

OXFORD

INTERNATIONAL
AQA EXAMINATIONS

INTERNATIONAL AS BUSINESS

(9625)

Mark scheme

Unit 2: Managing operations, human resources and finance

Specimen 2018

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 assessment writer.

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.

International AS Business mark scheme

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: 17 marks

Question	Part	Marking guidance	Total marks															
01		<p>Labour turnover measures:</p> <p>Answer: B (The proportion of employees leaving a business)</p>	<p>1</p> <p>AO1=1</p>															
02		<p>The rent paid by a business increases.</p> <p>The impact of this increase on its fixed costs, variable costs and breakeven output is:</p> <p>Answer: B</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;">Fixed costs</td> <td style="width: 33%;">Variable costs</td> <td style="width: 33%;">Breakeven output</td> </tr> <tr> <td>Increase</td> <td>No change</td> <td>Increase</td> </tr> </table>	Fixed costs	Variable costs	Breakeven output	Increase	No change	Increase	<p>1</p> <p>AO1=1</p>									
Fixed costs	Variable costs	Breakeven output																
Increase	No change	Increase																
03		<p>A business has produced the following budget:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Budget \$</th> <th style="text-align: center;">Actual \$</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td style="text-align: center;">5000</td> <td style="text-align: center;">4000</td> </tr> <tr> <td>Labour costs</td> <td style="text-align: center;">2000</td> <td style="text-align: center;">3000</td> </tr> <tr> <td>Material costs</td> <td style="text-align: center;">2500</td> <td style="text-align: center;">2500</td> </tr> <tr> <td>Profit</td> <td style="text-align: center;">500</td> <td style="text-align: center;">(1500)</td> </tr> </tbody> </table> <p>The budget above shows that:</p> <p>Answer: D (The profits have an adverse variance of \$2000)</p>		Budget \$	Actual \$	Revenue	5000	4000	Labour costs	2000	3000	Material costs	2500	2500	Profit	500	(1500)	<p>1</p> <p>AO2=1</p>
	Budget \$	Actual \$																
Revenue	5000	4000																
Labour costs	2000	3000																
Material costs	2500	2500																
Profit	500	(1500)																
04		<p>Explain one reason why a start-up business might use venture capital.</p> <p>Indicative content:</p> <p>It is high-risk so needs lender/investor willing to take this risk.</p> <p>Venture capitalists specialise in this type of investment.</p> <p>Credit valid alternative content.</p> <p>Good response 3 marks</p> <p>Clear link between venture capital and a start-up, eg start-ups are often perceived as high-risk and therefore can be difficult to find investors, but venture capitalists specialise in assessing risk or may access the expertise of the venture capitalists, which may be particularly useful when starting out.</p> <p>Reasonable response 2 marks</p> <p>Likely to understand that start-ups involve risk and use venture capital but not explain clearly why.</p> <p>Limited response 1 mark</p> <p>May be some understanding of venture capital but no link to issues of start-ups.</p>	<p>3</p> <p>AO1=1</p> <p>AO2=2</p>															

Question	Part	Marking guidance	Total marks
05		<p>The capital invested in a project is \$80 million. The expected sales from the project are \$200 million a year. The profit margin is 5%.</p> <p>Calculate the expected annual return on investment on the project.</p> <p>Profit = 5% of \$200million = $(5/100) \times 200 = \\$10$ million</p> <p>Return on investment = $\\$10\text{million} / \\$80 \text{million} \times 100 = 12.5\%$</p> <ul style="list-style-type: none"> • Calculates profit correctly (1). • Relates profit to investment ie relates \$10 million to \$80 million (1). <p>Calculates the return correctly and presents result as a percentage (1).</p>	<p>3</p> <p>AO1=1 AO2=2</p>
06		<p>The economies of some countries, such as Indonesia, are heavily dependent on farming.</p> <p>Explain one action that farmers might take to increase the productivity of their land.</p> <p>Indicative content</p> <ul style="list-style-type: none"> • Investment in farming equipment. • Use fertilisers. <p>Credit valid alternative content.</p> <p>Good response 3 marks</p> <p>Clear link between actions farmers take and increasing productivity, eg may use chemicals, which can help crops to grow faster or not be as vulnerable to diseases and therefore the output per piece of land can be higher.</p> <p>Reasonable response 2 marks</p> <p>Some explanation of an action and a basic link to more output.</p> <p>Limited response 1 mark</p> <p>Identify relevant action(s), eg use chemicals.</p>	<p>3</p> <p>AO1=2 AO2=1</p>

Question	Part	Marking guidance	Total marks
07	1	<p>In 2015 global car production was estimated to be 78 million. Total capacity in the global car industry in 2015 was estimated to be 88 million cars.</p> <p>Calculate the capacity utilisation in the global car industry in 2015.</p> <p>Capacity utilisation = (present output/maximum output) *100= (78/88) *100= 88.634%</p> <p>Selects and uses right numbers correctly for equation or states the equation (1).</p> <p>Correct answer (1) (accept any accurate rounding).</p>	<p>2</p> <p>AO1=1 AO2=1</p>
07	2	<p>Capacity utilisation has been falling in the car industry. Explain one possible effect of falling capacity utilisation on the unit costs of car manufacturers.</p> <p>Indicative content</p> <p>Likely to increase the unit cost as the costs are spread over fewer units.</p> <p>Given the fall in the amount produced relative to the total maximum output.</p> <p>Credit valid alternative content.</p> <p>Good response 3 marks</p> <p>Clear link between falling capacity utilisation and the effect on car manufacturers, eg higher unit costs as fixed costs spread over fewer units reducing profit margins.</p> <p>Reasonable response 2 marks</p> <p>Some link between effect of falling capacity utilisation and higher unit costs, eg less efficient but link not clearly made.</p> <p>Limited response 1 mark</p> <p>Identifies relevant effect, eg higher unit costs.</p>	<p>3</p> <p>AO1=2 AO2=1</p>

Section B

Total for this section: 27 marks

Question	Part	Marking guidance	Total marks
08		<p>Xena Ltd is a construction company that is experiencing cash flow problems. The time taken by Xena between buying land, building houses and then selling them to customers is often over a year.</p> <p>Analyse the actions Xena might take to improve its cash flow in this situation.</p>	<p>9</p> <p>AO1=3 AO2=3 AO3=3</p>

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 in this question.

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

Indicative content

- Ask for cash payments in advance (eg in return for lower price).
- Delay paying suppliers.
- Take out a loan (but this does not solve underlying problem).

Credit valid alternative content.

A good response clearly explains the actions that Xena might take to improve its cash flow, eg it might offer a reduction in price for a cash deposit to get payments in earlier so the cash comes in before it is used to pay suppliers or it might delay payment to the suppliers of the materials it uses to build the houses and try and pay when the house is sold so outgoings come after income.

A reasonable response shows some understanding of the actions the business might take and improving cash flow but not clearly made, eg can delay payment to hold on to money for longer but no context.

A limited response may identify actions the business might take, eg delay payment to suppliers or take out a loan.

Question	Part	Marking guidance	Total marks
09		<p>The UK supermarket retailer, Tesco, operates in 11 countries including India, Malaysia and South Korea.</p> <p>Analyse the benefits to a multinational supermarket, such as Tesco, of having a decentralised organisation.</p>	<p>9</p> <p>AO1=3</p> <p>AO2=3</p> <p>AO3=3</p>

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 in this question.

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

Indicative content

- may enable individual regions/stores to respond to local market conditions
- this may mean the stores met customer needs more precisely; this may mean higher sales and less waste
- less central management may increase efficiency and may reduce management costs.

Credit valid alternative content.

A good response will make a clear link between decentralisation and a multinational supermarket, eg different needs in different markets and value of responding to these in terms of sales and profits. The types of goods demanded and even how people shop will vary significantly and the stores may respond to these more effectively if decentralised and able to make own decisions.

A reasonable response may explain the benefits of decentralisation but not clearly link to a multinational supermarket, eg explain the benefit of making lower down the organisation but not examining regional differences.

A limited response may identify benefits of decentralisation, eg quicker decision making.

Question	Part	Marking guidance	Total marks
10		<p>The demand for some hotels is seasonal due to patterns of tourism.</p> <p>Analyse the possible implications of seasonal demand for a hotel.</p>	<p>9</p> <p>AO1=3 AO2=3 AO3=3</p>

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 in this question.

Level	Marks	Descriptor
3	7–9	<p>A good response that focuses on many of the demands of the question</p> <ul style="list-style-type: none"> • includes well-focused analysis with logical chains of reasoning • includes well-focused application to the given context • shows sound knowledge and understanding of business terminology and concepts with few, if any, errors • is well structured.
2	4–6	<p>A reasonable response which focuses on some of the demands of the question</p> <ul style="list-style-type: none"> • includes reasonable analysis but the analysis might not be fully developed or may lack some accuracy in places • includes reasonable application to the given context • focuses on issues that are relevant to the question, showing satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present.
1	1–3	<p>A limited response that has little focus on the demands of the question</p> <p>A limited response with some understanding that may:</p> <ul style="list-style-type: none"> • include some limited analysis but lacks focus and development

Level	Marks	Descriptor
		<ul style="list-style-type: none"> 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:

- may mean you use temporary staff for busy periods; this may mean regular recruitment and training.
- may have some management issues if a lot of staff are temporary rather than permanent
- may mean cash flow needs monitoring carefully due to seasonal issues.

Credit valid alternative content.

A good response will clearly link seasonal demand to the implications for a hotel, eg may create staffing issues as demand varies and may need to use temporary labour or may want to adapt marketing to try and stabilise demand, eg through incentives in the off season.

A reasonable response may explain some effects of seasonal demand, eg the need to have a flexible labour force but have little link to the context.

A limited response may identify possible implications of seasonal demand, eg capacity utilisation issues.

Section C
Total for this section: 36 marks

Question	Part	Marking guidance	Total marks
11		<p>Aya is the Managing Director of a business that owns several shops. Aya is thinking of increasing the pay of her staff to increase their motivation.</p> <p>Is Aya correct to think that higher pay will motivate her staff?</p> <p>Assess the arguments for and against and make a judgement.</p>	<p>12</p> <p>AO1=2 AO2=2 AO3=3 AO4=5</p>

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

Level	Marks	Descriptor
4	10–12	<p>An excellent response that focuses fully on the demands of the question</p> <p>Likely to demonstrate sound, focused analysis and well-supported evaluation:</p> <ul style="list-style-type: none"> includes supported evaluation in a final conclusion and within response includes well-focused analysis with clear, logical chains of reasoning includes well-focused application to the given context shows sound knowledge and understanding of business terminology and with few, if any, errors is well structured and well-focused.

Level	Marks	Descriptor
		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	<p>A good response that focuses on many of the demands of the question</p> <p>Likely to demonstrate sound, focused analysis and some supported evaluation:</p> <ul style="list-style-type: none"> • includes some reasonable, supported evaluation • includes analysis with some logical chains of reasoning • includes some good application to the given context • shows sound knowledge and understanding of business terminology and concepts with relatively few errors • is relatively well-structured and generally focused. <p>A relatively complete and coherent argument leading to an attempt to conclude. The content is detailed and correct and most of it is integrated. There is recognition of arguments and counter-arguments, but balance is not always present and the weight to be given to each argument is not always fully clear.</p>
2	4–6	<p>A reasonable response which focuses on some of the demands of the question</p> <p>Some reasonable analysis but generally unsupported evaluation:</p> <ul style="list-style-type: none"> • there is likely to be some attempt to make relevant 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. <p>There is an attempt to answer the question. There is likely to be a conclusion but it has little support and response may lack balance. The content is largely correct, though there may be some gaps and lack of detail.</p>
1	1–3	<p>A limited response that has little focus on the demands of the question</p> <p>A limited response with some understanding:</p> <ul style="list-style-type: none"> • includes 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 this question are to decide whether higher pay will motivate Aya's staff. A judgement needs to be made balancing the arguments.

Indicative content

Pay may meet some needs (eg on Maslow’s hierarchy pay may meet lower level needs) and in this situation may motivate some employees looking to fulfil these needs.

However pay may not meet all needs, eg higher level needs may be better met by redesigning jobs, giving more authority, empowering employees. According to Herzberg basic pay may be a hygiene factor rather than a motivator; motivators are more to do with extrinsic factors.

The effect of more pay depends on:

- the amount of pay increase
- the level needs of employees
- whether it is just higher pay or linked to more challenging jobs.

Credit valid alternative content.

Question	Part	Marking guidance	Total marks
12		<p>A multi-national technology company has had to recall several million mobile phones from across the world. There have been quality problems with the phones that have meant there is a danger they can catch fire.</p> <p>Do you think a recall such as this is likely to damage the profits of the business in the long-term?</p> <p>Assess the arguments for and against and make a judgement.</p>	<p>12</p> <p>AO1=2 AO2=2 AO3=3 AO4=5</p>

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

Level	Marks	Descriptor
4	10–12	<p>An excellent response that focuses fully on the demands of the question</p> <p>Likely to demonstrate sound, focused analysis and well-supported evaluation:</p> <ul style="list-style-type: none"> • includes supported evaluation in a final conclusion and within response • includes well-focused analysis with clear, logical chains of reasoning • includes well-focused application to the given context • shows sound knowledge and understanding of business terminology and with few, if any, errors • is well structured and well-focused. <p>A complete and coherent overall argument with a clear conclusion. The conclusion is arrived at through a balancing of arguments, with appropriate weight given to each argument and to the argument overall. Where there are crucial arguments, these are distinguished from less crucial ones.</p>
3	7–9	<p>A good response that focuses on many of the demands of the question</p> <p>Likely to demonstrate sound, focused analysis and some supported evaluation:</p> <ul style="list-style-type: none"> • includes some reasonable, supported evaluation

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		<ul style="list-style-type: none"> 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. <p>A relatively complete and coherent argument leading to an attempt to conclude. The content is detailed and correct and most of it is integrated. There is recognition of arguments and counter-arguments, but balance is not always present and the weight to be given to each argument is not always fully clear.</p>
2	4–6	<p>A reasonable response which focuses on some of the demands of the question</p> <p>Some reasonable analysis but generally unsupported evaluation:</p> <ul style="list-style-type: none"> there is likely to be some attempt to make relevant 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. <p>There is an attempt to answer the question. There is likely to be a conclusion but it has little support and response may lack balance. The content is largely correct, though there may be some gaps and lack of detail.</p>
1	1–3	<p>A limited response that has little focus on the demands of the question</p> <p>A limited response with some understanding:</p> <ul style="list-style-type: none"> includes 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 this question are to decide whether a recall due to quality problems is likely to damage the profits of the business in the long-term (not just the short-term).

Indicative content

The costs of a recall may include:

- the loss of reputation affecting the brand image and the ability to charge higher prices
- lost sales
- legal costs
- costs of recall.

The long-term impact may depend on how the business reacts, how its new products perform, whether it pays compensation. The long-term effect may be not be as great as the short-term as new products may be launched and promotional campaigns used to change perception for the brand back to being more positive.

Credit valid alternative content.

Question	Part	Marking guidance	Total marks
13		<p>Zara, the fashion retailer, is said to have a Just in Time approach to inventory control.</p> <p>Do you think a Just in Time approach to inventory control is better than a Just in Case approach for a clothes retailer?</p> <p>Assess the arguments for and against and make a judgement.</p>	<p>12</p> <p>AO1=2 AO2=2 AO3=3 AO4=5</p>

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3	7–9	<p>A good response that focuses on many of the demands of the question</p> <p>Likely to demonstrate sound, focused analysis and some supported evaluation:</p> <ul style="list-style-type: none"> • includes some reasonable, supported evaluation • includes analysis with some logical chains of reasoning • includes some good application to the given context • shows sound knowledge and understanding of business terminology and concepts with relatively few errors • is relatively well-structured and generally focused. <p>A relatively complete and coherent argument leading to an attempt to conclude. The content is detailed and correct and most of it is integrated. There is recognition of arguments and counter-arguments, but balance is not always present and the weight to be given to each argument is not always fully clear.</p>

Level	Marks	Descriptor
2	4–6	<p>A reasonable response which focuses on some of the demands of the question</p> <p>Some reasonable analysis but generally unsupported evaluation:</p> <ul style="list-style-type: none"> • there is likely to be some attempt to make relevant 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. <p>There is an attempt to answer the question. There is likely to be a conclusion but it has little support and response may lack balance. The content is largely correct, though there may be some gaps and lack of detail.</p>
1	1–3	<p>A limited response that has little focus on the demands of the question</p> <p>A limited response with some understanding:</p> <ul style="list-style-type: none"> • includes 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 this question is whether a Just in Time approach is better approach for inventory control than Just in Case for a clothes retailer. A judgement is required.

Indicative content

Just in time may mean the business can respond to changes in fashion quickly; can avoid getting stuck with inventory that may not sell. Can avoid having to discount to sell inventory. However may not get discounts for large orders and danger of running out of items. Will pay more for more frequent deliveries.

Depends on:

- how rapidly inventory can be replaced
- how expensive additional transport costs are
- the extent of possible bulk discounts
- the need to respond to short term fashion trends.

Credit valid alternative content.

Assessment Objective grid

	A01	A02	A03	A04	Total
Section A					
01	1				1
02	1				1
03		1			1
04	1	2			3
05	1	2			3
06	2	1			3
07.1	1	1			2
07.2	2	1			3
Section B					
08	3	3	3		9
09	3	3	3		9
10	3	3	3		9
Section C					
11	2	2	3	5	12
12	2	2	3	5	12
13	2	2	3	5	12
Unit total	24	23	18	15	80

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You can contact the business team directly;

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