

OXFORD

INTERNATIONAL
AQA EXAMINATIONS

INTERNATIONAL A-LEVEL BUSINESS

BU04

Unit 4: Business Decision Making

Mark scheme

January 2021

Version: 1.1 Final Mark Scheme



2 1 1 X B U 0 4 / M S

Mark schemes are prepared by the Lead Assessment Writer and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation events which all associates participate in and is the scheme which was used by them in this examination. The standardisation process ensures that the mark scheme covers the students' responses to questions and that every associate understands and applies it in the same correct way. As preparation for standardisation each associate analyses a number of students' scripts. Alternative answers not already covered by the mark scheme are discussed and legislated for. If, after the standardisation process, associates encounter unusual answers which have not been raised they are required to refer these to the Lead Examiner.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of students' reactions to a particular paper. Assumptions about future mark schemes on the basis of one year's document should be avoided; whilst the guiding principles of assessment remain constant, details will change, depending on the content of a particular examination paper.

Further copies of this mark scheme are available from oxfordaqaexams.org.uk

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How to mark

Aims

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

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

Approach

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

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

Assessment Objectives

This component requires students to:

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

The marking grids

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

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

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

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

Using the grids

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

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

Step 1 Determine a level

Start at the lowest level of the mark scheme and use it as a ladder to see whether the answer meets the descriptors for that level.

The descriptors for the level indicate the different qualities that might be seen in the student's answer for that level.

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

Step 2 Determine a mark

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

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

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

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

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

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

Examiners are required to assign each of the students' responses to the most appropriate level according to its overall quality, then allocate a single mark within the level. When deciding upon a mark in a level, examiners should bear in mind the relative weightings of the Assessment Objectives and be careful not to over/under credit a particular skill. For example, in 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		A chain of cinemas experiences variable levels of demand. It is considering changing to flexible employment contracts. Would this be a good decision? 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 this question are to make a reasoned judgement on whether to operate with a flexible workforce in this context.

Indicative content

- Labour flexibility can reduce fixed costs.
- Labour flexibility can affect consistency and quality of service provided.
- Reduced fixed costs can enable savings to be reinvested into the business.
- May motivate staff who would otherwise be unable to work.
- May lead to poor communication.
- Flexibility by management may make employees feel more valued.
- Likely to increase reliance on technology. Are staff trained in communication software?
- Enables the cinema to increase number of screenings when blockbuster movies are released in turn responding to the level of demand.

Depends on:

- the reliability of the employees on the flexible contracts
- the efficiency of the firm in controlling the flexible employees
- the external environment. Are the skills of the flexible workers in demand elsewhere?
- organisation. Is the business organised effectively so that decision-making can cope with flexible employees?
- the culture of the business. Is it people-oriented?
- flexible working probably suits students. Are these needed by the business?
- teamwork. If a lot of team activities are needed, flexible working may be hard to accommodate.

Accept other relevant 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 successful senior manager in the USA is to manage a team of staff in a new branch of the company in India. Hofstede's power distance index for the USA is 40 and for India is 70. The business has decided he must change his management style in his new role. Is the business right? 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.

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	0	No credit worthy material.

The demands of this question are to make a reasoned judgement on whether to use Hofstede's model to change the style of management in a different business environment.

Indicative content

- Hofstede's model can help to distinguish the ways business is conducted between different nations.
- Cultures of different nationalities can be compared with the culture of the firm.
- Cultural differences can act as a barrier to communication, which may be very important to the activities of this firm.
- Other factors may affect the decision such as the personality of the manager. He may have charisma that motivates the team to work for them.
- Hofstede's model assumes a homogenous national population. In reality many nations have different ethnic groups with different cultures, making the model unreliable.
- A high PD score in India (70) suggests the team accepts and encourages bureaucracy, respecting authority and status within the firm. Team may be used to working with an authoritarian manager.
- A low PD score in USA (40) suggests that the manager is used to team members accepting personal responsibility. The manager may be used to working with a democratic style of management.

Depends on:

- whether the team is willing and able to adapt to a new managerial style
- whether the manager is able to adapt to a different culture of working
- whether the company can operate effectively with different cultures in different branches
- does the business have a strong distinctive culture that is important to its success? The culture of the firm may dominate national characteristics.

Accept other relevant content.

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

Question	Part	Marking guidance	Total marks
3		A major producer of plastic packaging is enjoying rapid growth in revenue and profits. However, it is facing increasing levels of criticism about its impact on the environment. Should it now switch to producing environmentally friendly packaging? 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.

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	0	No credit worthy material.

The demands of this question are to make a reasoned judgement on whether to satisfy the needs of shareholders or other stakeholders such as consumers, local communities and government.

Indicative content

- Satisfying shareholders maintains investment in the firm, enabling it to continue trading in the short-term.
- Consideration of other stakeholders may improve the image and reputation of the firm, leading to long-term growth in sales.
- Primary aim of management is to serve the interests of the owners (shareholders).
- Ignoring social trends and changes in consumer preferences is likely to lead to falling demand for the products sold by the firm. Will continued production lead to consumer boycott?
- Developing an ethical concern for the environment may attract investors and reduce negative publicity from pressure groups.
- Improving the environmental impact of the firm may attract better candidates for employment.
- Consumers of the packaging are likely to be other firms and supermarkets. These firms may insist on more environmentally friendly packaging, otherwise they will switch to other suppliers.

Depends on:

- the objectives of the shareholders. Do they want to maximise short-term or long-term profits?
- the long-term aims for the business - does it wish to be recognised as an environmentally-sensitive organisation?
- is the purpose of the business to create value for stakeholders, not just shareholders?
- is it easy (inexpensive) to change production to be less damaging to the environment?
- if changes increase costs of production, is demand for the product price sensitive?
- whether governments are likely to regulate the market to restrict sales of environmentally damaging packaging
- actions of competitors. Are they changing the nature of their products? Will the firm be left with an out-dated range of products?

Accept other relevant content.

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

Section B

Total for this section: 44 marks

Question	Part	Marking guidance	Total marks
4		Analyse how one law may affect the operation of the restaurant. One from - Labour (employee rights), Consumer, Environmental, Administrative. 1 mark for identifying an appropriate area of law. 1 mark for applying to the context of a restaurant business. 1 mark for analysing the impact of the law on the operations of a restaurant.	3 AO1 = 1 AO2 = 1 AO3 = 1

Question	Part	Marking guidance	Total marks
5		Using the data in Table 2, calculate the labour turnover for the restaurant in 2019. Labour Turnover = Number of Employees Leaving/Average Number of Employees x 100 1 mark for knowing equation correctly. 1 mark for correct answer ($6/20 \times 100 = 30\%$). If 30% only is written, award 2 marks.	2 AO1 = 1 AO2 = 1

Question	Part	Marking guidance	Total marks
6		Using the data in Table 1, calculate the operating profit margin for the restaurant in 2019. Operating Profit Margin = Operating Profit/Revenue x 100 1 mark for knowing equation correctly. 1 mark for correct answer ($60/3950 \times 100 = 1.52\%$). If 1.52, or 1.519% only is written, award 2 marks.	2 AO1 = 1 AO2 = 1

Question	Part	Marking guidance	Total marks
7		Alec's restaurant relies partly on European tourists. Analyse one potential impact of the data shown in Figure 2 on the restaurant. 1 mark for recognising the change in the value of the Euro against the US\$. 1 mark for recognising that a fall in Euro may lead to decreased visits by tourists from Eurozone. 1 mark for applying the fall in tourists to decreased demand for businesses in San Francisco. 1 mark for analysing the link between an external change in terms of currency valuation and demand for businesses in a tourist location. Unstable exchange rate makes forecasting future demand difficult for firms selling to foreign tourists. For full marks (4), candidate should use data from Figure 2.	4 AO1 = 2 AO2 = 1 AO3 = 1

Question	Part	Marking guidance	Total marks
8		Using the data in Table 1, calculate the Inventory Turnover for the restaurant in 2019. 1 mark for correct formula - cost of sales/average inventory held 1 mark for correct use of data - 1350/50 3 marks for correct answer = 27. If only 27 written, award 3 marks.	3 AO1 = 2 AO2 = 1

Question	Part	Marking guidance	Total marks
9	1	Analyse the potential benefits to Alec of The Plan .	9 AO1 = 2 AO2 = 2 AO3 = 5

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

Level	Marks	Descriptor
3	7 - 9	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.

Indicative content

- Forecast of larger Operating Profit.
- Exploits new target market which spreads risk.
- Provides opportunity for Alec to share ideas and decision-making with an experienced investor.
- May enable Alec to share burden of responsibility for the business.
- Lucy provides additional marketing expertise, which may enable the restaurant to attract more profitable clients.

A **good** response will see two points developed well in context.

A **reasonable** response may see one point developed well in context, or more than one point under-developed or lacking context.

A **limited** response may see relevant points made with little relevant development or context.

Accept other relevant content.

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

Question	Part	Marking guidance	Total marks
9	2	Analyse the potential problems to Alec of The Plan .	9 AO1 = 2 AO2 = 2 AO3 = 5

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

Level	Marks	Descriptor
3	7 - 9	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.
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	0	No credit worthy material.

Indicative content

- Alec will lose full control of decision-making as Lucy will influence business.
- Working relationship with Lucy is unknown. May lead to conflict.
- Lucy's forecast may prove to be unreliable.
- May require additional costs and training to provide service to new clients.
- Alec will need to share future profits with Lucy.
- Influence of Lucy is likely to change the organisational culture of the business.

A **good** response will see two points developed well in context.

A **reasonable** response may see one point developed well in context, or more than one point underdeveloped or lacking context.

A **limited** response may see relevant points made with little relevant development or context.

Accept other relevant content.

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

Question	Part	Marking guidance	Total marks
9	3	With reference to your analysis, recommend whether Alec should accept The Plan. 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.
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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.

Indicative content

- Objectives. The Plan may enable him to share workload more with Lucy and other members of staff. Growing the business will inevitably require more delegation. How much control is Alec willing to release?
- Finance. The business has good Revenue and Gross Profit, but very small Operating Profit (1.52%). This suggests a lack of control of Fixed Costs. The Inventory Turnover figure (27) is well below the Industry best practice figure (50). Alec may need to consider tightening control of Operations before expanding. This should improve the financial return of the business. To improve the financial performance Alec may need to sacrifice some of his practices such as using ethically sourced ingredients and favourable treatment of his staff.
- Marketing. Using Lucy as a partner may improve decision-making. Entering a new market for Events should spread risk in a competitive market. Viral marketing via social media can be useful but not if it leads to excess demand and turning customers away.
- Staffing. The relatively poor financial performance of the restaurant may be due to generous pay and conditions for the staff. Labour Turnover (30%) is well below the Industry Average (75%). Alec may consider reducing these to improve the profit position of the business, although this may sacrifice the quality of the service provided.
- Operations. Alec may be able to improve efficiency with IT applications such as online booking and sourcing of ingredients via the internet. Investment in equipment and training may enable increased profits to be achieved in the long run without adopting the plan.

Accept other relevant 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	1	1	1		3
5	1	1			2
6	1	1			2
7	2	1	1		4
8	2	1			3
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