading to more profit. This will solve the immediate problem of lack of staff which is impacting the growth of the business.
- For the business to continue to grow it needs more employees. Higher wages may be the only way to attract enough new recruits.
- Low unemployment may mean attracting employees from other businesses, which means offering higher wages than they currently receive.
- Higher wages may attract better applicants to the vacant positions at the business. In turn, this should improve the productivity of the workforce and lead to more sales and profits for the business.
- Higher wages may motivate existing employees to be more productive and less likely to leave the business. This may reduce the labour turnover of the business, reducing recruitment and training costs.
- Higher wages may improve the reputation of the business, leading to more applicants in the long term. The business may become recognised as a better employer in the industry. Over time this reputation enables the business to select the best available candidates.

Arguments against

- The higher wages are likely to increase the costs of production, which may reduce the profit margin of the business.
- The higher wages may not attract more applicants. There may be other reasons why the business may be struggling to attract employees such as poor working conditions or ethical concerns.
- It may be possible to replace employees with technology/automation. Replacing employees with machines may solve the problem in the long term as fewer employees may be needed to achieve the production level needed.

Potential judgement

- The decision may depend on the financial position of the business. Can they afford to pay employees more? Will it significantly affect profits?
- The decision may depend on how much rival businesses are paying their employees. Does the business currently pay a competitive rate for their employees or do rival businesses pay more?
- The decision may depend on whether the business can adjust its operations to perform with less employees. How critical are employees to the success of the business? Can the business replace employees with automation or AI? Will the investment in technology to replace employees provide a financial return to the business?
- The decision may depend on whether the wage rate is identified as the reason why the business is struggling to recruit. The business may decide to research the causes of poor recruitment before considering an increase in wage rates.
- Current economic conditions with low unemployment may change, which may enable the business to be able to recruit in the future without increasing wages.

Credit valid alternative content.

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

Section B

Total for this section: 44 marks

Question	Part	Marking guidance	Total marks
4		<p>The co-operative has 50 farms. Using Table 1, calculate the profit Camerco will make on the order from the multinational in US\$ each year.</p> <p>Revenue = 50 (number of farms) x 1400 kg (average output per farm per year) x \$2 (price paid by multinational) = \$140 000 per year.</p> <p>Costs = \$1150 (Labour + Transport + Rent + Fertilizer per farm) x 50 = \$57 500 per year</p> <p>Profit = \$140 000 – \$57 500 = \$82 500 per year</p> <p>Answer = \$82 500 per year or 82 500 = 4 marks.</p> <p>Correct method. Accurate revenue and cost calculation. Incorrect final calculation = 3 marks.</p> <p>Accurate revenue calculation (\$140 000) = 1 mark.</p> <p>Accurate cost calculation (\$57 500) = 1 mark.</p> <p>OFR applies</p>	<p>4</p> <p>AO1 = 2 AO2 = 2</p>

Question	Part	Marking guidance	Total marks
5		<p>Explain one advantage Camerco may gain from scenario planning.</p> <p>Indicative content</p> <p>Credit valid alternative content.</p> <p>Good response (3 marks)</p> <p>May explain how the changing market environment (using examples from the case study, such as the exchange rate, price of cocoa beans) affects the performance of Camerco. Scenario planning should enable Camerco to respond to changes in market conditions effectively.</p> <p>Reasonable response (2 marks)</p> <p>May explain how Camerco operates in a changing market. Scenario planning enables the business to respond to changes. Lacks specific reference to issues affecting Camerco, such as exchange rate or the price of cocoa beans</p> <p>Limited response (1 mark)</p> <p>May demonstrate knowledge of scenario planning with no application to the context of Camerco.</p>	<p>3</p> <p>AO1 = 1 AO2 = 1 AO3 = 1</p>

Question	Part	Marking guidance	Total marks
6		<p>The cocoa bean market has many producers. Explain one difficulty Camerco may experience in trying to maintain a competitive advantage.</p> <p>Indicative content</p> <p>Credit valid alternative content.</p> <p>Good response (3 marks) May explain how Camerco may find it difficult to differentiate their cocoa beans from other producers. There may be rival farmers who can grow cocoa beans with similar organic characteristics. The student uses the context with examples, such as the beans are produced by small, independent farmers.</p> <p>Reasonable response (2 marks) May explain how Camerco may struggle to differentiate their product. For some buyers cocoa beans are all the same.</p> <p>Limited response (1 mark) May demonstrate knowledge of competitive advantage with no application to the context of Camerco.</p>	<p>3</p> <p>AO1 = 2 AO3 = 1</p>

Question	Part	Marking guidance	Total marks
7		<p>Using Figure 1, calculate the difference in the price of fertilizer in Central African Francs (CFAs) between January 2021 and January 2022, for each farm.</p> <p>January 2021 = 550 CFA per US\$. Cost of fertilizer = \$300 = 300 x 550 = 165,000 CFA January 2022 = 626 CFA per US\$. Cost of fertilizer = \$300 = 300 x 626 = 187,800 CFA Difference = 187,800 CFA – 165,000 CFA = 22,800 CFA = 2 marks (accept 22,800) If both years calculated, but difference not calculated, award 1 mark. If only one year calculated, award 1 mark. If exchange rate correctly read from chart award 1 mark.</p> <p>OFR applies</p>	<p>2</p> <p>AO1 = 1 AO2 = 1</p>

Question	Part	Marking guidance	Total marks
8		<p>The global premium chocolate market is forecast to be worth \$40 billion in 2025. Using Table 2, calculate the forecasted value of this market in 2026.</p> <p>\$40 bn + 9% = \$40 bn + \$3.6 bn = \$43.6 bn or 43.6 = correct answer = 2 marks. Alternative calculation = \$40 bn x 1.09 = \$43.6 bn. If 9% calculated only (\$3.6 bn) award 1 mark. If 5% figure is used = \$40 bn + \$2 bn = \$42 bn = 1 mark.</p> <p>OFR rule applies</p>	<p>2</p> <p>AO1 = 1 AO2 = 1</p>

Question	Part	Marking guidance	Total marks
9	1	Analyse the potential benefits to Camerco of accepting the order from the multinational.	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. More weight should therefore be given to AO3 than AO1 and AO2.

Level	Marks	Descriptor
3	7 – 9	A good response that focuses on many of the demands of the question <ul style="list-style-type: none"> Includes well-focused analysis with logical chains of reasoning. Includes well-focused application to the given context. Shows sound knowledge and understanding of business terminology and concepts with few, if any, errors. Is well-structured.
2	4 – 6	A reasonable response which focuses on some of the demands of the question <ul style="list-style-type: none"> Includes reasonable analysis but the analysis might not be fully developed or may lack some accuracy in places. Includes reasonable application to the given context. Focuses on issues that are relevant to the question, showing satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present.
1	1 – 3	A limited response that has little focus on the demands of the question A limited response with some understanding that may: <ul style="list-style-type: none"> include some limited analysis but lacks focus and development include some limited application to the given context include some limited knowledge and understanding of business terminology and concepts but some errors are likely.
	0	No credit worthy material.

The demands of the question are:

- to use the case study to analyse the reasons why Camerco should accept the order.

Indicative content

- The order provides a profit of \$82 500 per year (Answer to Q4) or OFR.
- The order provides certainty in an environment with changing conditions – price of cocoa beans, exchange rate. Certainty helps Camerco to plan for the future with more confidence.
- They already have a trading relationship with the multinational. Camerco may prefer to continue trading with a known business who they feel may be trusted.
- The order may enable Camerco to borrow to invest in equipment to improve productivity in the future.
- Accepting the order means Camerco does not need to worry about marketing or selling their product. They can focus more on improving the production of the cocoa beans.

Credit valid alternative content.

Question	Part	Marking guidance	Total marks
9	2	Analyse the potential problems for Camerco of accepting the order from the multinational.	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. More weight should therefore be given to AO3 than AO1 and AO2.

Level	Marks	Descriptor
3	7 – 9	A good response that focuses on many of the demands of the question <ul style="list-style-type: none"> Includes well-focused analysis with logical chains of reasoning. Includes well-focused application to the given context. Shows sound knowledge and understanding of business terminology and concepts with few, if any, errors. Is well-structured.
2	4 – 6	A reasonable response which focuses on some of the demands of the question <ul style="list-style-type: none"> Includes reasonable analysis but the analysis might not be fully developed or may lack some accuracy in places. Includes reasonable application to the given context. Focuses on issues that are relevant to the question, showing satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present.
1	1 – 3	A limited response that has little focus on the demands of the question A limited response with some understanding that may: <ul style="list-style-type: none"> include some limited analysis but lacks focus and development include some limited application to the given context include some limited knowledge and understanding of business terminology and concepts but some errors are likely.
	0	No credit worthy material.

The demands of the question are:

- to use the case study to analyse the reasons why Camerco should not accept the order.

Indicative content

- A fixed selling price for 3 years may be a problem if costs increase over this period. This is likely to reduce the profit received from the contract.
- A larger profit may be achieved by selling at a higher price (\$2.5 per kg) to independent producers. Revenue = $50 \times 1400 \times \$2.5 = \$175\,000$. Costs = \$57 500. Profit = \$117 500. This is \$35 000 larger than the contract with the multinational.
- The premium chocolate market growing at 9% per year (as indicated in Table 2) is an opportunity to sell into a faster-growing segment of market.
- Selling to independent producers may be an opportunity to build the reputation of Camerco and achieve a higher selling price in the long term.
- Selling to only one customer may be risky. Camerco could become over-reliant on the multinational which could make future contracts harder to negotiate.

Credit valid alternative content.

Question	Part	Marking guidance	Total marks
9	3	With reference to your analysis, recommend whether Camerco should accept the order from the multinational. 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>

2	4 – 6	<p>A reasonable response which focuses on some of the demands of the question</p> <p>Some reasonable analysis but generally unsupported evaluation:</p> <ul style="list-style-type: none"> • there is likely to be some attempt to make relevant judgements but these have little support from arguments or do not address the question as a whole • includes some reasonable analysis but which might not be adequately developed or becomes confused in places • includes reasonable application to the given context • shows satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present. <p>There is an attempt to answer the question. There is likely to be a conclusion but it has little support and response may lack balance. The content is largely correct, though there may be some gaps and lack of detail.</p>
1	1 – 3	<p>A limited response that has little focus on the demands of the question</p> <p>A limited response with some understanding:</p> <ul style="list-style-type: none"> • includes attempted evaluation which is weak and unsupported • includes some limited analysis but it may lack focus and/or become confused • includes some limited application to the given context • includes some limited knowledge and understanding of business terminology and concepts but errors are likely.
	0	No credit worthy material.

The demands of the question are:

- to evaluate the benefits and problems that may arise from accepting the order from the multinational,
- and provide a justified recommendation as to whether Camerco should accept the order from the multinational.

Indicative content

- The order from the multinational probably provides a more reliable source of income but at a lower level of profit. If costs rise significantly then the fixed price may lead to Camerco making a loss.
- A 3-year contract is a long period in a market with changing trading conditions.
- The contract may enable Camerco to borrow to invest and improve their productivity. This will achieve their objective of improving the welfare of the farmers in the cooperative.
- Selling to independent producers may require more effort in terms of marketing, but should be rewarded with a higher price and more profit.
- Extra profit from independent producers should mean less money needs to be borrowed, reducing repayment costs.
- Selling to independent producers provides an opportunity for Camerco to build a reputation that can lead to higher selling prices and increased profits in the long term.
- Depends on the attitude to risk of the cooperative.
- How reliable is the research from Flore?
- Does the cooperative feel abused by the low price offered by the multinational?
- Is it possible to re-negotiate the terms of the multinational contract if costs rise substantially?
- Can Camerco be confident about future forecast market conditions?

Credit valid alternative content.

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

Assessment Objective Grid

	AO1	AO2	AO3	AO4	Total
Section A					
1	2	2	2	6	12
2	2	2	2	6	12
3	2	2	2	6	12
Section B					
4	2	2			4
5	1	1	1		3
6	2		1		3
7	1	1			2
8	1	1			2
9.1	2	2	5		9
9.2	2	2	5		9
9.3		2	4	6	12
Unit Total	17	17	22	24	80