Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/12**

Paper 1 Business Concepts 1 **February/March 2023**

MARK SCHEME

Maximum Mark: 40

Published

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the February/March 2023 series for most Cambridge IGCSE™, Cambridge International A and AS Level components and some Cambridge O Level components.

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Generic Marking Principles

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptors for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

GENERIC MARKING PRINCIPLE 2:

Marks awarded are always **whole marks** (not half marks, or other fractions).

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

GENERIC MARKING PRINCIPLE 4:

Rules must be applied consistently, e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

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GENERIC MARKING PRINCIPLE 5: Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).
GENERIC MARKING PRINCIPLE 6: Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

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Social Science-Specific Marking Principles
(for point-based marking)

1 Components using point-based marking:

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

a DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
b DO credit alternative answers/examples which are not written in the mark scheme if they are correct
c DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons …).
d DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)
e DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
f DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).
g DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

2 Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

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3 Calculation questions:

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

4 Annotation:

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

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Guidance on using levels-based mark schemes.

Marking of work should be positive, rewarding achievement where possible, but clearly differentiating across the whole range of marks, where appropriate.

The examiner should look at the work and then make a judgement about which level statement is the best fit. In practice, work does not always match one level statement precisely so a judgement may need to be made between two or more level statements.

Once a best-fit level statement has been identified, use the following guidance to decide on a specific mark:

- If the candidate's work **convincingly** meets the level statement, award the highest mark.
- If the candidate's work **adequately** meets the level statement, award the most appropriate mark in the middle of the range.
- If the candidate's work **just** meets the level statement, award the lowest mark.
- L1, L2 etc. must be clearly annotated on the response at the point where the level is achieved.

Assessment objectives

AO1 Knowledge and understanding'
Demonstrate knowledge and understanding of business concepts, terms and theories.

AO2 Application
Apply knowledge and understanding of business concepts, terms and theories to problems and issues in a variety of familiar and unfamiliar business situations and contexts.

AO3 Analysis
Analyse business problems, issues and situations by:

- using appropriate methods and techniques to make sense of qualitative and quantitative business information
- searching for causes, impact and consequences
- distinguishing between factual evidence and opinion or value judgement
- drawing valid inferences and making valid generalisations.

AO4 Evaluation
Evaluate evidence in order to make reasoned judgements, present substantiated conclusions and, where appropriate, make recommendations for action and implementation.

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9609 Paper 11, 12 and 13

Annotations and their Use

Annotation	Use
✓	As an indication of relevant and rewardable content. Better to put these in the body of the answer.
NAQ	Used when the answer or parts of the answer are not answering the question asked.
BOD	Used when the benefit of the doubt is given in order to reward a response.
TV	Used when parts of the answer are considered to be too vague.
REP	This indicates where content has been repeated.
SEEN	Indicates that content has been recognised but not rewarded.
K	Indicates knowledge and understanding of the concepts and issues relating to the question.
APP	Indicates that there is specific application to the context of the question.
AN	Indicates where the answer has demonstrated analysis.
EVAL	Indicates where the answer has demonstrated evaluation.
L1, L2, L3	Indicates where the answer reaches the required standard.
1, 2, 3, 4, 5, 6	Indicates the number of K, APP, AN and EVAL marks awarded.

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)</td><td>

Define the term *opportunity cost.*

<table>
<tr><th>AO1 Knowledge and understanding</th><th>Marks</th></tr>
<tr><td>Knowledge of the term that demonstrates a clear understanding of the term.</td><td>2</td></tr>
<tr><td>Knowledge of the term that demonstrates a partial understanding of the term.</td><td>1</td></tr>
<tr><td>No creditable response.</td><td>0</td></tr>
</table>

Indicative content

Responses may include:

AO1 Knowledge and understanding
- Benefits lost / costs incurred when making a choice between options (clear definition)
- Choice of one option over another (partial definition)

Accept all valid responses.

</td><td>2</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)</td><td>

Explain <u>one</u> quality an entrepreneur needs for business success.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content

Responses may include:

AO1 Knowledge and understanding
- Clear understanding of quality(ies) of a successful entrepreneur.
- Risk taker
- Creativity
- Innovation
- Commitment
- Self-motivated
- Multi-skilled
- Self-confidence
- Lead and manage
- Ability to bounce back

</td><td>3</td></tr>
</table>

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Question	Answer	Marks
1(b)	**AO2 Application** • Developed application of *one* entrepreneur quality to business context: risk taker – prepared to take chances in business – uses own money to start the business. • Limited application of *one* entrepreneur quality to business context: innovation – identifies new ideas/products. Accept all valid responses.	

Question	Answer	Marks
2(a)	**Define the term *product life cycle.***	**2**

AO1 Knowledge and understanding	
Knowledge of the term that demonstrates a clear understanding of the term.	**2**
Knowledge of the term that demonstrates a partial understanding of the term.	**1**
No creditable response.	**0**

Indicative content

Responses may include:

AO1 Knowledge and understanding
- Stages a product goes through from initial design to removal from the market (clear definition)
- The life of a product/the stages set out (partial definition).

Accept all valid responses.

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)</td><td>

Explain <u>one</u> way a business could extend the life of a product

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content

Responses may include:

AO1 Knowledge and understanding
- One way to extend the life of the product e.g. reduce price, more advertising.

AO2 Application
- Developed application of *one* way to extend – reduce product price to attract customers and gain more sales
- Limited application of *one* way – more advertising to attract customers

Accept all valid responses.

</td><td>3</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>3(a)</td><td>

Define the term *induction training.*

<table>
<tr><th>AO1 Knowledge and understanding</th><th></th></tr>
<tr><td>Knowledge of the term that demonstrates a clear understanding of the term.</td><td>2</td></tr>
<tr><td>Knowledge of the term that demonstrates a partial understanding of the term.</td><td>1</td></tr>
<tr><td>No creditable response.</td><td>0</td></tr>
</table>

Indicative content

Responses may include:

AO1 Knowledge and understanding
- Training given to new employees – business systems and business layout etc (clear definition)
- Training given to new employees (partial definition)

Accept all valid responses.

</td><td>2</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>3(b)</td><td>
Explain <u>one</u> benefit to a business of training its employees.
<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
Indicative content

Responses may include:

AO1 Knowledge and understanding
• Clear understanding of one business benefit – allows specialisation.

AO2 Application
• Developed application of one business benefit of employee training e.g. skilled employees more efficient so reduced errors.
• Limited application of one business benefit of employee training – e.g. increases motivation and reduces staff turnover.

Accept all valid responses.
</td><td>3</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>4</td><td>
Analyse <u>one</u> way a business might raise productivity levels.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th></tr>
<tr><td>2</td><td></td><td>2 marks
Developed application of one relevant point to a business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences of one relevant point.</td></tr>
<tr><td>1</td><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences of one relevant point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
Indicative content

Responses may include:

AO1 Knowledge and understanding
• Knowledge of productivity levels – ratio of outputs to inputs during production OR ways to improve productivity levels e.g. capital investment, training, etc.

AO2 Application
• Developed application of ways to improve productivity levels in a business context - .
• Limited application of ways to improve productivity levels in a business context - .
</td><td>5</td></tr>
</table>

Question	Answer	Marks
4	**AO3 Analysis** • Developed analysis of *one* chosen way - how increased training can increase confidence/interest of employees leading to enhanced worker productivity and performance. • Limited analysis of *one* chosen way - how raising the skill levels of employees may improve efficiency and productivity. Accept all valid responses.	

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>5(a)</td><td>

Analyse <u>two</u> ways in which accurate cost information can be used to improve business performance.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

</td><td>8</td></tr>
</table>

Question	Answer	Marks
5(a)	**Indicative content** Responses may include: **AO1 Knowledge and understanding** • Knowledge of accurate cost information / improved business performance OR knowledge of ways to improve business performance e.g. price setting, setting budgets, cost cutting strategies, construct CFF, record keeping/attracting investors in a business/cash flow **AO2 Application** • Accurate cost information applied to a business context e.g. price setting / setting budgets / cost cutting strategies / construct CFF / record keeping / attracting investors in a business. **AO3 Analysis** • Accurate information about business costs is vital for a number of key decisions – without it a business will likely fail. • Cost information relating to pricing, budgets, objectives, profitability and competitors is essential for management monitoring and control • Benchmark cost levels can be set – used to compare comparative performance internally and with competitors externally. • Cost reduction strategies can be developed – requires accurate information to be effective. • Cost information can be used to identify significant areas and factors for attention – allows focussed analysis on organisation sections. • Assets on the balance sheet need to be accurately valued on the balance sheet – the cost basis of inventory might signal change required • Business performance requires optimal choices – these alternatives depend heavily on cost factors • Competitive edge requires regular monitoring of financial performance – accurate cost data is fundamental to many financial metrics that need tracking – e.g. profit margins • Cost information is fundamental to business questions such as – what are the most and least profitable areas of the business? • Accurate cost information leads to effective cost controls – produces an ability to check if the business is functioning in compliance with the budget • Accurate cost control information is the mechanism for effective monitoring of performance – and improvement of its operations Accept all valid responses.	

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>5(b)</td><td>

Evaluate whether cash flow forecasting is the most important activity for a new restaurant to succeed.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/ conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
</table>

</td><td>12</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>5(b)</td><td>

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>1</td><td>1 mark
Limited knowledge
of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application
of relevant point(s) to the business context.</td><td>1 mark
Limited analysis
that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/ conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content

Responses may include:

AO1 Knowledge and understanding
- Developed knowledge of CFF /new restaurant / success - .
- Limited knowledge of CFF / new restaurant / success - .

AO2 Application
- Developed application of CFF to context of a restaurant business - .
- Limited application of CFF to context of a restaurant business - .

</td><td></td></tr>
</table>

Question	Answer	Marks
5(b)	**AO3 Analysis** • A business may run out of cash – cannot pay suppliers or wages – it may face insolvency-cash flow forecast may be the vital missing measure of control/discipline • CFF enables a business to track expected cash movements over a period of time in the future – and take appropriate action • CFF provides an early warning system for future shortfalls in cash balances in the future – allows a business to take informed business decisions, e.g. overdraft provision or short-term loan • CFF assists effective cash flow management – provides greater certainty for internal and external stakeholders • CFF is a strategic tool – it informs business plans for survival and growth • Cash is the lifeblood of new and small businesses, so it is essential that forecasts are made about future cash flows – to make sure a business has enough to survive • External stakeholders, such as banks, may want to look at CFF at regular intervals – to make judgements about the viability of a business **AO4 Evaluation** The following examples illustrate how the levels and marks within the levels are applied. The annotation is shown in bold. **Developed evaluative comments** might include – • Without effective CFF, cash problems will not be identified. It is crucial that businesses have financial stability in the short and the long term. • As well as CFF, promotion/marketing is also very important. Business success is unlikely to be achieved if the business is not made attractive to potential customers through effective operation of the 4P's e.g. competitive pricing. • Without an effective recruitment and selection process that produces appropriately experienced and skilled employees, a business is unlikely to achieve lasting success. This HRM activity is crucial for business success.' (**EVAL L2 3 marks**) Only developed evaluative comments applied directly to the context of a restaurant to move into (**EVAL L3 5 marks**). **Developed judgement** – example - CFF is very important, as analysed above, because a business is at risk without sufficient cash controls, however, CFF is not the most important activity. Cash control will not necessarily guarantee product quality, customer satisfaction and loyalty. CFF is an essential activity but others such as marketing and appropriately skilled employees are all essential in their own way and as important as CFF. Activities other than CFF are crucial to business success, but unless they are combined with CFF, success is unlikely to be achieved and the business might even fail. (**EVAL L2 4 marks**) Only a developed judgement applied directly to the context of a restaurant can move into **EVAL L3**.	

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Question	Answer	Marks
5(b)	**Limited evaluation** (**EVAL L1 1 mark**) • What does success mean for a new restaurant – survival in the short term / large profits in the long term • Are there other activities as important, or more important, that might affect a restaurant's ability to succeed, such as – perception of the quality of the food/menu – location – reputation of chef – ambience created – strength/weakness of the economy – amount of discretionary/disposable income? • How significant is cash control and CFF for a new business such as a new restaurant? **Example of limited evaluation** (**EVAL L1 2 marks**) CFF is more important than any other business activity to lead to success. It supports all other activities a business carries out such as marketing. Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>6(a)</td><td>

Analyse <u>two</u> reasons why changing a business`s objectives might affect its shareholders.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

</td><td>8</td></tr>
</table>

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Question	Answer	Marks
6(a)	***It is acceptable for candidates to answer this question by using ONE changed objective that causes TWO different effects on shareholders.*** **Indicative content** Responses may include: **AO1 Knowledge and understanding** • Knowledge of objectives/shareholders. • Reasons why objectives might change e.g. survival to growth, profit making to social responsibility. **AO2 Application** • Changed business objectives applied to shareholders - . **AO3 Analysis** • Changes may be agreed by some shareholders but not supported by others – leading to conflict and division • Different shareholders have their own personal interests – they will try to protect those interests • Some shareholders may see CSR as detrimental to profit making – raise issue at AGM • Shareholders may see a movement away from economic objectives towards social or human objectives as undermining the very purpose of the business – to make profit Accept all valid responses.	

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>6(b)</td><td>

‘The main reason why many niche cake manufacturing businesses fail is that they grow too quickly’. Evaluate this view.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
</table>

</td><td>12</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>6(b)</td><td>

Level	AO1 Knowledge and understanding 2 marks	AO2 Application 2 marks	AO3 Analysis 2 marks	AO4 Evaluation 6 marks
1	**1 mark** **Limited knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**1 mark** **Limited application** of relevant point(s) to the business context.	**1 mark** **Limited analysis** that identifies connections between causes, impacts and/or consequences.	**1–2 marks** **Limited evaluation** • A judgement/ conclusion is made with limited supporting comment/evidence. • An attempt is made to balance the arguments.
0	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.

Indicative content

Responses may include:

AO1 Knowledge and understanding
- Knowledge of business failure/growth / niche/manufacturing businesses.

AO2 Application
- Developed application of business failure/growth to a niche cake manufacturing business - .
- Limited application of business failure/growth to a niche cake manufacturing business - .

</td><td></td></tr>
</table>

Question	Answer	Marks
6(b)	**AO3 Analysis** • Fast growth can mean a business loses focus on essential functions and take too many risks – e.g. product diversification • Fast growth can lead to significantly increased demands on employees and especially managers- stress, fatigue, burn out • Inferior service may result in lower levels of customer satisfaction as attempt is made to produce more • Output demands may outpace capability • A business might accept new clients without resources to meet the demand • A business might launch a new product with inadequate research and development – not ready for market • A business might expand into unfamiliar/ fragile markets and territories – suffer significant losses • A business might fail to account for and control overhead costs – that increase disproportionately in relation to growth • Too fast growth can result in cash shortages and/or long-term damage to the brand and customer relations of a business **AO4 Evaluation** The following examples illustrate how the levels and marks within levels are applied. The annotations are shown in bold. **Developed evaluative comments** (**EVAL L2 3 marks**) • Growth that is too quick is likely to undermine the success of any business, particularly if the managers are not skilled enough to see that fast growth places enormous pressure on some aspects of the business, such as cash flow. • Businesses that grow very quickly may assume that profit-making in the short term means success, but if the quality of the products deteriorates due to unskilled workers the long term viability of the business is not guaranteed and the business might fail as quickly as it grows. • Without effective marketing and quality control and a recognition of the threat of competitive 'copy-cats' a business may be quickly undermined and fail.' Only developed evaluative comments applied directly to the context of a niche cake manufacturing business can move to **EVAL L3 5 marks**.	

Question	Answer	Marks
6(b)	**Example of developed judgement** (**EVAL L2 4 marks**) There are many other reasons why a business might fail (already discussed) but none of those are more important than the ability to manage the growth of the business. Many businesses lack the skills to meet the demands made as a business grows quickly, such as the control of cash flows and the hiring of an appropriate number of skilled employees. Fast growth may mean that a business is still making profits, but losing control of costs and employees, and/or managers that may not have the time or ability to recognise that lack of control, is the most important factor in the failure of a new business. Only developed judgement applied directly to the context of a niche cake manufacturing business can move to **EVAL L3 6 marks**. **Limited evaluation (EVAL L1)** • Growth alone is not sufficient to sustain a business – stability and controlled growth are required • Are there some recognisable risks associated with fast growth of a niche cake manufacturing business that can lead to business failure? • Are there some specific characteristics of a niche cake manufacturing business that are likely to lead to failure? • Does failure depend on whether the business is new or established? • Niche cake manufacturing businesses are often single product businesses (e.g. cupcakes) – which are often fashionable/trendy but high risk – is this the reason for failure rather than fast growth? • Are there other factors/risks (some closely associated with fast growth) such as poor management, level of competition, poor decision-making, poor marketing and cash control, lack of innovation/creativity that can explain business failure of a niche cake manufacturing business? Accept all valid responses. **Example of limited evaluation** (**EVAL L1 2 marks**) Fast growth is the main reason why businesses fail. Without an understanding of the effect of fast growth on a business, many problems will not be anticipated, such as lack of skilled employees, and the business will fail. **Example of limited evaluation** (**EVAL L1 1 mark**) The analysis above indicates that fast growth is an important reason why a business fails – but other reasons such as marketing and promotion are also important.	

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