OXFORD AQA
INTERNATIONAL QUALIFICATIONS

INTERNATIONAL A-LEVEL

BUSINESS

BU04

Unit 4 Business Decision Making

Mark scheme

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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 summarise your judgement briefly at the end of each response. This will help you decide on the overall level and is helpful for others to understand the mark given. Ensure the comments fit with the level awarded and the language of the level descriptors used in the mark scheme. Next to your comment put the level awarded, eg L4. 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		A technology company wants to be the market leader. The marketing director believes the best way to become a market leader is through new product development. Is this the right decision? Assess the arguments for and against this decision and make a judgement.	**12** **AO1 = 2** **AO2 = 2** **AO3 = 2** **AO4 = 6**

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

Level	Marks	Descriptor
4	**10 – 12**	**An excellent response that focuses fully on the demands of the question** Likely to demonstrate sound, focused analysis and well-supported evaluation: • 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. 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.

3	**7 – 9**	**A good response that focuses on many of the demands of the question** Likely to demonstrate sound, focused analysis and some supported evaluation: • 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. 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.
2	**4 – 6**	**A reasonable response which focuses on some of the demands of the question** Some reasonable analysis but generally unsupported evaluation: • 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. 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.
1	**1 – 3**	**A limited response that has little focus on the demands of the question** A limited response with some understanding: • 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 for and against using product development,
- in the given context,
- and make a judgement to whether this is the right decision.

Indicative content

Arguments for:

- Developing new products can help the company maintain its innovative edge and differentiate itself from competitors. This can attract new customers from its competitors and retain existing ones.
- New products can better meet the evolving needs and preferences of customers, leading to increased customer satisfaction and loyalty. This is extremely important in such a competitive market, if customers aren't satisfied they can easily switch.
- By consistently introducing new and innovative products, the company can position itself as a market leader and take advantage of being first mover in the market. It can then use pricing strategies such as price skimming to allow it to gain as much profit as possible whilst there is no or little competition, this can then be used to continue to research and develop new products, maintaining its position in the market.

Arguments against:

- Product development can be expensive and time-consuming. There is also a risk of product failure if the new products do not meet customer expectations or market demand, which could damage its reputation and reduce sales leading to the opposite impact being achieved.
- Focusing on product development may divert resources from other important areas, such as marketing or customer service. It needs to consider the opportunity cost, focussing on marketing and customer service could have the desired impact of increasing sales without the risk and expense.
- In highly competitive markets, continuously developing new products may lead to market saturation and diminishing returns as competitors compete to win market share.
- Other Ansoff's strategies such as market development may be more suitable and carry less risk and cost.

Potential judgement:

- Innovation and differentiation are key drivers in the technology industry, and developing new products can help the company maintain its competitive edge. However, the company should carefully manage the costs and risks associated with product development and ensure that it aligns with customer needs and market demand.
- In conclusion, while product development is a promising strategy, the company should also consider complementing it with market penetration and market development strategies to maximize growth and reduce risks. This balanced approach can help the company achieve its goal of becoming a market leader.

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		A business is struggling to meet deadlines for orders. The leader has decided to make decisions to resolve this using a boss-centred leadership style. Is this the right decision? Assess the arguments for and against this decision and make a judgement.	**12** **AO1 = 2** **AO2 = 2** **AO3 = 2** **AO4 = 6**

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

Level	Marks	Descriptor
4	**10 – 12**	**An excellent response that focuses fully on the demands of the question** Likely to demonstrate sound, focused analysis and well-supported evaluation: • 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. 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.
3	**7 – 9**	**A good response that focuses on many of the demands of the question** Likely to demonstrate sound, focused analysis and some supported evaluation: • 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. 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.

2	**4 – 6**	**A reasonable response which focuses on some of the demands of the question** Some reasonable analysis but generally unsupported evaluation: • 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. 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.
1	**1 – 3**	**A limited response that has little focus on the demands of the question** A limited response with some understanding: • 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 assess the arguments for and against using a boss-centred leadership style,
- in the given context,
- and make a judgement on whether this was a good idea.

Indicative content

Arguments for:

- A boss-centred leadership style allows for quick decision-making and immediate implementation. This is crucial when the company is struggling to meet deadlines and needs to take swift action.
- This approach provides clear and authoritative communication, leaving no room for ambiguity. Making such important decisions needs clear communication and a clear line, employees understand that the decision is final and must be followed. This should allow the implementation to be smoother and more transparent.
- It ensures that the leader maintains control over the situation, which can be important in a crisis or urgent scenario such as this.

Arguments against:

- A boss-centred leadership is where the leader makes decisions with no or little input from employees. Employees may feel undervalued and resentful and this could impact on quality and work produced leading to a worsening situation.
- Employees are more likely to resist changes that are imposed without their input or consideration of their concerns. This can lead to decreased productivity and compliance which could have the opposite effect than is desired.
- Without understanding the reasons behind the decision or having a say in it, employees may lack commitment and motivation to follow and deliver the decisions of the leader.

Potential judgement:

- While a boss-centred leadership approach can provide quick implementation and clear communication, it risks damaging employee morale, well-being, and commitment. Given the potential negative consequences, it may not be the best decision in the long term.
- A more balanced approach, such as the consult approach, might be more effective. By explaining the reasons for the change and seeking input from employees, the leader can increase buy-in, engagement, and morale. This can lead to a more motivated and productive workforce, ultimately helping the company meet its deadlines and achieve its goals.
- In conclusion, while this approach offers immediate benefits in terms of speed and control, a more inclusive approach that involves communication and consultation is likely to yield better results in terms of employee satisfaction and long-term success.

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		An investor has made the decision to invest in a retailer. The retailer has: • been trading for 6 months • gross profit margin of 42% • a current ratio of 1.2. Was it the right decision to invest in this retailer? Assess the arguments for and against and make a judgement.	**12** **AO1 = 2** **AO2 = 2** **AO3 = 2** **AO4 = 6**

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

Level	Marks	Descriptor
4	10 – 12	**An excellent response that focuses fully on the demands of the question** Likely to demonstrate sound, focused analysis and well-supported evaluation: • 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. 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.
3	7 – 9	**A good response that focuses on many of the demands of the question** Likely to demonstrate sound, focused analysis and some supported evaluation: • 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. 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.
2	**4 – 6**	**A reasonable response which focuses on some of the demands of the question** Some reasonable analysis but generally unsupported evaluation: • 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. 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.
1	**1 – 3**	**A limited response that has little focus on the demands of the question** A limited response with some understanding: • 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 the reasons for and against using only the information given,
- in the given context,
- and make a judgement on whether this was a good idea.

Indicative content

Arguments for:

- The financial information is useful, a gross profit margin of 42% indicates that the business retains a significant portion of its revenue after accounting for the cost of goods sold. This suggests efficient production and potential profitability and could be a good investment.
- A current ratio of 1.2:1 indicates that the retailer has 1.2 times more current assets than current liabilities. This suggests that the company has enough short-term assets to cover its short-term liabilities, however as the business is a retailer it could be that most of its current assets are stock so it would depend on how quickly the stock turns over.
- While not exceptionally high, a current ratio above 1:1 indicates the company can meet its short-term obligations, reducing the risk of insolvency and is therefore decreasing the risk for the investor.

Arguments against:

- Gross profit margin and current ratio provide only a snapshot of financial health. They do not account for other crucial factors such as net profit margin, return on investment (ROI), cash flow, debt levels, and market position, all of which can impact on the level of risk of this investment. We also don't know the net profit margin which would be a better indicator of the profitability of the retailer.
- Important qualitative factors, such as management quality, competitive advantage, and industry trends, are not considered in this decision.
- The business has been trading for only 6 months, which is a relatively short period to assess its long-term viability and performance. Early success does not guarantee sustained growth.
- Limited historical data makes it challenging to identify trends, seasonality, and the impact of external factors on the business.
- External risks, such as economic downturns, regulatory changes, and market competition, are not accounted for. These factors can significantly impact the business's future performance.
- Internal risks, such as operational inefficiencies, supply chain issues, and management decisions, are also not considered in this decision.

Potential judgement:

- Based on the arguments for and against, it is not a good idea to make an investment decision based only on the gross profit margin and current ratio. While these metrics provide some positive indications, they do not offer a comprehensive view of the business's financial health, operational efficiency, and growth potential, particularly when the retailer is so young.
- A more thorough analysis should include additional financial analysis (eg, net profit margin, return on investment, cash flow), an evaluation of qualitative factors and an assessment of external and internal risks. Conducting further research, including market research, competitive analysis, and reviewing the business plan, is essential before making an informed investment decision.
- In conclusion, while the initial financial ratios are promising, a more detailed and holistic analysis is necessary to make a well-informed investment decision.

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		LuxeMart is considering the joint venture with EcoShop. Explain **one** way that understanding Hofstede's features of national cultures could help LuxeMart. **Indicative content:** • Understanding Hofstede's cultural dimensions can be invaluable when navigating the challenges of a joint venture, especially when partners come from different national cultures as is the case with LuxeMart and EcoShop. • LuxeMart come from a high power distance culture and will likely expect a clear hierarchy and centralised decision making. Understanding this can help EcoShop adapt to this and improve the communication between the two parties. • EcoShop come from a short term oriented culture which focuses on immediate results and short gains. Understanding this will help LuxeMart to review and evaluate the differences and discuss the impact of these differences in the negotiations for the joint venture. **Good response (4 marks)** Explains how understanding Hofstede's national cultures might help LuxeMart/EcoShop in the context of a joint venture. **Reasonable response (3-2 marks)** Explains how understanding Hofstede's national cultures might help a business but does not relate this to LuxeMart in the context of a joint venture with EcoShop. **Limited response (1 mark)** Shows some understanding of Hofstedes national cultures. Credit valid alternative content.	**4** **AO1 = 2** **AO2 = 1** **AO3 = 1**

Question	Part	Marking guidance	Total marks
5	**1**	Using **Figure 1** in the **Insert Booklet**, calculate the estimated completion time of the joint venture. 23 or 23 weeks (2) Makes one error in calculation (1) OFR applies	**2** **AO1 = 1** **AO2 = 1**

Question	Part	Marking guidance	Total marks
5	**2**	Using **Figure 1** in the **Insert Booklet**, calculate the total float on activity D. 2 weeks (2) Total float = Latest finish time – duration – earliest start time (1) 16 – 5 – 9 = 2 (2 marks) Calculates latest finish time – 16 (1) Calculates earliest start time – 9 (1) OFR applies	**2** **AO1 = 1** **AO2 = 1**

Question	Part	Marking guidance	Total marks
6		EcoShop wants to become the market leader. Explain **one** way increasing its marketing activities might help EcoShop to become the world market leader. **Indicative content:** • By increasing the scale of its marketing operations, EcoShop can spread the costs of marketing campaigns over a larger output. This reduces the average cost per unit, making marketing efforts more cost-effective. Lower costs can translate to competitive pricing, attracting more customers and increasing market share. • With larger-scale marketing efforts, EcoShop can achieve greater brand recognition and awareness. A strong, recognisable brand can build customer trust and loyalty, leading to repeat business and increased sales. • Effective large-scale marketing can help EcoShop penetrate new markets and expand its presence internationally. By reaching a wider audience, the company can increase its customer base and establish itself as the main player in various regions. **Good response (4 marks)** Explains how increasing its marketing activities might help EcoShop in the context of it becoming market leader. **Reasonable response (3-2 marks)** Explains how increasing its marketing activities might help EcoShop but not in the context of it becoming market leader. **Limited response (1 mark)** Shows some understanding of marketing. Credit valid alternative content	**4** **AO1 = 2** **AO2 = 1** **AO3 = 1**

Question	Part	Marking guidance	Total marks
7		EcoShop's sales revenue is $1 750 000. It holds a 35% market share. Calculate the total market size. $5 000 000 or 5 000 000 (2) 1 750 000/35 (1) Market size = revenue/market share × 100 (1)	**2** **AO1 = 1** **AO2 = 1**

Question	Part	Marking guidance	Total marks
8	1	Analyse the potential benefits for LuxeMart of agreeing a joint venture with EcoShop.	**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** • 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** • 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: • 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 analyse the potential benefits of the joint venture with EcoShop,
- to LuxeMart.

Indicative content

- EcoShop is a profitable organisation and has offered to invest the money needed to support the survival of LuxeMart over the next 12 months. If LuxeMart don't find any investment from elsewhere their creditors have threatened to call back loans and LuxeMart would cease to operate.
- Interest rates are forecast to increase over the next year and loans will be more expensive, costs will rise even more for LuxeMart so they need a source of finance they do not need to pay back. EcoShop is offering this.
- EcoShop seem to be successful and innovative with a large market share, it could use this innovation to make improvements to the way LuxeMart operates which could allow them to make cost savings and help them to remain in the market.
- LuxeMart's customers are turning to lower-cost competitors, EcoShop is operating in this market so could help LuxeMart win back its loyal customers.

Credit valid alternative content.

Question	Part	Marking guidance	Total marks
8	**2**	Analyse the potential problems for LuxeMart of agreeing a joint venture with EcoShop.	**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** • 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** • 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: • 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 analyse the potential problems of agreeing a joint venture with EcoShop,
- to LuxeMart.

Indicative content

- The countries which the two organisations operate in have conflicting cultures. LuxeMart employees are used to traditional, tall hierarchies where decision making is at the top, in contrast, EcoShop work in flat structures where decision making is de-centralised and employees are encouraged to innovate. The two cultures might clash, communication could be difficult as employees get used to working in different ways and this may take some time to overcome.
- The network diagram shows that the joint venture could be completed in five and a half months but some activities could be delayed, if this happens then the rescue plan might not be enough to keep the creditors at bay and LuxeMart may need to find an alternative.
- Vision – EcoShop want to become market leader and seem to be using some aggressive strategies to do this, sometimes at the cost of its suppliers. LuxeMart have worked hard to build relationships with its suppliers and build a unique infrastructure. This could all be ruined by the short-termist strategies of EcoShop.
- LuxeMart operates in a luxury market and EcoShop seeks to cut prices and is a low cost supermarket. They target different markets, will this ever work, it could de-value the brand LuxeMart has spent so much time building (70 years).

Credit valid alternative content.

Question	Part	Marking guidance	Total marks
8	3	With reference to your analysis, recommend whether LuxeMart should agree to a joint venture with EcoShop. 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	**An excellent response that focuses fully on the demands of the question** Likely to demonstrate sound, focused analysis and well-supported evaluation: • 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. 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.

3	**7 – 9**	**A good response that focuses on many of the demands of the question** Likely to demonstrate sound, focused analysis and some supported evaluation: • 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. 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.
2	**4 – 6**	**A reasonable response which focuses on some of the demands of the question** Some reasonable analysis but generally unsupported evaluation: • 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. 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.
1	**1 – 3**	**A limited response that has little focus on the demands of the question** A limited response with some understanding: • 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 whether LuxeMart should agree to a joint venture with EcoShop,
- and to provide a justified recommendation.

Indicative content

- The biggest issue LuxeMart is facing is declining sales and profit due to rising inflation. Inflation is forecast to decline in 36 months. LuxeMart has a long term oriented approach so perhaps it should find an alternative short term rescue plan in line with its culture.
- However, the economic data is only a forecast and could be incorrect.
- EcoShop can provide the finance needed to "rescue" LuxeMart but it has only said that it can do this for 12 months, what happens after that?
- This is only one plan, LuxeMart need to explore alternatives, there could be other partners who might want to joint venture who compliment the vision and values of LuxeMart better than EcoShop do. EcoShop seems to have a relatively large market share at the moment, whilst LuxeMart is losing sales. EcoShop could be at risk of being taken over.
- The joint venture might be completed in five and a half months, however it takes a long time for a joint venture to become successful. There are likely to be problems with communication, co-ordination and marketing to overcome and this could negatively impact LuxeMart in the longer term.
- Overall, the data suggests that LuxeMart should not agree a joint venture with EcoShop.

Credit valid alternative content.

No decision is right or wrong but should be assessed on the quality of 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	1	1		**4**
5.1	1	1			**2**
5.2	1	1			**2**
6	2	1	1		**4**
7	1	1			**2**
8.1	2	2	5		**9**
8.2	2	2	5		**9**
8.3		2	4	6	**12**
Unit Total	**17**	**17**	**22**	**24**	**80**