8825 – 5009M

Diploma Programme
Programme du diplôme
Programa del Diploma

# Markscheme

## November 2025

## Business Management

## Higher level

## Paper 2

18 pages

**The markbands on page 3 should be used where indicated in the markscheme.**

| Marks | Level descriptor |
|---|---|
| 0 | The work does not reach a standard described by the descriptor. |
| 1–2 | • Little understanding of the demands of the question.<br>• Little use of business management tools and theories; any tools and theories that are used are irrelevant or used inaccurately.<br>• Little or no reference to the stimulus material.<br>• No arguments are made. |
| 3–4 | • Some understanding of the demands of the question.<br>• Some use of business management tools and theories, but these are mostly lacking in accuracy and relevance.<br>• Superficial use of information from the stimulus material, often not going beyond the name of the person(s) or name of the organization.<br>• Any arguments made are mostly unsubstantiated. |
| 5–6 | • The response indicates an understanding of the demands of the question, but these demands are only partially addressed.<br>• Some relevant and accurate use of business management tools and theories.<br>• Some relevant use of information from the stimulus material that goes beyond the name of the person(s) or name of the organization but does not effectively support the argument.<br>• Arguments are substantiated but are mostly one-sided. |
| 7–8 | • Mostly addresses the demands of the question.<br>• Mostly relevant and accurate use of business management tools and theories.<br>• Information from the stimulus material is generally used to support the argument, although there is some lack of clarity or relevance in some places.<br>• Arguments are substantiated and have some balance. |
| 9–10 | • Clear focus on addressing the demands of the question.<br>• Relevant and accurate use of business management tools and theories.<br>• Relevant information from the stimulus material is integrated effectively to support the argument.<br>• Arguments are substantiated and balanced, with an explanation of the limitations of the case study or stimulus material. |

## Section A

*1.* (a) State **two** benefits of a customer loyalty programme for a business. ***[2]***

Benefits of a customer loyalty programme can include:

- engage customers and build relationships;
- boost retention;
- targeting repeat buying through customer data collected;
- encouraging customers to buy more;
- attracting new customers if one company has a loyalty programme and the other does not.

*Accept any other relevant benefit.* Do not accept "increase customer loyalty", which is a tautology. Do not accept benefits from the customer's perspective on its own, such as "receiving gifts or coupons for their repeated purchases".

Do not accept "differentiation over competitor" on its own unless linked to some reasons or some features of a customer loyalty programme.

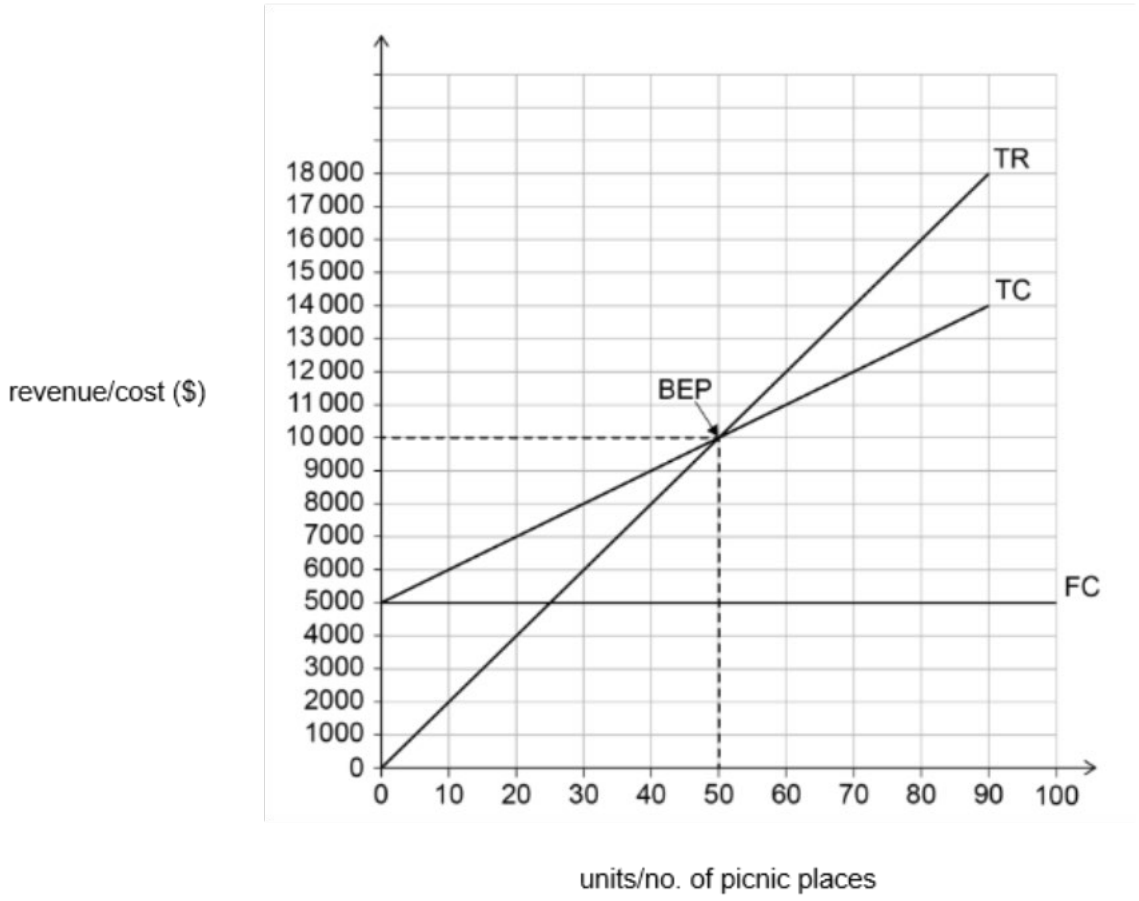
***N.B.*** Application not required.
*Award **[1]** for each relevant benefit, up to a maximum of **[2].***

(b) Construct a fully labelled break-even chart, to scale, for *PN* (**Figure 1**). ***[4]***

Break-even point = fixed costs / (selling price – variable costs)
Fixed costs = 1640 + 1950 + 710 + 700 = $5000
Selling (rental) price = $200

Variable cost = ($75 + $25) = $100

Break-even point = $5000 / ($200 – $100)
Break-even point = 50 units (picnic spaces)




*Award marks as follows:*

***[1] for both** appropriately labelled axes – y-axis must include both costs and revenue, including $ sign. The x-axis can be any suggestion of quantity: units (or picnic spaces).*
***[1]** for accurately drawn and labelled total cost line.*
***[1]** for accurately drawn and labelled total revenue line.*
***[1]** for indication of break-even point. OFR applies.*

*Award a maximum of **[2]** if the chart is not neat, not drawn with a straight edge, or is not to scale.*

*If a candidate produces a table rather than a chart, award **[0]**.*
***N.B**. Indication of BEP must be done on the chart, close to the intersection of TR and TC. OFR applies.*

*(c)* Calculate the rental price (per picnic space) needed to achieve a target surplus (profit) of $1600, assuming that occupancy is at 80 % (*show all your working*). ***[2]***

Tables rented in a month = 15 picnic spaces × 8 days per month × 80 % = 96 picnic spaces

Variable cost = 96 picnic spaces × $100 = $9600

Target profit = revenue – fixed costs – variable costs
Target profit = units × price – fixed costs – variable costs
$1600 = (96 × selling price) – $5000 – $9600
$16 200 = 96 × selling price
Selling price = $16 200/96 = $168.75

Selling (rental) price needed $168.75

Accept other methods.

*Award **[1]** for correct working and **[1]** for the correct answer with $ sign. Up to a maximum of **[2]**.*

*Accept $ sign in working or in final answer.*

(d) Comment on what could happen to the occupancy of picnic spaces if *PN* decided to change the rental price (per picnic space) to achieve the target surplus(profit) of $1600. ***[2]***

If *PN* decided to modify the price of renting picnic spaces to achieve the proposed profit, several outcomes could occur regarding the occupancy of picnic spaces:

Application ***[1]***+***[1]***: **Increase in occupancy**, a significant price decrease (16% approximately) may lead to an increase in the occupancy of picnic spaces (comment). *PN* is currently known as an exclusive venue unaffordable for most local residents. Potential visitors might find the lower prices are more attractive, resulting in an increase of bookings.

Points without sufficient application ***[1]***+***[0]***:

- Shift in customer base: *PN* may attract a different customer base if it decreased its prices. The demographic willing to pay the lower rates may differ from the previous clientele, potentially altering the atmosphere or dynamics of the picnic area.
- Revenue impact: Decreasing prices could potentially decrease revenue per rental space depending on price elasticity of demand. But with lower prices, it is possible that bookings and rent will increase until the place is fully occupied again, which would increase profit. Customer perception: *PN*'s decision to lower prices could affect customer perception of the organization. Visitors may perceive the decrease as a loss of the site's exclusivity, potentially damaging *PN*'s reputation.

*Accept any other relevant comment.*

*Award **[1]** for a relevant comment and **[1]** for application to change in occupancy of picnic spaces to PN. Up to a maximum of **[2]**.*

***2.*** (a) State **two** disadvantages of operating at a high capacity utilization rate. ***[2]***

- Cannot take on new or more orders
- Pressure on staff – less motivated
- Quality issues
- Breakdown of machinery/ Higher maintenance costs
- Delivery and lead times increase
- The business may begin to experience diseconomies of scale/Average unit cost may go up.

***N.B.*** *Application not required.*
*Accept any other relevant disadvantage.*

*Award **[1]** for each disadvantage stated up to a maximum of **[2]**.*

(b) Using **Table 2**:

(i) calculate *TC*'s creditor days (number of days) ratio for 2024 (*no working required*); ***[1]***

$$\text{Creditors days} = \frac{\text{Creditors}}{\text{Cost of sales}} \times 365$$

(58/300) × 365 = 70.5667
Accept 71 days. Do not accept 70 days.

*Award **[1]** for the correct answer, no units or working needed.*

(ii) calculate *TC*'s debtor days (number of days) ratio for 2024 (*no working required*); ***[1]***

$$\text{Debtors days} = \frac{\text{Debtors}}{\text{Sales revenue}} \times 365$$

= (281/570) × 365 = 179.9385
Accept 180 days

*Award **[1]** for the correct answer, no units or working needed.*

(iii) calculate *TC*'s gearing ratio for 2024 (*show all your working*); ***[2]***

Gearing ratio= $\frac{\text{Non current liabilities}}{\text{Capital employed}} \times 100$

$= \frac{700}{700 + 500 + 375} \times 100 = 44.44\%$

Capital employed= non-current liabilities + equity

Accept 44.4 % or 44 %

*Award **[1]** for the correct answer with %, and **[1]** for the correct working. Up to a maximum of **[2]**.*
*No OFR, as calculation does not require answer from previous question.*

(iv) calculate *TC*'s working capital as at 31 December 2024 (*show all your working*). ***[2]***

In millions $
Working capital = current assets – current liabilities
Current assets: cash + debtors + stock
Current liabilities: short-term loans + bank overdraft + trade creditors
Current assets: $100 + $281+ $100 = $481
Current liabilities: $100 + $50 + $58 = $208
Working capital: $481 – $208
Working capital: $273

*Award **[1]** for the correct answer with $m sign, and **[1]** for the correct working. Up to a maximum of **[2]**.*
*Accept units ($m) in working or in final answer.*

(c) Explain how *TC*'s gearing ratio would change if *TC* received the new long-term loan of $250 million in 2025. ***[2]***

- Gearing ratio would increase as *TC* already has $700 million in long-term borrowings.
- The new ratio would be 950/1825 × 100 = 52.05%, 17.2% higher.

*Award **[1]** for a relevant explanation and **[1]** for application to TC. Up to a maximum of **[2]**.*

*Apply Own Figure Rule (OFR) from the answer calculated in Q2 b iii.*
*Do not accept "Gearing ratio would increase/decrease." on its own for **[1]**.*

*To score **[1]**, there must be some relevant explanation.*

*Award **[2]** if the explanation goes beyond stating the long-term borrowings have increased from $700 million to $950 million, such as calculating the new gearing ratio or the % change in gearing ratio.*

**3.** (a) State **two** features of a publicly held company. ***[2]***

Features of a publicly held company include:

- Shareholders have limited liability.
- The business has a separate legal identity from its owners.
- It is able to raise capital from the sale of shares.
- Shares can be bought and sold on the stock exchange.
- It is required to publish financial statements.
- It must follow strict disclosure requirements under the Corporation Acts.

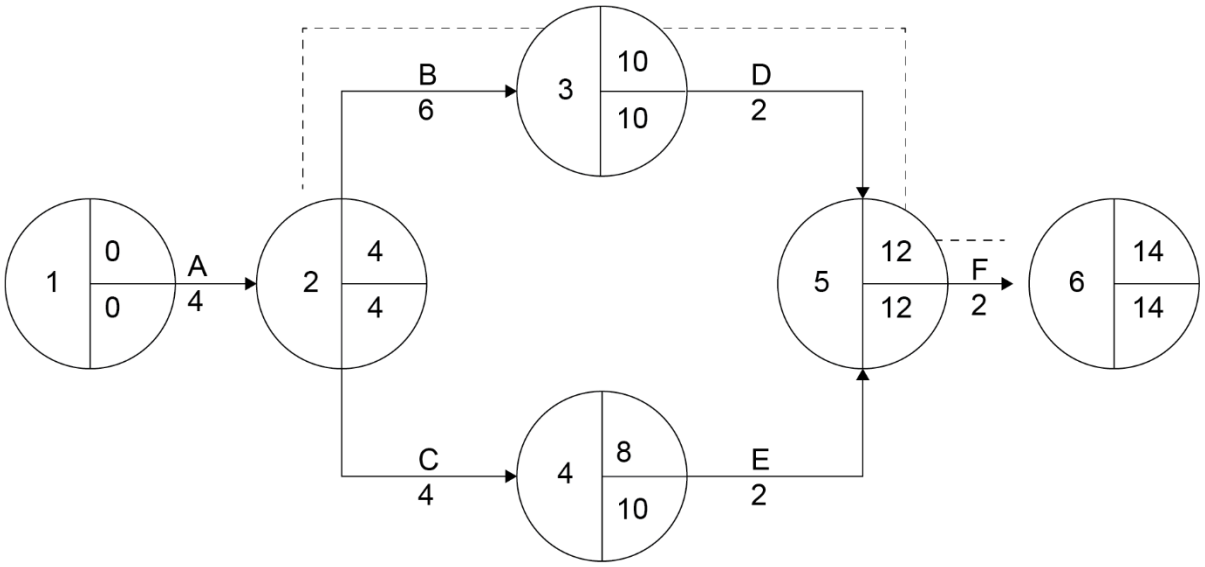
*Accept any other relevant feature.*

***N.B.*** *Application not required. Do not accept "able to raise a lot of finance" as a feature.*

*Award **[1]** for each relevant feature up to a maximum of **[2]**.*

(b) Using information from **Table 3**:

(i) complete and label the critical path diagram and identify the critical path (**Figure 2**); ***[4]***




Critical Path: - - - - - - - - - - - -

*Award **[4]** if complete and fully correct.*
*Award **[1]** for correct ESTs.*
*Award **[1]** for correct LFTs.*
*Award **[1]** for correct labelling of all tasks and durations and dividing the nodes into quadrants.*

*Accept the node number is being omitted. Award **[1]** for identifying the critical path. Accept other means of identifying such as A – B – D – F or by double-striking the lines provided that an appropriate key is accompanied.*

***NB**. Do not accept activities being labelled inside the node. Activities are denoted by lines. Accept labelling of activities on top, below, or around the lines, but not inside the node.*

(ii) calculate the total float for task C (*no working required*);

***[1]***

Total float for task C = LFT for task C minus EST at the end
= 10 – 8 [4 + 4] = 2

*Award **[1]** for correct answer. Working not required. Units not required.*

(iii) calculate the free float for task C (*no working required*). ***[1]***

Free float for task C = EST minus duration of C + A
= 8 – 8 [4 + 4] = 0

*Award **[1]** for correct answer. Working not required. Units not required.*

(c) Using your answer to (b) (i), explain how *GI* could use any float time to ensure the induction training programme is not delayed beyond the deadline.

***[2]***

Any tasks not on the critical path can give *GI* float time to ensure that resources can be diverted from the non-critical activities to ensure that critical activities can be completed.
On the diagram between activities C (i.e. make a safety brochure) and E (i.e. test safety brochure) there are two days of float time. C and E can be delayed by up to two days without delaying the completion of the training video. Delaying these activities ensures the completion of B (i.e. make an induction video) and D (i.e. test the induction video) which are critical activities.

*Award **[1]** for explaining how float time can be used to ensure that critical activities are finished on time and not delay the project beyond its deadline. Award an additional **[1]** for application to GI to include some reference to activities B and D which are on the critical path from the answer in (b) (i).*

## Section B

4. (a) Describe **one** feature of a disruptive innovation. ***[2]***

Disruptive innovations:

- may force out established companies and create new market features
- introduce new business models that challenge traditional ways of doing business, such as food delivery
- often target overlooked segments
- offer simpler, more accessible, and affordable alternatives to existing products or services
- use new technology to provide better customer experience and satisfaction
- often improve existing technologies that adapt to changing customer needs and market conditions
- may offer new solutions that streamline processes, eliminate barriers and enhance user experiences.

*Accept any other relevant feature.*

*N.B. no application is required.*

*Award **[1]** for a partial description stated, such as wholly new ideas or technology that fundamentally reshape the industry in some manner, with an additional **[1]** to include a fuller description highlighting disruptive innovation's nature and impact on existing markets, competitors and customers.*

(b) Calculate *CD*'s market share of the **regional** market for agricultural drone services in 2024 (*show all your working*). ***[2]***

$$\text{Market share percentage} = \frac{\text{CD's sales revenue for agricultural drone services}}{\text{Total local sales revenue for agricultural drone services}} \times 100$$

$$\text{CD's market share percentage} = \frac{754\,400}{2\,300\,000} \times 100 = 32.8\%$$

*Award **[1]** if the candidate demonstrates how to calculate the market share percentage but makes a mathematical error.*

*Award **[1]** if the candidate correctly calculates the national market share as 4%, with working similar to the above, which demonstrates some knowledge on market share calculation.*

*Award **[2]** if the candidate demonstrates how to calculate the market share percentage and produces the correct answer with the % sign.*

(c) Explain **one** advantage for *CD* of using quota sampling. ***[2]***

**Advantages**

- A relatively quick and cost-effective way to gather data from specific segments of the target population.
- Setting quotas based on known demographic/behavioural characteristics ensures that important subgroups within the target population are represented in the sample.
- Offers flexibility in sample selection, allowing researchers to adjust quotas based on emerging patterns or unexpected findings during data collection.
- Easier to implement and more reliable than other sampling methods, such as random sampling.

Application: *CD* can gather data for farmers on particular crops with farms of different sizes. This information can help *CD* tailor its products and services to better meet farmers' needs and reduce customer complaints from farmers.

*Accept any other relevant response/explanation.*

*Award **[1]** for a relevant advantage, with an additional **[1]** for application to CD and its drone service. Award up to a maximum of **[2]**.*

(d) Comment on the correlation shown in **Figure 3**. ***[2]***

There is a positive correlation between *CD*'s brand image and customer satisfaction as there is a clear trend in the data shown by the trend line. The closer the data points lie together to make a line, the higher the correlation. In this graph, the two variables have a positive association because as brand image increases, so does customer satisfaction. However, the data has a weak positive correlation. Data points are spread out from the trend line; some significantly so.

Brand image develops in customers' minds based on their experiences and interactions with *CD. CD* needs to be aware, therefore, that maintaining and developing its brand image is important for most customers as this creates greater brand prestige and trust in *CD* and its operations. Further research should be conducted to identify the reasons why some customers do not value *CD*'s brand image as highly as others in terms of their satisfaction and how perceptions of the business can be improved. To grow its market and to ensure that customers are not lost to competitors, *CD* should focus on those variables that may correlate more closely with customer satisfaction, such as personal service and face-to-face contact. In turn, this may improve the brand image further.

*Award **[1]** for identifying a positive correlation between brand image and customer satisfaction. An additional **[1]** if the comment is in context and/or identifies that the correlation is weak positive and the significance of this for CD.*

(e) Explain **one** disadvantage for *CD* of using focus groups for market research. ***[2]***

**Disadvantages** include:

- Typically involve a small number of participants (farmers), limiting the diversity of perspectives and potentially overlooking important insights from a broader customer base.
- Potential for groupthink: In a focus group setting, participants may be influenced by dominant personalities or conform to group opinions.
- Difficult to recruit participants who accurately represent the target market, especially if the company is seeking specific demographics or user segments.
- Conducting focus groups can be resource-intensive in terms of both time and money.
- Participants may feel uncomfortable sharing their true opinions or experiences in a group setting.
- The moderator's behaviour and style can influence the direction and outcomes of the focus group, potentially biasing the results.

Application: There is likely to be bias as Archie led the focus groups. The focus groups are unlikely to be representative of all farmers as only farmers from the largest farms were involved.

Unlike quantitative research methods, it can be challenging to measure the impact or significance of findings from focus groups, making it difficult to prioritise action items or make data-driven decisions.

*Award **[1]** for a theoretical response, such as groupthink, with an additional **[1]** for application to CD and nature of the focus groups held.*

(f) Using **Table 4** and other information in the stimulus, recommend whether Archie should use **Option 1**, **Option 2**, or **Option 3** as a growth strategy for *CD*. ***[10]***

There are three possible growth options identified:

1. Market penetration – improve existing customer satisfaction and increase demand
2. Product development – buy new drones with automated crop sprays attached
3. Market development – expand into new regional markets

**Ansoff matrix: *CD*'s growth options**

| | | Product | |
|---|---|---|---|
| | | Existing | New |
| Market | Existing | **Market penetration** Improve existing customer satisfaction and increase demand | **Product development** New drones with automated crop sprays attached |
| | New | **Market development** Expand into new regional markets | **Diversification** |

These options have different **risk profiles.**

**Market penetration** – Improve existing customer satisfaction and increase current demand.

This should have *low risk* because it involves established and familiar products and markets where *CD* already has a significant level of understanding and established presence. Strategies to improve customer service to increase sales revenues and market share can be supported by the market research findings, which indicate four areas of real strength and two areas of concern. These findings can be used to examine, and then improve, customer satisfaction by adapting the existing marketing mix. The correlation between brand image and customer satisfaction will be also part of the focus for future planning and strategies for growth.

It may not be cheap to adapt the marketing mix to address customer concerns, but they are, at least, now recognized. Promotional campaigns can highlight the positive customer feedback on expertise, data quality, and value for money as well as emphasizing *CD*'s local knowledge. Additional adaptions may be made to price and product.

However, the secondary data collected forecasts sales growth of 15% and a low–medium market growth. This is lower than the other two options. *CD* already holds a 32.8% market share of the existing local market, which may reduce its options for growth in the future, especially as we know from the stimulus and supporting data that competition is growing. There are longer-term risks associated with rising drone maintenance costs as their usage increases.

**Product developmen**t – Buy new drones with automated crop sprayers.

This has a *moderate risk* involving expansion into existing markets or customer segments with new services and new equipment. This requires *CD* to upgrade its existing service to offer an additional add-on for which it can charge a higher price. In this case, the new service is a development on its existing product so should carry fewer risks than an entirely new product in terms of promotion and understanding customer needs. However, spraying is

subject to additional legal regulations, and the drones require improved technology. This involves purchasing new larger drones, which would incur higher costs, as well as additional training to meet requirements. The upside for this choice is that competition is still relatively low in this sector and market growth forecasts are high with the best sales growth estimate of 35%.

**Market development** – Expand into new regional markets.

This strategy carries a *high risk* because *CD* will need to conduct additional research into the potential new markets, as there is less certainty about customer acceptance and market demand in the new areas to be covered. More drones will be required, incurring additional costs. It is likely that competition in these regions will be higher as there will be established players who have a better understanding of the needs and expectations of customers.

Forecast sales growth of 25% is predicted to be higher than market penetration, but lower than product development. Market growth is predicted to be medium but, at present, *CD* only holds a 4% share of the national market, suggesting there are significant combined growth opportunities.

Additional issues relate to the customer satisfaction survey which rated *CD* highly. This may be diluted by any expansion. In addition, there will be increased data processing requirements; an area where there are already delays and concerns.

**Conclusion:**

Although there are pros and cons for all the growth options, product development seems to offer the most in the present with the fewest disadvantages and may allow for future market growth when the new technologies required have been tested in the local market. The new legal and technical issues associated with crop spraying will need to be examined in greater detail, as well as possible sources of additional investment finance.

The growth opportunities afforded by expanding regionally come with higher risks, so the growth choice will be influenced by *CD*'s level of risk aversion.

*If there is no balance, for a one-sided response where only one growth option is considered then award a maximum of **[3]**.*

*If the candidate makes no reference to the data provided in Table 4, market research and the stimulus, the maximum mark to be awarded is **[4]** even if there is some balance.*

*If the candidate discusses one growth option only (with balanced and substantiated arguments) then award a maximum of **[5]**.*

*If candidate supports their arguments based on Table 4 only, award a maximum of **[6].***

*To reach the 9-10 mark band requires that the candidate refers **to all three options** with a fully substantiated balanced argument. There is an explanation of the limitations of the stimulus.*

Marks should be allocated using the markbands on page 3.

**5.** (a) Describe **one** feature of off-the-job training. ***[2]***

Off-the-job training is the process of training employees away from their normal place of work and is provided by an external party.

Off-the-job training could include seminars, short courses, university classes or experiential types of learning where employees can replicate tasks that they will eventually do as part of their job.

*Award **[1]** for stating a relevant feature and **[1]** for its description.*
*Accept various forms of off-the-job training, such as seminars, short courses etc as a development of the description.*
*Application not required.*

(b) Explain **one** benefit **and one** cost for *ES* of introducing scientific thinking/management. ***[4]***

**Benefits**

It allows ES to develop a logical framework in decision making, exploring different options and assessing their risks, hence increasing chances of success. Table 5 forecast indicates that the productivity rate at *ES* is likely to improve in 2026. This will reduce unit costs at *ES* and therefore the manufacturing costs. This could lead to a boost in profitability in 2026 and beyond.

**Costs**

*ES* currently uses intuitive management, and a shift to scientific thinking/management would lead to a change in culture at *ES*, which could be demotivating for staff who have been highly motivated and by assumption given input into decision-making.

By switching to scientific management there will be a time lag in re-organizing management roles and lines of reporting. This will take up time and incur resource costs.

Labour turnover is forecasted to increase according to **Table 5**. Dissatisfaction from employees may be increased by bringing in closer supervision and push this figure higher. There are considerable on-the-job and off-the-job training costs, and these will increase as *ES* has to spend time recuring more staff and inducting them into the values of JIT and lean management.

**Mark as [2]+[2]**

*Award **[1]** for a possible benefit / cost with an additional **[1]** for application which goes beyond the name of the company. Candidates should not just copy out the stimulus for their application.*
*Some explanation of the benefit/cost is needed*

(c) (i) Using **Table 6**, comment on *ES*'s liquidity position. ***[2]***

The current ratio ranges from 1.6 to 1.8 (forecast), showing that *ES* is solvent and able to cover short term liabilities. ***[1]***

However, despite the stock turnover in terms of days has increased from 38 to 59 (forecasted) days an increase of nearly 50%. ***[1]***

Hence, it is likely that the current ratio is not entirely accurate in illustrating *ES*'s liquidity.

*Award **[1]** for a relevant comment on the liquidity position and **[1]** for explicit application to **Table 6**.*
*Award a maximum of **[1]** if the comment includes only one ratio.*

(ii) Using **Table 6**, explain **one** reason for the difference between *ES*'s gross profit and profit margin in 2024–2026. ***[2]***

Gross profit margin is forecasted to be roughly constant at around 20% and profit margin is forecast to fall from 12% to 8%. ***[1]***

One reason for the difference is that overhead/expenses costs have risen whilst the cost of sales has not. ***[1]***

A second reason is that *ES* may have been forced to cut prices and thus profit margins.

*Award **[1]** for an explanation of the difference with some application to the figures in **Table 6 [1]**.*

(d) Using **Table 7** and other information in the stimulus, recommend to *ES*'s management whether they should offshore *ES*'s production of solar panels to **Country Y** or **Country Z**. ***[10]***

Both countries offer opportunities for offshoring for *ES*. Offshoring is different to outsourcing in that in the former, *ES* would retain control of the production process as opposed to outsourcing where the responsibility of quality and efficiency remains with the third party. This will be a new experience for *ES* and will impact on a range of business functions.

Country Y has a higher mean wage than Country X and Country Z and only speaks English. Hence labour costs in Country Y will be higher and there will need to be transitional costs in language as only a few of *ES*'s senior managers speak English. The human resource department will need to be expanded, and new rules and regulations of employment in different but neighbouring countries will need to be investigated.

The potential change in government in Country Y is also a concern, as this could have an influence on regulation and taxes.

Country Y has excellent infrastructure and transport links, which will be important for shipping the finished solar panels back to *ES*. Union membership in Country Y is higher than in Country Z, which is something *ES* may value given that until recently, industrial conflict in Country X was minimal with a union membership of 85% in *ES* which may be representative of Country X.

Country Z has lower mean (average) annual wages and speaks Spanish but has a less stable government. The production process of solar panels involves significant capital expenditure and therefore represent a high risk for *ES* even though *ES* has external financing in place. Will a less stable government lead to instability in a Country where they could be investing capital into good, but limited, rail and road options?

Also, although regulation in Country Y is low, the government there could move to more regulation, which would push up wages, taxes and, ultimately, costs in the long run as the government may try to priorities home production over investment by multinational companies.

Whichever Country is chosen, the scale of operations for *ES* will change and the business will be more complex to manage. The company is already considering being more scientific and data-driven in its management. *ES* will become a multinational business even though the solar panels produced will only be sold in Country X. However, in the future, Country Y could become a possible market (although this is not given in the stimulus). Perhaps this should be the final factor that decides which Country *ES* should offshore to.

(Limitation) Before considering which country to offshore to, *ES* would need to remember that the solar panels produced and transported back need to meet the national quality standards already achieved. Hence, it is expected that *ES* would need to check and monitor quality from whichever country is chosen and implement JIT production. They would need to check that there are adequate suppliers of component parts. These are not mentioned in the stimulus.

However, in the future, which is not given in the stimulus but possible, Country Y could become a market for solar panels rather than Country Z.

This could be the final factor that decides which country *ES* should offshore to.

*If there is no balance, then for a one-sided response where only one country is considered then award a maximum of **[3]**.*

*If the candidate makes no reference to the data provided in Table 7 and stimulus, then the maximum mark to be awarded is **[4]** even if there is some balance.*

*If the candidate discusses one country only (with balanced and substantiated arguments) then award a maximum of **[5]**.*

*If candidate supports their arguments based on Table 7 only, award a maximum of **[6]**.*

*To reach the 9-10 mark band requires that the candidate develops fully substantiated balanced arguments. There is an explanation of the limitations of the stimulus.*

Marks should be allocated using the markbands on page 3.