

INTERNATIONAL A-LEVEL **BUSINESS**

BU03

Unit 3: Business Strategy

Mark scheme

January 2025

Version: 1.0 Final



2 5 1 X B U 0 3 / 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.

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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: 40 marks

Question	Part	Marking guidance	Total marks
1	1	Calculate the return on capital employed for Yorkshire Toys in 2024. 20% (3) Return on capital employed: Operating profit / Capital employed × 100 (1) Capital employed: £240m + £170m = £410m (1) £82m / £410m × 100 (1) If percentage sign is missing, award 2 marks OFR applies	3 AO1 = 1 AO2 = 2

Question	Part	Marking guidance	Total marks
1	2	Yorkshire Toys pays above the minimum wage in Vietnam. Analyse one reason why Yorkshire Toys may choose to do this. Indicative content • Paying above the minimum wage could improve the brand image of Yorkshire Toys. Many businesses manufacturing overseas are subject to bad PR due to working conditions etc. This would ensure Yorkshire Toys did not suffer bad press. • Offering above the minimum wage could attract the best and most skilled workers. As the business is making toys for children, safety standards and quality will be extremely important. • Labour laws change regularly – for example, the minimum wage could rise again in future. Paying above the minimum wage means the business is less likely to fall below it if it does increase. Keeping up to date with changes could be harder for Yorkshire Toys as the Head Office is in the UK. Credit valid alternative content. Good response (4 marks) Analyses one reason Yorkshire Toys is likely to pay above the minimum wage. Reasonable response (3–2 marks) Explains a benefit of paying above the minimum wage but not related to Yorkshire Toys. Limited response (1 mark) Shows some understanding/knowledge of a relevant issue such as manufacturing overseas of labour laws eg what a minimum wage is.	4 AO1 = 1 AO2 = 1 AO3 = 2

Question	Part	Marking guidance	Total marks
1	3	Analyse how two of Porter's Five Forces could impact the profits of Yorkshire Toys.	9 AO1 = 2 AO2 = 1 AO3 = 6

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 how two of Porter's Five Forces,
- could impact the profits of Yorkshire Toys.

Indicative content

- Power of buyers – low level of customer loyalty. This could mean Yorkshire Toys are forced to lower prices, which could reduce profits. It could also mean higher spending on marketing in order to attract more customers, increasing costs and reducing profits.
- Threat of new entrants – high barriers to entry, existing businesses benefit from economies of scale. Yorkshire Toys is an existing business in the market, meaning it could ensure high sales and profits.
- Threat of substitutes – large number of threats from digital alternatives. This could encourage Yorkshire Toys to invest money in research and development in order to minimise the threats from these substitutes, raising costs and reducing profits. In addition, it could force it to reduce prices as its products reach the end of their product life cycles, reducing profits.
- Rivalry of existing competitors – large number of businesses in the same industry. Yorkshire Toys may need to invest heavily in marketing or use competitive pricing in order to keep market share, both of which could reduce profits.
- Power of suppliers – many suppliers, Yorkshire Toys buy in large quantities. Yorkshire Toys could identify one supplier and become its only customer. This could increase the power it has and enable it to reduce costs and increase profits.

Credit valid alternative content.

Question	Part	Marking guidance	Total marks
1	4	The Operations Director thinks reshoring production back to the UK is a good way of increasing the profitability of Yorkshire Toys. Do you agree? 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 whether reshoring,
- will increase profitability for Yorkshire Toys,
- and make a judgement.

Indicative content

Arguments for

- Rising fuel and shipping costs are likely to increase total costs, especially as 100% of sales take place in the UK and manufacturing is currently in Vietnam. By reshoring, these costs would be much lower. If prices remain the same, lower costs would increase profitability.
- There are quality issues which will be increasing costs or causing prices to be lowered. Reshoring would mean Yorkshire Toys could keep a closer eye on production, increasing quality (allowing for the toys to be more PED inelastic, so prices could be increased) and potentially reduce costs in terms of waste materials/returns.
- Yorkshire Toys may be able to improve its reputation if it manufactures in the UK. Manufacturing overseas can often cause bad PR due to lack of control over the supply chain. People may prefer to buy from a business which manufactures in the UK. This could be used in marketing and products could become more PED inelastic allowing for higher prices and margins.

Arguments against

- The cost of closing the factory and opening up a new one could be significant, increasing costs and margins.
- Wages in Vietnam are still below that in the UK so it may be more expensive to reshore, raising costs. If these costs can't be passed on in the form of higher prices, margins would fall.
- Some of the rising costs such as fuel may only be temporary.
- Yorkshire Toys is considering international expansion. Having a production site in Asia could, therefore, be closer to some of the new markets it is looking to target, meaning it may be better not to bring production back to the UK.

Potential judgement

- Reshoring is a good idea if the economic situation is likely to remain uncertain, particularly if fuel costs and shipping costs are likely to continue rising. Bringing production to the UK allows for costs to be controlled more easily and, therefore, it could be easier to increase profitability.
- Reshoring would not increase profitability due to the significant costs involved. Yorkshire Toys operate in a competitive market, so even with higher quality toys, it is unlikely prices could be raised to counter these costs.

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
1	5	The Marketing Director believes that selling internationally is the best option to increase Yorkshire Toys' sales. Do you agree? 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 whether selling internationally,
- is the best option for Yorkshire Toys,
- to increase sales,
- and make a judgement.

Indicative content

Arguments for

- The UK market is saturated, meaning sales are unlikely to rise further. Due to the increase in digital toys, traditional toys could be reaching the end of the product life cycle in the UK. This means sales could fall in future.
- Targeting markets which are growing and with increasing numbers of middle-income earners could act as an effective extension strategy for Yorkshire Toys and sales are likely to grow quickly.
- It is unlikely to need any/much new product development, which could save money for Yorkshire Toys and allow them to charge lower prices, increasing sales.
- Current manufacturing is in Vietnam, so Yorkshire Toys may have an insight into the market already. Equally, if they keep production here, shipping would be easier to a variety of locations in Asia.

Arguments against

- Market research may need to be done to understand these markets. The Marketing Director 'believes' that toys wouldn't need to be adapted to suit the new market, however this could be incorrect. If research and development is needed, it could increase costs and prices. Higher prices could reduce sales.
- There is no data to suggest the stage of the product life cycle that traditional toys would be in. Yorkshire Toys may spend a lot of money entering a new market to discover a lot of competition or declining sales in the market.
- Money could be better spent adapting toys to make them digital, as this appears to be a growing market in the UK and Yorkshire toys has always sold in the UK so will have a good understanding of this market.

Potential judgement

- New overseas locations to sell could be the best way to grow as it allows Yorkshire Toys to stick to producing the toys it has become known for. These products could be cash cows in the UK but stars overseas.
- Selling overseas could be problematic as cultural differences could require toys to be altered/adapted, which could complicate production. This could be particularly problematic due to the quality issues it is already having.

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: 40 marks**

Question	Part	Marking guidance	Total marks
2	1	Using Table 2, calculate the payback period. 2 years 6 months or 2 years 182.5 days or 2.5 years (3) $(120) + (10) + 75 = (55)$ (1) $55 / 110 \times 12$ (or 365) (1) In the third year (1) Demonstrates knowledge of payback through the correct process but with an error (1) OFR applies	3 AO1 = 1 AO2 = 2

Question	Part	Marking guidance	Total marks
2	2	Analyse one benefit to Fusion of implementing digital technology into its restaurant. Indicative content • Digital technology could allow for automatic reordering of ingredients. This would allow fusion to be more efficient, reducing unit costs and allowing for lower prices/higher profit margins. • Customer data could be stored in a database, allowing direct marketing to be used. Marketing could then be targeted, increasing customers and capacity utilisation. • Computerised systems for waiters/waitresses could be implemented to send orders directly to the kitchen. This could speed up processes, making customers happier with the service and increasing efficiency. • Implementation of a computer system to organise seats/ restaurant layout. Customers could be seated faster and the manager can make sure the maximum number of people are seated at any one time, increasing sales and profit. Credit valid alternative content. Good response (4 marks) Analyses one relevant way digital technology could benefit Fusion. Reasonable response (3–2 marks) Explains how digital technology could benefit a business but without application to Fusion. Limited response (1 mark) Shows knowledge/understanding of digital technology such as a definition.	4 AO1 = 1 AO2 = 1 AO3 = 2

Question	Part	Marking guidance	Total marks
2	3	Fusion decided to source its ingredients ethically. Analyse the impact of this decision on two functional areas of the business.	9 AO1 = 2 AO2 = 1 AO3 = 6

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 impact to two functional areas,
- of ethical sourcing,
- in the context of Fusion.

Indicative content

- Ethical sourcing is likely to increase costs.
- Higher costs mean the marketing department may need to position the business as luxury/expensive or include sourcing of ingredients in advertising. This will ensure the meals are PED inelastic and Fusion can raise prices to achieve a profit margin.
- Higher costs will also require the finance department to ensure calculations for cost and profit margins are completed. Budgets may also need to be adjusted to allow for greater spending on ingredients to allow for ethical sourcing.
- Less money may be available to recruit or train employees. The HR department may also want to ensure people with similar values are employed, so that the ethical culture of the business is retained.
- The operations department will need to ensure the suppliers are well researched and keeping to high ethical standards such as treatment of animals and workers.

Credit valid alternative content.

Question	Part	Marking guidance	Total marks
2	4	Rashid is considering making his leadership style more subordinate-centred (see Figure 1). Is this a good idea? 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 arguments for changing management style,
- to analyse the argument against changing management style
- in the given context
- and make a judgement.

Indicative content

Arguments for

- A subordinate-centred management style encourages greater delegation and involvement of employees in decision making.
- This could be motivational for employees and increase their satisfaction at work. Currently some employees don't feel listened to. A subordinate-centred style could make them feel more involved and reduce labour turnover.
- Three employees are full time. They may have some valuable insights into what works/what could be improved in the business, particularly as they work directly with customers so are likely to get feedback on menu items, pricing etc.
- Employees receive a large amount of training. They could, therefore, be experienced and skilled enough to be able to help make effective decisions. They may also not need as much supervision. This could allow Rashid to focus on other areas of the business.

Arguments against

- Some of the employees are part-time and don't stay long in Fusion. They may, therefore, not have opinions or want to have a say into decisions, or they may not have a good enough understanding of Fusion to be able to make relevant suggestions.
- Employees are usually young, meaning they may not want to have an input into key decisions of the business. If given too much freedom, they may not work hard or maintain standards and this could cause standards at the restaurant to fall.
- Rashid is very experienced as a chef and owner of the restaurant, therefore he may not want any input from anyone else. He may be best placed to make the decisions which are best for Fusion.

Potential judgement

- It depends on whether Rashid feels he can trust the views of staff. Subordinate-centred leadership will be effective if the staff want a say and he feels it will be valuable.
- Rashid may not be able to adapt his leadership style – it is very different from his current style and, therefore, he may find it too difficult to change.

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	5	Do you think Rashid should franchise Fusion? 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 arguments for franchising Fusion,
- to analyse the arguments against franchising Fusion,
- and make a judgement.

Indicative content

Arguments for

- Franchising will allow for much quicker growth. Three franchisees would work to open restaurants across the UAE. Quicker expansion would allow for first-mover advantage in different areas.
- Rashid has worked hard to establish his business model. He could train potential franchisees well to ensure they maintain standards, use the same ingredient suppliers etc.
- Franchising is a popular growth method for food businesses as it's easy to replicate menus, layout etc.

Arguments against

- Franchising could risk damaging the reputation that Rashid has built up. Franchisees may not keep the standards high or could change things about the business without asking. This could impact the original Fusion restaurant or mean the payback takes longer.
- Rashid would need to take the time to train the franchisees. With such a busy restaurant in Dubai, as well as opening a second restaurant, he may not have time to do that.

Potential judgement

- Franchising could be a good option due to the speed of expansion. Fusion has a USP, but it is replicable. If Rashid finds good franchisees, the issues will not be a concern.
- Rashid's existing restaurant is very busy, as well as opening a second one. He may not have time to be able to train franchisees to a high enough standard to be confident that the quality will be maintained.

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			3
1.2	1	1	2		4
1.3	2	1	6		9
1.4	2	2	2	6	12
1.5	2	2	2	6	12
2.1	1	2			3
2.2	1	1	2		4
2.3	2	1	6		9
2.4	2	2	2	6	12
2.5	2	2	2	6	12
Unit Total	16	16	24	24	80