OXFORD AQA
INTERNATIONAL QUALIFICATIONS

INTERNATIONAL AS

BUSINESS

BU02

Unit 2: Managing Operations, Human Resources and Finance

Mark scheme

June 2026

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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 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 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: 17 marks**

Question	Part	Marking guidance	Total marks
1		Capacity utilisation (%) is calculated by: Answer key: A – (actual output divided by maximum possible output) × 100	**1** **AO1 = 1**

Question	Part	Marking guidance	Total marks
2		Which **one** of the following is not a motivating factor according to Herzberg? Answer key: D – Salary schemes	**1** **AO1 = 1**

Question	Part	Marking guidance	Total marks
3		Margin of safety is calculated by: Answer key: B – actual level of output minus break-even level of output.	**1** **AO1 = 1**

<table>
<tr><th>Question</th><th>Part</th><th>Marking guidance</th><th>Total marks</th></tr>
<tr><td>4</td><td></td><td>
Table 1: Financial data for a business investment
<table>
<tr><td>Initial investment</td><td>$120 million</td></tr>
<tr><td>Sales</td><td>$300 million</td></tr>
<tr><td>Profit margin</td><td>10%</td></tr>
</table>
Using Table 1, calculate the percentage return on investment for the project.

Profit = 10% of $300 million = $30 million
Return on investment (%) = Profit from the investment (£) / Cost of the investment (£) × 100
Return on investment = $30 million / $120 million × 100 = 25%
Calculates profit correctly (1)
Calculates ROI as 25% (1)
</td><td>2

AO1 = 1
AO2 = 1</td></tr>
</table>

Question	Part	Marking guidance	Total marks
5		Explain **one** consequence on the sales of a manufacturing business of producing poor quality goods. **Indicative content** • Producing poor quality goods means the customers may return the goods and this would be at a cost to the manufacturing business. • Customers may make complaints regarding the poor-quality goods. This could be done via an online review service which could cause further customers to have a negative view of the manufacturing business. • This could reduce future sales for the manufacturing business. • The reputation of the manufacturing business is likely to be negatively impacted. • This could reduce the competitiveness of the manufacturing business and competitors in the market may see an increase in sales. Credit valid alternative content. **Good response (3 marks)** Explains one consequence of producing poor quality goods to a manufacturing business. **Reasonable response (2 marks)** Explains one consequence of producing poor quality goods, but fails to link to a manufacturing business. **Limited response (1 mark)** Shows knowledge of quality.	**3** **AO1 = 1** **AO2 = 2**

Question	Part	Marking guidance	Total marks
6		Explain **one** likely impact of rising interest rates on a business with a large overdraft. **Indicative content** • Interest rates are the cost of borrowing and the reward for saving. An overdraft is a short-term source of finance, provided by a bank, that allows a business to withdraw more money from the bank account/s than it has available, up to an agreed limit. • A business with a large overdraft will have to make higher interest payments on the overdraft and the business may struggle to make the higher interest payments. • This could reduce the business's ability to borrow further finance from the bank or any other source of finance. • The increase in interest payments is likely to negatively impact the cash flow of the business. Credit valid alternative content. **Good response (3 marks)** Explains one impact of a rise in interest rates on a business with a large overdraft. **Reasonable response (2 marks)** Explains one impact of a rise in interest rates, but fails to link this to a business with a large overdraft. **Limited response (1 mark)** Shows knowledge of interest rates and/or overdrafts.	**3** **AO1 = 1** **AO2 = 2**

Question	Part	Marking guidance	Total marks
7		Explain **one** way a restaurant could reduce its break-even output. **Indicative content** • Break-even level of output is the level of sales or output needed to cover total costs. • A restaurant could reduce its break-even output by increasing the price of its goods. • The variable costs could be reduced, for example, the restaurant could switch to cheaper suppliers. • The variable costs such as labour costs could be reduced. This would involve employees working less hours in the restaurant for example to reduce the cost of wages paid by the restaurant. • The fixed costs could be reduced, for example, the restaurant could negotiate a lower rent on the premises. Credit valid alternative content. **Good response (3 marks)** Explains one way a restaurant could reduce its break-even output. **Reasonable response (2 marks)** Explains one way break-even output can be reduced, but ignores the context of a restaurant. **Limited response (1 mark)** Shows knowledge of break-even output, such as a definition.	**3** **AO1 = 1** **AO2 = 2**

<table>
<tr><th>Question</th><th>Part</th><th>Marking guidance</th><th>Total marks</th></tr>
<tr><td>8</td><td></td><td>
Table 2: Selected financial data for a business
<table>
<tr><td></td><td>$</td></tr>
<tr><td>Turnover</td><td>5 000 000</td></tr>
<tr><td>Cost of sales</td><td>2 950 000</td></tr>
<tr><td>Operating expenses</td><td>500 000</td></tr>
</table>
Using the data in Table 2, calculate the operating profit margin.

Operating profit margin = (operating profit/turnover) × 100 (1)
Operating profit = $5 000 000 – $2 950 000 – $500 000
= $1 550 000 (1)
Operating profit margin = $1 550 000 / $5 000 000 × 100 = 31% (1)
Calculates operating profit correctly (1).
Calculates operating profit margin correctly (1).
Award 3 marks for 31 or 31%.
</td><td>3

AO1 = 2
AO2 = 1</td></tr>
</table>

Section B **Total for this section: 27 marks**

Question	Part	Marking guidance	Total marks
9		A retailer currently has a centralised organisational design. To remain competitive, it is planning to change its organisational design to be decentralised. Analyse **two** ways this could impact the business.	**9** **AO1 = 3** **AO2 = 3** **AO3 = 3**

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

Level	Marks	Descriptor
3	**7 – 9**	**A good response that focuses on many of the demands of the question** • 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 two ways,
- changing to a decentralised organisational design,
- could impact the retailers' competitiveness.

Indicative content

- Centralised organisational design means the concentration of decision-making authority is at the top levels of an organisation. De-centralised organisational design is where the distribution of decision-making authority is at the lower levels of an organisation.
- Changing to de-centralisation could enable the branch/store managers to make decisions that are better suited to the local market. This means the retailer could benefit from these decisions through more sales/repeat sales by customers.
- Making the change is likely to speed up the decision-making for the business. This means the retailer could react to changes in the market(s) more quickly and help the retailer to remain/be competitive.
- The change would allow managers to have more authority and autonomy in their decision-making. This could lead to managers and employees feeling more engaged and motivated with their work which will enable the business to be more competitive.
- Customers' needs and wants vary in different areas. Changing from a centralised design means decisions are made by the managers who know the store that they manage and their customers. This could better serve the local customers' tastes and needs enabling the business to be competitive.
- A negative impact for the retailer could be that the retail managers make poor decisions that are not in-line with the overall corporate objectives. This could negatively impact the competitiveness of the retailer.
- The change may be a slow process. This could lead to the retailer becoming less competitive while it makes the changes. For example, the retailer may be slow in decision-making at this time when compared to its competitors.

Credit valid alternative content.

Question	Part	Marking guidance	Total marks
10		A manufacturing business imports all of its raw materials. Analyse **one** advantage and **one** disadvantage to the business of holding a high buffer level of inventory of raw materials.	**9** **AO1 = 3** **AO2 = 3** **AO3 = 3**

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

Level	Marks	Descriptor
3	**7 – 9**	**A good response that focuses on many of the demands of the question** • 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 one advantage and one disadvantage,
- of holding a high buffer level of inventory,
- for a business that imports all of its raw materials.

Indicative content

- A buffer level of inventory is an additional inventory stock kept as a reserve to account for unexpected fluctuations in demand, supply chain disruptions or production delays.
- An advantage could be that the business will be able to ensure it has enough inventory to meet demand.
- The issue of fluctuating exchange rates could be an advantage or disadvantage for the future costs of the business, this will depend on the currency value at the time. For example, if the domestic currency has increased in value against the currency being purchased; the cost of the supplies will decrease for that transaction. The opposite will be true if the domestic currency decreases in value.
- The business may face delays from their suppliers, for example, there could be transportation delays. Having the additional inventory means the business can still meet demand.
- A disadvantage to holding a high level of inventory is that this will increase costs. The business will have to store the additional inventory which will increase its costs.
- A further disadvantage is that the additional inventory could become obsolete or out of date. In this case, this would be a sunk cost for the business.
- Holding a high level of buffer stock could mean the business has cash flow issues. This is because the business may use cash to purchase the stock. The cash is then tied up in the stock until it is used in the manufacturing process and the goods are sold.

Credit valid alternative content.

Question	Part	Marking guidance	Total marks
11		A startup business is using venture capital to fund an investment. Analyse **one** advantage and **one** disadvantage of a startup using venture capital as a source of finance.	**9** **AO1 = 3** **AO2 = 3** **AO3 = 3**

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

Level	Marks	Descriptor
3	**7 – 9**	**A good response that focuses on many of the demands of the question** • 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 one advantage and one disadvantage,
- of using venture as a source of finance,
- for a startup.

Indicative content

Advantages:

- Venture capital is equity financing provided to early-stage, high-potential startups or small businesses by investors in exchange for ownership stakes, with the expectation of high returns.
- An advantage of using venture capital for the startup is that the startup will receive all of the finance needed without the need to pay back the initial investment. This is an advantage as the startup needs to remain competitive and may need the finance quickly.
- An advantage of using venture capital for the startup is that because it is a startup it may struggle to obtain finance via other methods such as a bank loan. A startup may have limited credit history and may be considered a risky investment. Venture capitalists are known to actively invest in risky startup businesses.
- The venture capitalist is likely to be a specialist in investing in startups and may offer advice/guidance to the startup as well as the financial investment. This could benefit the startup operating in a market in which it needs to remain competitive.

Disadvantages:

- A disadvantage of using venture capital for the startup is the requirement to give part ownership to the venture capitalist. The % exchanged for the investment could be a significant amount. This will depend on the amount of finance needed by the startup and the amount of risk the venture capitalist believes the investment to be.
- The venture capitalist is likely to expect high returns for the investment made. This could be a disadvantage to the business because it may be forced to make quick decisions and take bigger risks in order to meet the return demand.
- A further disadvantage to using venture capitalist funding may be a loss of control of the start-up for the original owner/owners. The venture capitalist may have ideas that do not align with the owners' ideas and objectives. This could cause conflict in the future.

Credit valid alternative content.

Section C **Total for this section: 36 marks**

Question	Part	Marking guidance	Total marks
12		A hotel has an objective to be more efficient. The business has made a decision to operate at 100% capacity utilisation to achieve this. Assess the arguments for and against this decision and make a judgement.	**12** **AO1 = 2** **AO2 = 2** **AO3 = 3** **AO4 = 5**

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 evaluation but this has little support from arguments or does not address the question as a whole • includes some reasonable analysis but which might not be adequately developed or becomes confused in places • includes reasonable application to the given context • shows satisfactory knowledge and understanding of business terminology 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 no evaluation or attempts evaluation but this is unsupported • includes some limited analysis but it may lack focus and/or become confused • includes some limited application to the given context • includes some limited knowledge and understanding of business terminology and concepts but errors are likely.
	0	**No credit worthy material.**

The demands of the question are:

- to analyse the arguments for and against,
- operating at 100% capacity utilisation,
- in the context of a hotel,
- and make a judgement.

Indicative content

Arguments for:

- Operating at 100% capacity utilisation means the hotel is at full capacity and all of the hotel rooms are booked/occupied. This means that there will be no under-utilised resources at the hotel and it will be operating at its most efficient level.
- The hotel will experience low average unit costs when operating at 100% capacity. This is because the total costs are spread over the maximum amount of fixed assets (rooms and facilities) possible.
- By operating at 100% capacity utilisation the hotel is more likely to experience an increase in demand for other services such as food and drink, spa and leisure for example. This increases the efficiency of those areas/departments of the hotel.
- By operating at 100% capacity utilisation the hotel will be maximising its revenue potential and should therefore be covering all of its costs and making a profit.

Arguments against

- A hotel operating at 100% capacity is likely to negatively impact some of its employees. For example, some employees may need time off, will need to take annual leave or, have time off with illness. If the hotel is operating at 100% capacity utilisation, this would put a lot of pressure on the employees who are still working. These employees may also need time off and the hotel will need to employ more staff to cover these, potentially at a higher cost. This reduces the efficiency of the hotel.
- Running at 100% capacity may mean there are issues such as equipment breaking down or rooms not being available for use. This could lead to higher costs for the hotel if they could not accommodate all of the booked guests. For example, the hotel may have to pay a refund or offer a future date for a reduced rate.
- Customer service may suffer if the hotel is running at 100% capacity utilisation. This is because the employees may feel over-worked due to operating at 100% capacity and may not perform at their optimum level and so lead to inefficiencies at the hotel.

Potential judgement:

- Operating at 100% capacity utilisation is likely to allow the hotel to reduce its costs due to all resources being used efficiently.
- The decision to do this depends on how much of a negative impact operating at such a level could have on the employees and the hotel facilities.

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
13		A business is operating in a competitive market. The business is experiencing high demand and struggling to meet its orders. The business has decided to outsource the production element of its orders. Is this a good idea? Assess the arguments for and against and make a judgement.	**12** **AO1 = 2** **AO2 = 2** **AO3 = 3** **AO4 = 5**

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 evaluation but this has little support from arguments or does not address the question as a whole • includes some reasonable analysis but which might not be adequately developed or becomes confused in places • includes reasonable application to the given context • shows satisfactory knowledge and understanding of business terminology 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 no evaluation or attempts evaluation but this is unsupported • includes some limited analysis but it may lack focus and/or become confused • includes some limited application to the given context • includes some limited knowledge and understanding of business terminology and concepts but errors are likely.
	0	**No credit worthy material.**

The demands of the question are:

- to analyse the arguments for and against the decision to,
- outsource its orders,
- in the context of a business struggling to meet demand,
- and make a judgement.

Indicative content

Arguments for:

- Outsourcing is the practice of contracting out certain business functions or processes to external third-party providers.
- Outsourcing would allow the business to produce the goods needed to meet the demand. In a competitive market, the business has to be able to meet demand as it is likely that the business is facing a lot of competition. If the business cannot meet demand, customers may choose to purchase from a competitor.
- Outsourcing is likely to be completed by a reliable third-party business that the business trusts. The outsourcing business is likely to be reputable in producing the necessary products. If this is the case, this is a good decision by the business to enable it to meet the demand of the order(s) received.

Arguments against:

- There are risks to using an outsourcing business. For example, the outsourcing business may not meet the delivery deadlines required by the business and its customers. This could lead to a loss of orders/demand in the future, and/or reputational issues for the business.
- Using an outsourcing business will mean that the original business loses some control over the products being made. It is a risk to employ a third party to produce products on the business's behalf, for example, the outsourcing business may use poor quality raw materials which means the final products do not meet the standard expected of the original business.

Potential judgement:

- Outsourcing is likely to be a good idea in this case as the business is operating in a competitive market and is struggling to meet its orders. Outsourcing to a third party will be an option for the business to guarantee that the products are made and therefore the demand is met.
- Whether this is a good idea will depend on the availability of a third-party outsourcing business that is able to produce the products required, to the standard required. If the business is able to source a reliable outsourcing third party that can meet its requirements, then this is likely to be a good idea.

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
14		A business operates internationally. When setting its human resources objectives the business believes that retention of staff rather than diversity is more important. Do you agree? Assess the arguments for and against and make a judgement.	**12** **AO1 = 2** **AO2 = 2** **AO3 = 3** **AO4 = 5**

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 evaluation but this has little support from arguments or does not address the question as a whole • includes some reasonable analysis but which might not be adequately developed or becomes confused in places • includes reasonable application to the given context • shows satisfactory knowledge and understanding of business terminology 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 no evaluation or attempts evaluation but this is unsupported • includes some limited analysis but it may lack focus and/or become confused • includes some limited application to the given context • includes some limited knowledge and understanding of business terminology and concepts but errors are likely.
	0	**No credit worthy material.**

The demands of the question are:

- to analyse the arguments for and against,
- retention of staff, rather than diversity being more important,
- to an international business,
- and make a judgement.

Indicative content

Arguments for:

- Retention refers to keeping employees working for a business. Retention is expressed as a %.
- Retention is important for this business as employees who have worked for the business for a long time will require less monitoring and training than those who are new to the business. As the business is operating internationally it is likely to need its best employees to be able to compete in various markets.
- Having high levels of retention will reduce recruitment costs for the business. These cost savings can be used to invest in other areas of the business.
- If the business has high levels of retention it is likely to have more skilled employees. This means the business can produce better quality products than competitors in the international market in which it operates.
- Having a high level of retention means the retained employees can train and mentor new employees. This means the business is ensuring its employees receive the best training and that it continues to produce highly skilled employees.

Arguments against:

- Having a diverse range of employees means the business has a wide range of backgrounds, ethnicities, genders, age etc within its mix of employees.
- Diversity in the workforce is likely to mean the business has a wide range of skills and knowledge amongst its employees. This is an advantage for the business as these employees may have skills that the business needs in order to operate in an international market(s).
- When setting human resource objectives it is vital that diversity is considered and included. This is because the employees are likely to represent the population of the market(s) in which it operates. This is an important factor for a business that operates internationally.

Potential judgement:

- When setting human resource objectives it is likely that a range of factors will be considered. Retention is important for this business as it may rely on its experienced employees to maintain its standards, for example, high quality and/or high skill levels of the employees.
- As the business operates internationally then it could be argued that diversity is more important as the range of employees may help to strengthen the overall skills and experience level of the employees. This may give the business a competitive advantage in the international market(s) it operates.

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	1				**1**
2	1				**1**
3	1				**1**
4	1	1			**2**
5	1	2			**3**
6	1	2			**3**
7	1	2			**3**
8	1	2			**3**
Section B					
9	3	3	3		**9**
10	3	3	3		**9**
11	3	3	3		**9**
Section C					
12	2	2	3	5	**12**
13	2	2	3	5	**12**
14	2	2	3	5	**12**
Unit Total	**24**	**23**	**18**	**15**	**80**