

INTERNATIONAL AS & A-LEVEL **BUSINESS**

BSS4

Unit 4 Business strategy

Mark scheme

Specimen

Version: 1.0

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 oxfordaqa.com

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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 and understanding of business terms, concepts, theories, methods and models.
AO2	Apply knowledge and understanding to various business contexts.
AO3	Analyse business issues, showing an understanding of the impact on individuals and organisations of external and internal influences.
AO4	Evaluate qualitative and quantitative information to make informed judgements on 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 questions 1.4, 1.5, 2.4 and 2.5 more weight should be given to AO3 and AO4 than to AO1 and AO2. 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: 40 marks

Question	Part	Marking guidance	Total marks
1	1	<p>Using the data in Table 1, calculate the payback period for RHA's proposed new machine.</p> <p>Answer: 3 years and 4 months or 3.33 years or 3 years and 121.67 days (4)</p> <p>Accept answers of 3 years and 122 days (4)</p> <p>$14\,000 + 27\,000 + 28\,000 = 69\,000$ (1)</p> <p>$77\,000 - 69\,000 = 8\,000$ (1)</p> <p>$8\,000 / 24\,000 = 0.33$ (1)</p> <p>$0.33 \times 12 = 4$ (1) or $0.33 \times 365 = 121.67$ days</p> <p>For an answer of 3 years and 121 days award 3 marks</p> <p>Own figure rule applies</p>	<p>4</p> <p>AO1 = 2 AO2 = 2</p>

Question	Part	Marking guidance	Total marks																		
1	2	<p>Explain one factor influencing the investment decision for RHA.</p> <table border="1"><thead><tr><th>Level</th><th>Mark</th><th>Descriptor</th></tr></thead><tbody><tr><td>4</td><td>4</td><td>Demonstrates accurate and relevant knowledge and clear application to a business context, with a fully explained point that is directly relevant and logically structured.</td></tr><tr><td>3</td><td>3</td><td>Good knowledge and mostly relevant application. The explanation is mostly clear but may lack some precision or minor contextual links.</td></tr><tr><td>2</td><td>2</td><td>Basic knowledge with limited or generic application. Some understanding shown but the response is underdeveloped.</td></tr><tr><td>1</td><td>1</td><td>Some relevant knowledge, but no meaningful application or explanation. Likely a simple statement or definition.</td></tr><tr><td></td><td>0</td><td>No credit worthy material</td></tr></tbody></table> <p>Indicative content:</p> <ul style="list-style-type: none">Initial cost – the machine will cost 77 million krona which is a large investment. RHA may consider whether it can afford this. As it achieves low profit margins, this may not be possible.Payback period – the payback period is 3 years and 4 months (OFR). If the owners are happy with this, that may mean they are more likely to invest. As RHA is an Ltd, it is likely to owners will be prepared to wait longer to achieve payback.Alternative investments – to improve innovation, there may be other things within RHA that need to be changed, such as training for staff. If this is expected to achieve a higher return, RHA may opt not to invest in the new machine.ARR (average rate of return) – RHA may set an expected ARR for a project. It does have shareholders who expect a return, therefore the % ARR may have a big impact on whether the investment goes ahead or not.Confidence in the data – if RHA feels that the data is accurate, it is more likely to make an investment. However, if the data is less accurate, RHA may be less likely to invest into a project. <p>Credit all relevant knowledge and understanding and application.</p>	Level	Mark	Descriptor	4	4	Demonstrates accurate and relevant knowledge and clear application to a business context, with a fully explained point that is directly relevant and logically structured.	3	3	Good knowledge and mostly relevant application. The explanation is mostly clear but may lack some precision or minor contextual links.	2	2	Basic knowledge with limited or generic application. Some understanding shown but the response is underdeveloped.	1	1	Some relevant knowledge, but no meaningful application or explanation. Likely a simple statement or definition.		0	No credit worthy material	4 AO1 = 2 AO2 = 2
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Question	Part	Marking guidance	Total marks																		
1	3	<p>Analyse two benefits for RHA of vertical integration.</p> <p>Examiners are reminded to award up to 4 marks per point, using the level-based descriptors below. The two points may differ in quality. You should apply a best-fit approach for each point independently.</p> <p>Max 4 marks per point x2 = 8 marks total</p> <table><tr><th>Level</th><th>Mark</th><th>Descriptor</th></tr><tr><td>4</td><td>4</td><td><p>An excellent response meeting all the demands of the question</p><p>A response at this level is likely to demonstrate:</p><p>Knowledge and understanding of a relevant point, applied to the context with a developed chain of reasoning</p></td></tr><tr><td>3</td><td>3</td><td><p>A good response meeting most of the demands of the question</p><p>A response at this level is likely to demonstrate:</p><p>Knowledge and understanding of relevant point, applied to the context with a basic chain of reasoning</p></td></tr><tr><td>2</td><td>2</td><td><p>A reasonable response meeting some of the demands of the question</p><p>A response at this level is likely to demonstrate:</p><p>Knowledge and understanding of relevant point applied to the context</p><p>or</p><p>A basic chain of reasoning built on relevant knowledge and understanding</p></td></tr><tr><td>1</td><td>1</td><td><p>A limited response meeting a few of the demands of the question</p><p>A response at this level is likely to demonstrate:</p><p>Knowledge and understanding of relevant point</p></td></tr><tr><td></td><td>0</td><td>No credit worthy material</td></tr></table> <p>The demands of the question are:</p> <ul style="list-style-type: none">Knowledge and understanding of the benefits of vertical integration (AO1)	Level	Mark	Descriptor	4	4	<p>An excellent response meeting all the demands of the question</p> <p>A response at this level is likely to demonstrate:</p> <p>Knowledge and understanding of a relevant point, applied to the context with a developed chain of reasoning</p>	3	3	<p>A good response meeting most of the demands of the question</p> <p>A response at this level is likely to demonstrate:</p> <p>Knowledge and understanding of relevant point, applied to the context with a basic chain of reasoning</p>	2	2	<p>A reasonable response meeting some of the demands of the question</p> <p>A response at this level is likely to demonstrate:</p> <p>Knowledge and understanding of relevant point applied to the context</p> <p>or</p> <p>A basic chain of reasoning built on relevant knowledge and understanding</p>	1	1	<p>A limited response meeting a few of the demands of the question</p> <p>A response at this level is likely to demonstrate:</p> <p>Knowledge and understanding of relevant point</p>		0	No credit worthy material	8 AO1 = 2 AO2 = 2 AO3 = 4
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	0	No credit worthy material																			

		<ul style="list-style-type: none"> • Applied to the context of a RHA (AO2) • Analysis of two benefits for RHA of vertical integration (AO3) <p>Indicative content:</p> <ul style="list-style-type: none"> • By purchasing a supplier of batteries, RHA would have more control over battery quality and standards, helping it better respond to consumer concerns and improve brand image. Customers are seeking the latest technology, and in this industry, battery life is likely to be a key part of that. • Backward vertical integration could reduce variable costs by removing the profit margin charged by external battery suppliers. RHA is aiming to increase its profit margins, so this could help it to achieve this aim. • Owning the supply chain may improve reliability and reduce delays in getting key components, ensuring smoother operations across global markets. The market is becoming increasingly competitive, so RHA needs to ensure it delivers on time to customers to be seen as reliable and gain a competitive advantage over competitors. • Reduced reliance on external suppliers. If RHA purchases its supplier/s, it means it would be less reliant on them. This means it may be more confident with its costs and pricing decisions. • Increased market power. RHA could influence the costs and availability of supplies for its competitors. This means that RHA could attain more power in this market and increase its ability to be profitable. It could also create barriers to entry for competitors as RHA could control whether new businesses can access the supplier. <p>Credit all relevant knowledge and understanding, application and analysis.</p>	
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Question	Part	Marking guidance	Total marks									
1	4	<p>Should RHA continue with its current, low-cost strategy or switch to a differentiation strategy?</p> <p>Assess the arguments for and against and make a judgement.</p> <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 for this question. More weight should therefore be given to AO3 and AO4 than AO1 and AO2.</p> <table><tr><th>Level</th><th>Mark</th><th>Descriptor</th></tr><tr><td>4</td><td>10-12</td><td><p>An excellent response meeting all the demands of the question</p><p>A response at this level is likely to demonstrate:</p><ul style="list-style-type: none">• Knowledge explained to show relevant understanding.• Application of knowledge and understanding to the context.• Well-developed analysis overall covering both sides of the argument.• Well-supported evaluation with balanced, logical overall judgement.</td></tr><tr><td>3</td><td>7-9</td><td><p>A good response meeting most of the demands of the question</p><p>A response at this level is likely to demonstrate:</p><ul style="list-style-type: none">• Knowledge explained to show relevant understanding.• Application of knowledge and understanding to the context.• Good analysis with developed chains of reasoning.• Evaluation with some support but may not address the question as a whole effectively.</td></tr></table>	Level	Mark	Descriptor	4	10-12	<p>An excellent response meeting all the demands of the question</p> <p>A response at this level is likely to demonstrate:</p> <ul style="list-style-type: none">• Knowledge explained to show relevant understanding.• Application of knowledge and understanding to the context.• Well-developed analysis overall covering both sides of the argument.• Well-supported evaluation with balanced, logical overall judgement.	3	7-9	<p>A good response meeting most of the demands of the question</p> <p>A response at this level is likely to demonstrate:</p> <ul style="list-style-type: none">• Knowledge explained to show relevant understanding.• Application of knowledge and understanding to the context.• Good analysis with developed chains of reasoning.• Evaluation with some support but may not address the question as a whole effectively.	<p>2</p> <p>AO1 = 2 AO2 = 2 AO3 = 4 AO4 = 4</p>
Level	Mark	Descriptor										
4	10-12	<p>An excellent response meeting all the demands of the question</p> <p>A response at this level is likely to demonstrate:</p> <ul style="list-style-type: none">• Knowledge explained to show relevant understanding.• Application of knowledge and understanding to the context.• Well-developed analysis overall covering both sides of the argument.• Well-supported evaluation with balanced, logical overall judgement.										
3	7-9	<p>A good response meeting most of the demands of the question</p> <p>A response at this level is likely to demonstrate:</p> <ul style="list-style-type: none">• Knowledge explained to show relevant understanding.• Application of knowledge and understanding to the context.• Good analysis with developed chains of reasoning.• Evaluation with some support but may not address the question as a whole effectively.										

		2	4-6	<p>A reasonable response meeting some of the demands of the question</p> <p>A response at this level is likely to demonstrate</p> <ul style="list-style-type: none"> • Knowledge explained to show relevant understanding. • Application of knowledge and understanding to the context. • Basic analysis with limited development of chains of reasoning. • Limited evaluation.
		1	1-3	<p>A limited response meeting a few of the demands of the question</p> <p>A response at this level is likely to demonstrate</p> <ul style="list-style-type: none"> • Knowledge explained to show relevant understanding. • Limited application of knowledge and understanding to the context. • Lack of relevant analysis. • No evaluation, judgements based on assertion.
			0	No credit worthy material
		<p>The demands of the question are:</p> <ul style="list-style-type: none"> • Knowledge and understanding of the arguments for and against low-cost and differentiation strategies (AO1) • Applied to the context of RHA (AO2) • Analysis of the arguments for and against RHA switching from a low-cost to a differentiation strategy (AO3) • Evaluation of the arguments for and against RHA switching from a low-cost to a differentiation strategy (AO4) <p>Indicative content:</p> <p>Arguments for:</p> <ul style="list-style-type: none"> • Differentiation typically requires high R&D and marketing costs, which could be risky without guaranteed success. This additional cost could require RHA to raise prices and therefore reduce the likely success of the business in future. • Competing with premium brands like Dyson may prove difficult, given that they are established in the market. RHA's current strategy of affordable products is what they are well known for. Staying focused on a strategy which has been successful for them may be more effective. 		

		<p>Arguments against:</p> <ul style="list-style-type: none"> • Differentiation through advanced technology could allow RHA to charge premium prices and boost profit margins. This is crucial for a business such as RHA, which is likely to need to continue to innovate and come up with new products to be successful. • A high-quality product focus may attract tech-savvy customers and build a stronger global brand reputation. This could help to increase RHA's market share and ensure long term success. • Investing in innovation aligns with RHA's desire to stay competitive in a crowded market and could lead to industry leadership. This could help RHA to gain advantages of being a market leader, such as price setting ability or economies of scale. <p>Potential judgement:</p> <ul style="list-style-type: none"> • RHA must consider whether it can balance affordability with innovation or whether a hybrid strategy is more appropriate — switching fully to differentiation could bring long-term benefits if the business is able to carefully introduce this and if it has the money to support this strategy. <p>Credit all relevant knowledge and understanding, application, analysis and evaluation.</p>	
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Question	Part	Marking guidance	Total marks									
1	5	<p>RHA needs to become more innovative. The HR director has suggested introducing intrapreneurship.</p> <p>Is this the best way for RHA to become innovative?</p> <p>Assess the arguments for and against and make a judgement.</p> <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 for this question. More weight should therefore be given to AO3 and AO4 than AO1 and AO2.</p> <table><tr><th>Level</th><th>Mark</th><th>Descriptor</th></tr><tr><td>4</td><td>10-12</td><td><p>An excellent response meeting all the demands of the question</p><p>A response at this level is likely to demonstrate:</p><ul style="list-style-type: none">• Knowledge explained to show relevant understanding.• Application of knowledge and understanding to the context.• Well-developed analysis overall covering both sides of the argument.• Well-supported evaluation with balanced, logical overall judgement.</td></tr><tr><td>3</td><td>7-9</td><td><p>A good response meeting most of the demands of the question</p><p>A response at this level is likely to demonstrate:</p><ul style="list-style-type: none">• Knowledge explained to show relevant understanding.• Application of knowledge and understanding to the context.• Good analysis with developed chains of reasoning.• Evaluation with some support but may not address the question as a whole effectively.</td></tr></table>	Level	Mark	Descriptor	4	10-12	<p>An excellent response meeting all the demands of the question</p> <p>A response at this level is likely to demonstrate:</p> <ul style="list-style-type: none">• Knowledge explained to show relevant understanding.• Application of knowledge and understanding to the context.• Well-developed analysis overall covering both sides of the argument.• Well-supported evaluation with balanced, logical overall judgement.	3	7-9	<p>A good response meeting most of the demands of the question</p> <p>A response at this level is likely to demonstrate:</p> <ul style="list-style-type: none">• Knowledge explained to show relevant understanding.• Application of knowledge and understanding to the context.• Good analysis with developed chains of reasoning.• Evaluation with some support but may not address the question as a whole effectively.	<p>12</p> <p>AO1 = 2 AO2 = 2 AO3 = 4 AO4 = 4</p>
Level	Mark	Descriptor										
4	10-12	<p>An excellent response meeting all the demands of the question</p> <p>A response at this level is likely to demonstrate:</p> <ul style="list-style-type: none">• Knowledge explained to show relevant understanding.• Application of knowledge and understanding to the context.• Well-developed analysis overall covering both sides of the argument.• Well-supported evaluation with balanced, logical overall judgement.										
3	7-9	<p>A good response meeting most of the demands of the question</p> <p>A response at this level is likely to demonstrate:</p> <ul style="list-style-type: none">• Knowledge explained to show relevant understanding.• Application of knowledge and understanding to the context.• Good analysis with developed chains of reasoning.• Evaluation with some support but may not address the question as a whole effectively.										

		2	4-6	<p>A reasonable response meeting some of the demands of the question</p> <p>A response at this level is likely to demonstrate</p> <ul style="list-style-type: none"> • Knowledge explained to show relevant understanding. • Application of knowledge and understanding to the context. • Basic analysis with limited development of chains of reasoning. • Limited evaluation.
		1	1-3	<p>A limited response meeting a few of the demands of the question</p> <p>A response at this level is likely to demonstrate</p> <ul style="list-style-type: none"> • Knowledge explained to show relevant understanding. • Limited application of knowledge and understanding to the context. • Lack of relevant analysis. • No evaluation, judgements based on assertion.
			0	No credit worthy material
		<p>The demands of the question are:</p> <ul style="list-style-type: none"> • Knowledge and understanding of the arguments for and against intrapreneurship increasing innovation (AO1) • Applied to the context of RHA (AO2) • Analysis of the arguments for and against introducing intrapreneurship at RHA to increase innovation (AO3) • Evaluation of the arguments for and against introducing intrapreneurship at RHA to increase innovation (AO4) <p>Indicative content:</p> <p>Arguments for:</p> <ul style="list-style-type: none"> • Employees who work at RHA are likely to have hands on experience of making products. They may have good insights into improvement that could be made or new product ideas that could be overlooked if the business didn't ask them for their opinion. This could help RHA develop unique features for its robotic appliances to meet customer demand for higher quality. • Intrapreneurship can make employees feel more valued and engaged because they are involved in developing new products and ideas. This may improve morale, increase productivity, and help retain skilled workers, which is important if RHA wants to 		

		<p>move towards producing more innovative and expensive products.</p> <ul style="list-style-type: none"> • Intrapreneurship can be a cost-effective way to generate ideas. It could reduce the need for large amount of market research into competitors for example. It can also ensure that idea generation is spread across the workforce, ensuring a large range of ideas. <p>Arguments against:</p> <ul style="list-style-type: none"> • RHA's strategic shift towards high-tech, high-quality products may require significant investment in advanced machinery or technology, which intrapreneurship alone might not achieve. • Not all employees will have the skills or confidence to develop ideas independently. Creating a culture of intrapreneurship may require training, incentives, and time (or require new employees to be brought into the business). This could delay the adaptation to RHA's strategy. In a competitive environment, RHA may not be able to risk delays. • Alternative methods such as benchmarking may be more suitable. RHA is competing against many businesses across the world who may have already spent time and money developing technology and innovative products. If RHA look to benchmark against them; they could make changes quicker and easier. • Research and development could be more appropriate. RHA is already considering investing into a new machine which could assist with the production of higher quality products. Further research could allow RHA to discover new technology to improve innovation. <p>Potential judgement:</p> <ul style="list-style-type: none"> • The success of intrapreneurship depends on whether RHA can build a supportive culture to encourage employees to be innovative. A strategy of intrapreneurship can only work if employees have the skills to be creative and come up with ideas. • RHA is a well-established business so it is possible that employees will have worked there for a long time and be happy to come up with new ideas. In this industry, it is likely that employees will be technology focused and therefore able to suggest appropriate solutions and ideas. <p>Credit all relevant knowledge and understanding, application, analysis and evaluation.</p>	
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Section B

Total for this section: 40 marks

Question	Part	Marking guidance	Total marks
2	1	<p>Using Figure 1, calculate the net gain for AloeSkin if it sells in Region B.</p> <p>Answer: 5 billion dong (4)</p> <p>Probability of failure = 0.2</p> <p>5 billion dong x 0.2 = 1 billion dong (1)</p> <p>20 billion dong x 0.8 = 16 billion dong (1)</p> <p>Expected value = 17 billion dong (1)</p> <p>17 billion dong – 12 billion dong = 5 billion dong (1)</p> <p>For an answer of 5 award 3 marks</p> <p>Own figure rule applies</p>	<p>4</p> <p>AO1 = 2</p> <p>AO2 = 2</p>

Question	Part	Marking guidance	Total marks																		
2	2	<p>The net gain for selling in Region A (10bn VND) is higher than the net gain for selling in Region B.</p> <p>Using the data in Figure 1, explain one reason why AloeSkin may still choose to sell in Region B.</p> <table border="1"><thead><tr><th>Level</th><th>Mark</th><th>Descriptor</th></tr></thead><tbody><tr><td>4</td><td>4</td><td>Demonstrates accurate and relevant knowledge and clear application to a business context, with a fully explained point that is directly relevant and logically structured.</td></tr><tr><td>3</td><td>3</td><td>Good knowledge and mostly relevant application. The explanation is mostly clear but may lack some precision or minor contextual links.</td></tr><tr><td>2</td><td>2</td><td>Basic knowledge with limited or generic application. Some understanding shown but the response is underdeveloped.</td></tr><tr><td>1</td><td>1</td><td>Some relevant knowledge, but no meaningful application or explanation. Likely a simple statement or definition.</td></tr><tr><td></td><td>0</td><td>No credit worthy material</td></tr></tbody></table> <p>Indicative content:</p> <ul style="list-style-type: none">Higher probability of success – licencing has a higher probability of success with 0.8 compared to 0.6 (20% more likely to experience success).Even if it fails, licencing will still achieve a profit for AloeSkin of 7 billion dong, whereas exporting would cause a loss of 5 billion dong. <p>Credit all relevant knowledge and understanding and application.</p>	Level	Mark	Descriptor	4	4	Demonstrates accurate and relevant knowledge and clear application to a business context, with a fully explained point that is directly relevant and logically structured.	3	3	Good knowledge and mostly relevant application. The explanation is mostly clear but may lack some precision or minor contextual links.	2	2	Basic knowledge with limited or generic application. Some understanding shown but the response is underdeveloped.	1	1	Some relevant knowledge, but no meaningful application or explanation. Likely a simple statement or definition.		0	No credit worthy material	4 AO1 = 2 AO2 = 2
Level	Mark	Descriptor																			
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Question	Part	Marking guidance	Total marks																		
2	3	<p>Analyse two difficulties for AloeSkin of maintaining a competitive advantage.</p> <p>Examiners are reminded to award up to 4 marks per point, using the level-based descriptors below. The two points may differ in quality. You should apply a best-fit approach for each point independently.</p> <p>Max 4 marks per point x2 = 8 marks total</p> <table><tr><th>Level</th><th>Mark</th><th>Descriptor</th></tr><tr><td>4</td><td>4</td><td><p>An excellent response meeting all the demands of the question</p><p>A response at this level is likely to demonstrate:</p><p>Knowledge and understanding of a relevant point, applied to the context with a developed chain of reasoning</p></td></tr><tr><td>3</td><td>3</td><td><p>A good response meeting most of the demands of the question</p><p>A response at this level is likely to demonstrate:</p><p>Knowledge and understanding of relevant point, applied to the context with a basic chain of reasoning</p></td></tr><tr><td>2</td><td>2</td><td><p>A reasonable response meeting some of the demands of the question</p><p>A response at this level is likely to demonstrate:</p><p>Knowledge and understanding of relevant point applied to the context</p><p>or</p><p>A basic chain of reasoning built on relevant knowledge and understanding</p></td></tr><tr><td>1</td><td>1</td><td><p>A limited response meeting a few of the demands of the question</p><p>A response at this level is likely to demonstrate:</p><p>Knowledge and understanding of relevant point</p></td></tr><tr><td></td><td>0</td><td>No credit worthy material</td></tr></table>	Level	Mark	Descriptor	4	4	<p>An excellent response meeting all the demands of the question</p> <p>A response at this level is likely to demonstrate:</p> <p>Knowledge and understanding of a relevant point, applied to the context with a developed chain of reasoning</p>	3	3	<p>A good response meeting most of the demands of the question</p> <p>A response at this level is likely to demonstrate:</p> <p>Knowledge and understanding of relevant point, applied to the context with a basic chain of reasoning</p>	2	2	<p>A reasonable response meeting some of the demands of the question</p> <p>A response at this level is likely to demonstrate:</p> <p>Knowledge and understanding of relevant point applied to the context</p> <p>or</p> <p>A basic chain of reasoning built on relevant knowledge and understanding</p>	1	1	<p>A limited response meeting a few of the demands of the question</p> <p>A response at this level is likely to demonstrate:</p> <p>Knowledge and understanding of relevant point</p>		0	No credit worthy material	<p>8</p> <p>AO1 = 2</p> <p>AO2 = 2</p> <p>AO3 = 4</p>
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		<p>The demands of the question are:</p> <ul style="list-style-type: none"> • Knowledge and understanding of two difficulties of maintaining a competitive advantage (AO1) • Applied to the context of Aloeskin (AO2) • Analysis of two difficulties for AloeSkin of maintaining a competitive advantage (AO3) <p>Indicative content:</p> <ul style="list-style-type: none"> • Larger businesses such as Garnier could easily replicate the natural skin care recipes created by AloeSkin as they have a much larger advertising budget and therefore could create new products easily. This could make it more challenging for AloeSkin to maintain its competitive advantage. • AloeSkin aims to be affordable which is part of its competitive advantage. Larger rivals such as The Ordinary and Garnier, which sell all over the world, are likely to be able to benefit from much greater economies of scale than AloeSkin. This could allow the larger businesses to reduce prices, making it harder to maintain a competitive advantage. • Trends in the skincare market move quickly. AloeSkin may not have access to a large enough amount of money to be able to launch new, up to date products which could appeal to consumers. This could make it more of a challenge to maintain its competitive advantage. • New competitors could enter the market. Particularly on a smaller scale, it may be easy for a business to replicate the features of the products sold by AloeSkin. In a market such as this, with many suppliers, it could be easy for a new business to buy similar ingredients. <p>Credit all relevant knowledge and understanding, application and analysis.</p>	
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Question	Part	Marking guidance	Total marks
2	4	<p>AloeSkin's decision to outsource has created resistance to change amongst employees. One director believes that education and communication is a good method to use to overcome this resistance.</p> <p>Do you agree?</p> <p>Assess the arguments for and against and make a judgement.</p> <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</p>	<p>12</p> <p>AO1 = 2 AO2 = 2 AO3 = 4 AO4 = 4</p>

		Assessment Objectives for this question. More weight should therefore be given to AO3 and AO4 than AO1 and AO2.																
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	0	No credit worthy material

The demands of the question are:

- Knowledge and understanding of the arguments for and against using education and communication to overcome employee resistance (AO1)
- Applied to the context of Aloeskin (AO2)
- Analysis of the arguments for and against using education and communication to overcome employee resistance AO3)
- Evaluation of the arguments for and against using education and communication to overcome employee resistance (AO4)

Indicative content:

Arguments for:

- Education and communication can help employees understand the benefits of outsourcing, such as cost reductions that may make AloeSkin more competitive in a saturated skincare market. This could ensure that decisions can be made swiftly, increasing the chances of success in the market.
- Education and communication can reduce the likelihood of fear and misunderstanding amongst employees. For example, employees may be concerned that outsourcing means job losses, but communication could reassure them that AloeSkin is aiming to survive against global competitors and therefore protect future jobs.
- Building trust through communication may increase the commitment of employees and reduce the chance of resistance in the long term, especially as AloeSkin is a values-driven, sustainable brand that already relies on credibility with stakeholders.
- Compared to more forceful methods such as coercion, education and communication is a more ethical way to approach and encourage change. This aligns with AloeSkin's values and avoids damaging employee morale.

Arguments against:

- Education and communication can be a slower approach to overcoming resistance to change. It requires AloeSkin to explain the implications of outsourcing in detail, which could

		<p>slow down implementation and reduce the speed of responding to competition.</p> <ul style="list-style-type: none"> • If the main issue is job security, employees may not be persuaded by any information. Simply communicating with employees and educating them would not reduce the threat of job losses. Employees therefore may be less likely to listen to any communication that was offered. • Some employees may remain resistant regardless of communication, meaning that more direct methods (such as negotiation or providing incentives) might be needed to secure their cooperation. <p>Potential judgement:</p> <ul style="list-style-type: none"> • Education and communication could be an effective method if AloeSkin wants to maintain trust and morale in line with its ethical, natural brand image. It is likely to reduce uncertainty and build understanding. • Education and communication on its own, it may not fully overcome resistance where job losses are likely. Employees need tangible reassurance, such as retraining opportunities or redeployment, alongside communication. <p>Credit all relevant knowledge and understanding, application, analysis and evaluation.</p>	
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Question	Part	Marking guidance	Total marks									
2	5	<p>AloeSkin is thinking about entering European markets by either exporting its products or licensing to small businesses.</p> <p>Is exporting likely to be a better strategy than licensing for AloeSkin?</p> <p>Assess the arguments for and against and make a judgement.</p> <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 for this question. More weight should therefore be given to AO3 and AO4 than AO1 and AO2.</p> <table><tr><th>Level</th><th>Mark</th><th>Descriptor</th></tr><tr><td>4</td><td>10-12</td><td><p>An excellent response meeting all the demands of the question</p><p>A response at this level is likely to demonstrate:</p><ul style="list-style-type: none">• Knowledge explained to show relevant understanding.• Application of knowledge and understanding to the context.• Well-developed analysis overall covering both sides of the argument.• Well-supported evaluation with balanced, logical overall judgement.</td></tr><tr><td>3</td><td>7-9</td><td><p>A good response meeting most of the demands of the question</p><p>A response at this level is likely to demonstrate:</p><ul style="list-style-type: none">• Knowledge explained to show relevant understanding.• Application of knowledge and understanding to the context.• Good analysis with developed chains of reasoning.• Evaluation with some support but may not address the question as a whole effectively.</td></tr></table>	Level	Mark	Descriptor	4	10-12	<p>An excellent response meeting all the demands of the question</p> <p>A response at this level is likely to demonstrate:</p> <ul style="list-style-type: none">• Knowledge explained to show relevant understanding.• Application of knowledge and understanding to the context.• Well-developed analysis overall covering both sides of the argument.• Well-supported evaluation with balanced, logical overall judgement.	3	7-9	<p>A good response meeting most of the demands of the question</p> <p>A response at this level is likely to demonstrate:</p> <ul style="list-style-type: none">• Knowledge explained to show relevant understanding.• Application of knowledge and understanding to the context.• Good analysis with developed chains of reasoning.• Evaluation with some support but may not address the question as a whole effectively.	<p>12</p> <p>AO1 = 2 AO2 = 2 AO3 = 4 AO4 = 4</p>
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2	4-6	A reasonable response meeting some of the demands of the question A response at this level is likely to demonstrate <ul style="list-style-type: none">• Knowledge explained to show relevant understanding.• Application of knowledge and understanding to the context.• Basic analysis with limited development of chains of reasoning.• Limited evaluation.
1	1-3	A limited response meeting a few of the demands of the question A response at this level is likely to demonstrate <ul style="list-style-type: none">• Knowledge explained to show relevant understanding.• Limited application of knowledge and understanding to the context.• Lack of relevant analysis.• No evaluation, judgements based on assertion.
	0	No credit worthy material

The demands of the question are:

- Knowledge and understanding of the arguments for and against exporting instead of licensing (AO1)
- Applied to the context of Aloeskin (AO2)
- Analysis of the arguments for and against Aloeskin exporting instead of licensing (AO3)
- Evaluation of the arguments for and against Aloeskin exporting instead of licensing (AO4)

Indicative content:

Arguments for

- By exporting to Europe, AloeSkin can maintain control over how its skin care products are sold. It will have direct control over channels of distribution, branding, quality, and the overall customer experience. This could make it easier to maintain its reputation for natural, sustainable products.
- Exporting means AloeSkin keeps all revenue rather than sharing it with licensees, allowing for higher profit margins to be achieved. This may help to fund AloeSkin future projects, such as marketing, sustainability efforts and potentially any new product lines that need to be developed.

	<ul style="list-style-type: none"> • Direct exporting could strengthen AloeSkin’s brand image as an authentic Southeast Asian skincare company, rather than licensees making the brand feel more Europeans. This could appeal more to European consumers who may value originality and natural ingredients. <p>Arguments against</p> <ul style="list-style-type: none"> • Exporting could be more complicated and expensive for AloeSkin to manage. It often comes with higher transportation costs, tariffs, and managing international logistics. Competing against big global brands with stronger supply chains may make this costly and complex. • AloeSkin may lack local market knowledge in Europe. Licensing to local businesses could help overcome cultural and regulatory barriers more easily than managing exports alone, increasing the likelihood of success in these new markets. • As a relatively young business, AloeSkin may struggle to fund large scale export operations while keeping prices low. AloeSkin is known for being affordable and exporting could be a more expensive option, forcing up prices and making it less appealing to European consumers. <p>Potential judgement:</p> <ul style="list-style-type: none"> • Exporting may stretch AloeSkin’s finances too thin if it needs to reduce prices and compete with global brands. Licensing could be safer in the short term because it uses local partners’ knowledge and spreads risk. It could also allow AloeSkin to assess how its products will sell before making a greater financial commitment to the European markets. • As AloeSkin has a reputation for being sustainable and ethical; exporting can help it to ensure it retains this in Europe. As AloeSkin is looking to operate globally; a consistent message is likely to be beneficial in support of this. <p>Credit all relevant knowledge and understanding, application, analysis and evaluation.</p>	
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Assessment Objective Grid

	AO1	AO2	AO3	AO4	Total
Section A					
1.1	2	2			4
1.2	2	2			2
1.3	2	2	4		8
1.4	2	2	4	4	12
1.5	2	2	4	4	12
Section B					
2.1	2	2			4
2.2	2	2			4
2.3	2	2	4		8
2.4	2	2	4	4	12
2.5	2	2	4	4	12
Unit Total	20	20	24	16	80