Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/21**

Paper 2 Business Concepts 2 **May/June 2023**

MARK SCHEME

Maximum Mark: 60

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 May/June 2023 series for most Cambridge IGCSE, Cambridge International A and AS Level and Cambridge Pre-U 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 marking

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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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.
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.
REP	This indicates where content has been repeated.
SEEN	Indicates that content has been recognised but not rewarded.
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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Question	Answer	Marks
1(a)(i)	**Identify <u>one</u> barrier to entrepreneurship.** **Indicative content** Identification of a barrier ✔ may include: • Lack of finances • lack of a strategic plan • fear of failure • strong rules and regulations • lack of capacity Accept all valid responses.	**1**

Question	Answer	Marks
1(a)(ii)	**Explain the term *partnership*.**	**3**

AO1 Knowledge and understanding 1 mark	AO2 Application 2 marks
	2 marks Developed application of **one** relevant point to a business context.
1 mark Knowledge of **one** relevant point is used to answer the question.	**1 mark** Limited application of **one** relevant point to a business context.
0 marks No creditable response.	**0 marks** No creditable response.

Indicative content
AO1 Knowledge and understanding
Knowledge of partnership may include:
- Two or more owners of a business

AO2 Application
Limited application applies knowledge of a partnership one of the factors:
Developed application + applies knowledge of a partnership to two of the factors

- Unlimited liability
- Unincorporated
- Deeds of partnership
- No shares
- No continuity
- No separation of legal personality
- Shares profits

Application can be made to the teachers/GR or any other scenario/context/business/person.

Accept all valid responses.

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(ii)</td><td>
<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>A business with 2 or more owners . For example, Sanjay, Rukmal and Boris will have created a deed of partnership to formally set out who invested what and what their returns are .</td><td>3</td><td>An answer which starts with the knowledge and then applies it to the case study.</td></tr>
<tr><td>Where two or more owners directly share control of a business. A partnership does not limit the owners' liability, and there is no continuity.</td><td>3</td><td>Again, knowledge first, followed by application to a decision (unlimited liability) and no continuity.</td></tr>
<tr><td>It is an unincorporated business, and both partners will be liable for the debt because both partners share control and responsibility for the business.</td><td>3</td><td>A different way of answering the question. There is developed application to one element of a partnership (the liability) as well as clear knowledge of the concept by the end of the response.</td></tr>
<tr><td>Where two or more owners directly share control of a business. A partnership does not limit the owners' liability, so the owners could lose their personal assets in a bankruptcy.</td><td>2</td><td>Again, knowledge first, followed by application to a decision (unlimited liability) however the second point is a repetition.</td></tr>
<tr><td>Two people share ***contro***l of a business . For example, two people invest and share the responsibilities for running a business .</td><td>2</td><td>BOD knowledge. Some application of a choice, but not expanded.</td></tr>
<tr><td>Two people owning a business.</td><td>1</td><td>Not a perfect definition, but enough to award the knowledge mark. No attempt to apply.</td></tr>
<tr><td>When two people manage/run a business .</td><td>0</td><td>No ownership of a business mentioned.</td></tr>
</table>
</td><td></td></tr>
</table>

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Question	Answer	Marks
1(b)(i)	**Refer to Table 1.1. Calculate GR's market share by revenue.** **Indicative content** Formula: $\frac{\text{Total sales of business}}{\text{Total market sales}} \times 100$ (1 mark – formula) Total sales = $\frac{15\,000}{500\,000} \times 100$ (1 mark – ID/use of correct figures) Total Sales = 3% (1 mark – correct answer, no % needed) Final answer for MS = 3 (%) (3 marks – no % or working needed) OFR applies	**3**

Marks		
3 marks	Correct answer (3)	**Working and % do not matter**. **Must be three** ✓ to denote the three marks.
2 marks	**EITHER** • Correct formula AND • Correct identification of figures **OR** • An incorrect answer with one mistake allowing OFR for final stage.	To award two marks, there must be • Two ✓ and a ✗ **OR** • One ✓, one ✗ and one OFR
1 mark	**One** of the following: • Correct formula • Correct identification of figures in an incorrect formula	To award one mark, there must be: • One ✓ and two ✗
0 marks	No creditable content.	To award zero marks, there must be • One ✗

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>
Explain <u>one</u> factor which may influence the supply of GR’s products.
<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
AO1 Knowledge and understanding
Knowledge of a factor that may influence the supply of products:

Knowledge of the impact of a lack of one or more of the factors of production (land, labour, capital and/or enterprise)
Price of the item (if the price is high, it will be supplied, if low then maybe not) (not demand)
The appropriateness of the sales platform
The choice of marketing media chosen
Cost of production
Government taxes/subsidies that affect suppliers
Advances in technology which affect the cost of production
Return on investment
Feasibility of market share

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

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Question	Answer	Marks
1(b)(ii)	**AO2 Application** *Limited application* [APP], *applies knowledge of one factor that influences supply to Sanjay, Rukmal and Boris (SRB)/GR once.* *Developed application* [APP] + [APP] *applies knowledge of one factor that influences supply to SRB/GR twice.* Application of a factor may include: • OFD is a partnership including SRB: 3 only/enough to create enough resources/breadth of subject knowledge • GR has a low 3% market share in comparison to 60% EM so less competitiveness in advertising • Cost of developing/selling interactive digital materials may rise/reduce the incentive to produce • Lack of conversion to regular subscriptions may reduce the return on investment and cause a lack of motivation to write new/update materials • direct sales to schools on its own website/is the website/ increased cost of maintenance/ reduce profit margins • GR only has $5000 debt/potential to borrow more/invest in new software • Poor cashflow/banks may not see profitability/lack of opportunity to invest • Answer from **Q1(b)(i)** (OFR applies) • GR offers one month's free membership but is unable to convert many to regular subscriptions • Revenue has not increased as much as hoped Accept all valid responses.	

Question	Answer	Marks
1(b)(ii)		

Exemplar and annotations	Mark	Rationale
A factor would be the available capital, because free trials are not converting into subscriptions which means revenue is not increasing as much as hoped.	3	(Availability of) capital is a reasonable factor, explained in the specific context of SRB/GR by using the in-text data.
GR may not be able to compete when advertising, as they only have 3% MS and GR has 60% and are well known and trusted.	3	Ability to compete is reasonable and there are two specific pieces of context based on this so two.
300 customers is not enough to make the business a success as EM spends 6 x more on advertising than GR makes in revenue so the amount of finance available may influence the ability to compete.	3	Although the appears first, it cannot be awarded until the has been found. However, there is obvious, so you can go back and award the.
Government taxes may make the cost of supply too high which is why they only have 300 customers.	2	The mention of taxes, although not in context, is still a factor that influences supply. The context of 300 customers linked to this is reasonable, but only one point of application.
The level of expertise of the suppliers because if the output is poor and not well-regarded the business might ultimately fail.	1	Expertise is a factor (enterprise). The rest of the answer is not applying it to the context, so (Not Answering Question).
EM is much larger than GR and has 4700 more customers which means that they have larger brand awareness and customers are more likely to trust them and choose them.	0	Although there is some relevant context, there is no knowledge of a factor, so no marks can be awarded. The answer is based on demand, not supply.

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

Analyse <u>one</u> advantage and <u>one</u> disadvantage to GR of using a bank overdraft.

<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>

***Advantage in the left hand side column, disadvantage in the right hand side column**

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

Question	Answer	Marks
1(c)	**Indicative content** **AO1 Knowledge and understanding** • An overdraft is a credit that the bank agrees that can be borrowed by a business/individual up to an agreed limit and as required. Knowledge of the advantages of using a bank overdraft (max 1), may include: • Flexibility • Amount used can vary from day to day • Allows a business to overdraw on its account • Can make payments of a greater value than the balance of an account • The maximum amount agreed in advance allows for financial planning/emergencies • Useful for short term lack of cashflow Knowledge of the disadvantages of using a bank overdraft (max 1), may include: • High interest charges • Can be withdrawn if the bank has concerns • Usually limited amounts • For short term cashflow issues only **AO2 Application** *Max one for application in the first benefit and max one for application in the first disadvantage.* Application of knowledge of bank overdrafts to GR (max 2 s), including: • OFD is a partnership • Sells to schools on its own website • Entrepreneurial teachers • Interactive digital resources • Subscription only • Online marketing campaign used penetration pricing, attracting 250 subscribers in the first six months of operation. • Start-up costs financed with a $5000 bank overdraft, which is GR's only debt • Cash flow is poor • Recent sales promotion for one month's free membership • Few have then taken out a regular subscription • Must now consider alternative promotion methods – advertising in an educational newspaper • EM also advertises in the ed paper, is well known and trusted • Any data from Table 14.1	

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

AO3 Analysis

Limited analysis – candidate shows one link in the chain of analysis.
Developed analysis candidate shows two or more links in the chain of analysis or a two-sided analysis.

Advantages

- Flexible cashflow allows for flexibility in use. This can cover lower than expected cashflow – ensures that all payments can be made if the account is not in credit.
- Lowers the cost of borrowing in the long term for investment which is designed to generate a quick return on investment – allows for increased profit margins.

Disadvantages

- High cost of borrowing can reduce profit margins – leaves less for future investment.
- The withdrawal of the overdraft with short notice could mean there is not sufficient capital available for the planned advertising – alternative funding would have to be found which increases risk/time frame.

Accept all valid responses.

Exemplar and annotations

<table>
<tr><th>AO1 Knowledge</th><th>AO2 Application</th><th>AO3 Analysis</th></tr>
<tr><td>Useful for short term planning for periods of negative cashflow .</td><td>As the recent sales promotion did not convert many free membership trials into regular subscriptions on the induction training.</td><td>Which may not cover the costs of promotion which means there may not be enough money in the bank account to pay for new (newspaper) adverts .</td></tr>
<tr><td>Overdrafts have high interest rates .</td><td>Which places pressure on the already poor cashflow/partners .</td><td>Which could make the business unprofitable and put the personal assets (of the partners) at risk .</td></tr>
</table>

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

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

Evaluate whether price or promotion is the most important element of GR's marketing mix.

<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>
<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>

Evaluative judgement (a definitive answer to the question) in the LHS margins
Evaluative comments (however/the other side/a rebuttal) in the RHS margins

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

Question	Answer	Marks
1(d)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of the marketing mix (max 1 for knowledge of product OR price; 2 for knowledge of product AND price) including: • Knowledge of price • Can go up • Can go down • Can stay the same • Pricing strategies • (allow but not require knowledge of elasticity) • Knowledge of promotion • Digital promotion • Direct promotion • Sales promotion • Advertising • Above and below the line **AO2 Application** *Limited application applies knowledge of price **OR** promotion information to GR* *Developed application + applies knowledge of price **AND** promotion information to GR.* • creates educational resources • sells direct to schools and teachers via its own website • interactive, digital resources • GR is subscription only • online marketing campaign, which used penetration pricing • Reviews for GR's products in teaching journals are positive but cash flow is poor • recent sales promotion for one month's free membership and posted positive reviews • decided to advertise in an educational newspaper with a readership of half a million people • Any data in Table 1.1	

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Question	Answer	Marks
1(d)	**AO3 Analysis** *Limited analysis – candidate shows one link in the chain of analysis.* *Developed analysis – candidate shows two or more links in the chain of analysis.* Price • The penetration pricing model attracted 250 subscribers in 6 months, which shows that customers are price sensitive – and will be attracted to a cheaper option • Subscription model may not be considered as a suitable pricing method by customers who do not like continuous cash outflows – especially if they do not have budgets – reduces demand • The price may be higher than /not as competitive as EM, the established competition – may be seen as better value – attracts a larger market share • The price charged covers the annual advertising spend, however, investment into a newspaper campaign will increase costs – will either reduce profits or increase the price Promotion • effective promotion grows the brand– increases brand loyalty • Without promotion customers will not know the brand exists – reduces cash inflows • Incorrect promotion wastes valuable resources – opportunity cost for product development **AO4 Evaluation** *Limited evaluation - unsupported judgement and/or a weak attempt at evaluative comment* *Developed evaluation – supported judgement and/or reasonable evaluative comment* *Developed evaluation in context - supported judgement in context and/or reasonable evaluative comment in context.* • Relative importance of price and promotion – are other issues more important? e.g. potential customer demand, marketing, qualities/skills of entrepreneurs in creating digital resources • Accuracy of promotion/price depends on GR market research and business knowledge/experience. External factors could impact the accuracy of the market research, such as existing contracts, available budgets and competitor materials • The impact of inaccurate customer predictions may be based on unrealistic expectations • A judgement on which factor is the most important of GR's marketing mix (could be any of the 4 available). Accept all valid responses.	

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Question	Answer	Marks
1(d)	**Exemplar and annotations** Price can vary in relation to demand. . It is important to get price right as GR is challenging a well-known and trusted market leader. The information shows that price is important in the overall mix as penetration pricing attracted 250 out of 300 customers in the initial stages, however a regular price has only attracted a further 50 customers. This shows that customers are price sensitive and if the price/pricing model is incorrect, it would lead to GR's cash flow and profitability remaining poor . The original online marketing campaign may have only advertised to a niche market while the educational newspaper reaches the mass market. As EM still uses this medium and is the market leader, a successful promotional piece could introduce their service to a wider customer base and increase the number of subscribers to their digital resource platform. Therefore, pricing is the most important element of GR's marketing mix as even a great promotional campaign that sets the wrong price is unlikely to persuade potential customers to sign up to a costly subscription service . However, this also depends on whether GR has used the right place to advertise its interactive digital services as an educational newspaper may not be used by the technologically savvy teachers who would be GR's target market and may consist of technologically illiterate teachers who may not use their service at any price. Therefore, while price is the most important element as price sensitivity seems to be high, GR must ensure it targets the appropriate market segment. *A judgement OR a comment is the bottom of the level/A judgement AND a comment is the top of the level ** A Judgement is a yes or no, a comment is anything weighing up the other side of the argument. AO1 – 2 marks AO2 – 2 marks AO3 – 2 marks AO4 – 6 marks TOTAL – 12 marks	

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Question	Answer	Marks
2(a)(i)	**Identify <u>one</u> element of the triple bottom line.** Identification of an element ✔ may include: Any features of CSR • Economic (financial) • Social • Environmental • People • Planet • Profit Accept all valid responses.	**1**

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

Explain the term *added value*.

<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

AO1 Knowledge and understanding
Knowledge of added value may include:
- Added value refers the difference between the cost of purchasing bought in inputs (materials) and the selling price of the finished goods.
- Selling price – cost of raw materials
- Profit margin

AO2 Application
Limited application applies knowledge of added value to one of the below.
Developed application + applies knowledge of added value to two of the below.
- The costs of the production process including, land, labour and/or capital
- The value of enterprise
- Unique features and benefits of a product/service e.g. branding, delivery times
- Excellent service/ convenience which persuades customers to pay a premium
- Product or service
- Examples of added value

Application can be made to DC or any other scenario/context/business/person.

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

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(ii)</td><td>Accept all valid responses.
<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Added value is the difference between the purchase and selling price of a good or service. For example, if DC processes their raw cocoa beans they can make a premium product with higher profit margins.</td><td>3</td><td>An answer which starts with the knowledge and then applies it to DC.</td></tr>
<tr><td>Added value is the difference between the purchase and selling price of a good or service. A business could process their raw materials, for example refining oil into petrol.</td><td>3</td><td>Knowledge of added value in a generic format.</td></tr>
<tr><td>Increasing the value of the product sold. So, DC can attract higher profit margins.</td><td>2</td><td>Clear knowledge. Some application to the benefit, but not how.</td></tr>
<tr><td>Added value is the difference between the purchase and selling price of a good or service.</td><td>1</td><td>A clear definition.</td></tr>
<tr><td>Adding value is making more money when selling products.</td><td>0</td><td>Too vague. Some idea of an increase, however, could relate to simply selling higher quantities.</td></tr>
</table></td><td></td></tr>
</table>

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Question	Answer	Marks
2(b)(i)	**Refer to lines 1–2. Calculate DC's expected labour productivity in 2023.** **Formula:** $\frac{\text{total output in a given time period}}{\text{Total workers employed}}$ (1 mark – formula) $\frac{(2000 \times 1.05)}{500}$ or $\frac{2100}{500}$ (1 mark – formula plus figures) **4.2 (**tonnes per farmer) (1 mark – correct answer – no tonnes needed) Final answer for DC = 4.2 (tonnes per farmer) (3 marks – no % or working needed) OFR applies **Exemplar and annotations**	**3**

Marks	Answer	Rationale
3 marks	Correct answer **4.2**	**Working and tonnes do not matter**. **Must be three** ✓ to denote the three marks. Correct rounding must be applied.
2 marks	**Both** of the following: • Correct formula • Correct calculation of 2023 output (2100) **OR** An incorrect answer with one mistake allowing OFR for final stage. **OR** (has not calculated 2023 figure) **OR** A correct answer from an inverted formula (453.96 – OFR) x	To award two marks, there must be: • Two ✓ and a ✗ **OR** • One ✓, one ✗ and one OFR

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(i)</td><td>
<table>
<tr><th>Marks</th><th>Answer</th><th>Rationale</th></tr>
<tr><td>1 mark</td><td>One of the following:
• Correct formula
• Correct calculation of 2023 output (2100)</td><td>To award one mark, there must be:
• One ✓ and two ✗</td></tr>
<tr><td>0 marks</td><td>No creditable content.</td><td>To award zero marks, there must be:
• One ✗</td></tr>
</table>
</td><td></td></tr>
</table>

2(b)(ii) **Explain <u>one</u> reason why labour productivity is important to DC.** **3**

AO1 Knowledge and understanding 1 mark	AO2 Application 2 marks
	2 marks Developed application of **one** relevant point to a business context.
1 mark Knowledge of **one** relevant point is used to answer the question.	**1 mark** Limited application of **one** relevant point to a business context.
0 marks No creditable response.	**0 marks** No creditable response.

Indicative content

AO1 Knowledge and understanding
Knowledge of a reason why labour productivity is important may include:
- To keep costs down
- To keep revenue/profits up

AO2 Application
Limited application, applies knowledge of a reason why labour productivity is important to DC once.
Developed application + applies knowledge of a reason why labour productivity is important to DC twice.
Application of a reason may include:
- DC is a co-op owned by farmers
- It has 500 workers
- Productivity is expected to increase by 5%
- DC is profitable
- DC has no retained earnings
- The triple bottom line is its main objective
- Concerns include lack of investment, manual work and lack of control
- Investment into a capital-intensive factory
- Significant capital investment needed into the processing factory
- Any data from Table 2.1

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>Accept all valid responses.
<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Profits may increase K, if productivity rises by 5% APP which will be useful for the $260 000 investment APP.</td><td>3</td><td>A reasonable reason for importance of LP, applied using the data from the text (5% increase and investment into processing factory).</td></tr>
<tr><td>All profits are shared between the 500 co-op owners APP so profits are dependent on productivity levels K as well as the social and environmental main objective APP.</td><td>3</td><td>profits dependent on productivity K and reference to the data is APP.</td></tr>
<tr><td>DC can use labour productivity to assess the performance of their workers APP and help in making future decisions such as workforce planning K.</td><td>2</td><td>Workforce planning decisions relate to the costs of a business (obvious reference to a cost) K which means the assessing performance is the APP.</td></tr>
<tr><td>Higher productivity can lead to higher profits K. These can be used for future investments and can lead to DC being more successful.</td><td>1</td><td>Higher profits is a reason, but the rest is not specifically related to DC.</td></tr>
<tr><td>Labour productivity is the average output per employee in a given time period. NAQ If labour productivity is low, DC is unlikely to be successful which will make the cocoa farmers who own the co-operative unhappy and may even jeopardise future investments TV.</td><td>0</td><td>Although there is some relevant context, there is no knowledge of a reason why labour productivity is important, so no marks can be awarded.</td></tr>
<tr><td>DC can use labour productivity to assess the performance of their workers and help in making future decisions TV.</td><td>0</td><td>There is no reference to costs or revenue for the K.</td></tr>
</table></td><td></td></tr>
</table>

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

Analyse <u>two</u> ways DC can motivate young people to work on its farms.

<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>

1st method on the left hand side
2nd method on the right hand side

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

Question	Answer	Marks
2(c)	**Indicative content** **AO1 Knowledge and understanding** • Motivation is internal and external factors that stimulate the desire in workers to be continually interested in and committed to doing a job well. Knowledge of factors that can motivate people (max 2 s), may include: • Employee input • Personal enrichment • Setting of goals/targets • Celebrating milestones/achievements • Create a positive and inclusive workplace • Invest in training and promotion opportunities • Increase financial benefits • Knowledge of any relevant motivational theorists including Mayo, Maslow and Herzberg **AO2 Application** *Max one for application to each method of motivation.* • Creation of jobs off the actual farms • Increase investment in training ($15 000 extra) • Create skilled jobs to replace manual work in cocoa processing • Explore alternative payment methods to allow for control over earnings • Investment into a capital-intensive factory **AO3 Analysis** *Limited analysis – candidate shows one link in the chain of analysis.* *Developed analysis candidate shows two or more links in the chain of analysis or a two-sided analysis.* Analysis may include: • Investment into training by encouraging modern farming methods – reduce the reliance on manual work – may increase productivity • Change the current payment method will provide more control over earnings – so productivity increases • Highlight a promotional path satisfies the needs for promotion – keeps youth at the co-op. Accept all valid responses.	

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

Exemplar and annotations

<table>
<tr><th></th><th>AO1 Knowledge</th><th>AO2 Application</th><th>AO3 Analysis</th></tr>
<tr><td>Exemplar for one method of motivation
Annotations for the first method should be placed in the left-hand margin.</td><td>Investment into training and promotion opportunities</td><td>For the young people who do not want to work on DC's/the cocoa farms/the co-operative.</td><td>This could encourage modern working methods which would reduce the reliance on manual work and create a new generation of workers.</td></tr>
<tr><td>Exemplar of a second method of motivation
Annotations for the second method should be placed in the right-hand margin.</td><td>They could also use theorists such as Maslow</td><td>Who would focus on ensuring the safety needs are met by improving the control over earnings.</td><td>This could lead to more people seeing farming as a good career choice and ensuring that the amount of output increases to meet future needs.</td></tr>
</table>

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

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

Evaluate whether DC should grow its operations by opening its new cocoa processing factory.

<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>
<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>

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

Question	Answer	Marks
2(d)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of capital and labour-intensive operations (max 2 s), including: • the benefits and limitations of capital-intensive operations • the benefits and limitations of labour-intensive operations • Efficiency, effectiveness, productivity and sustainability • Profitability and level of sales needed to breakeven • Business objectives, profit maximisation, sales growth • Operations e.g. transformation of inputs to outputs **AO2 Application** *Limited application applies knowledge of growth of operations to DC once.* *Developed application + applies knowledge of growth of operations to DC once twice.* • Reputation for high quality cocoa • 500 farming families benefit from the co-op • Communities benefit from investment into the future of the young people • Productivity to increase by 5% • Appetite for risk from 500 farming families due to $265 000 initial investment • Ability to gain financial investment as DC has no retained earnings to contribute • Ability of farmers to operate cocoa processing machinery • Profit margins will increase to 100% **AO3 Analysis** *Limited analysis – candidate shows one link in the chain of analysis.* *Developed analysis – candidate shows two or more links in the chain of analysis.* • Need to provide jobs for trained/skilled employees – keep employees in the co-op • Provide reasons for workers to stay – secure the future of the co-op • Financial risk of investment – reduces long term certainty of income • Reduction of short-term profits – which may reduce workers' standard of living • Negative impact on cashflow – requires risky capital investment • Return on capital investment is quick – medium/long term increased profits • Increased future profits – more finance to meet organisational objectives • Increased purchasing economies of scales – improve profit margins	

Question	Answer	Marks
2(d)	**AO4 Evaluation** *Limited evaluation - unsupported judgement and/or a weak attempt at evaluative comment* *Developed evaluation – supported judgement and/or reasonable evaluative comment* *Developed evaluation in context - supported judgement in context and/or reasonable evaluative comment in context.* • The decision to invest in the new processing factory depends on the priorities and finances of DC. A significant investment may reduce the short-term profits of the farmers who depend on the income to support their families and living standards. • Will demand for premium cocoa fall in the future? Will DC be able to process enough cocoa to be viable in the long term? • Will processing the raw cocoa harm DC's abilities to focus on the triple bottom line? • Are increased earnings/profits the most important factor for cocoa farmers, or is sustainability of operations and meeting current needs more important? • Will DC be able to grow and provide enough raw materials if the young people migrate to cities in search of better employment? • A recommendation on whether DC should grow its operations by opening a new cocoa processing factory. Accept all valid responses.	

Question	Answer	Marks
2(d)	**Exemplar and annotations** The increased profitability of the processed, high quality cocoa beans, may lead to more investment into the community through the objective of the triple bottom line. This could be used to train the young people and potentially encourage entrepreneurship to create more jobs in the community. However, the increased investment would have a detrimental short-term impact on the profits required by the 500 families to sustain their daily lives, and may limit the investment into the wider community. Overall, DC should invest into the cocoa processing factory to secure the long-term success of operations. Young people do not want to work on farms and may move out of the area, making it more difficult for the co-operative to maintain its current output levels, which would cause the co-operative to fail. However, whether this investment will be popular with existing owners depends on the impact on short term profits. As the farmers are already motivated by their current operations and are having steady increases in productivity and income, they may not want to risk what they already have on a long-term project which may not benefit them in the short term. AO1 – 2 marks AO2 – 2 marks AO3 – 2 marks AO4 – 6 marks TOTAL – 12 marks Judgement is a yes or no. Comment is anything weighing up the other side of the argument.	

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